

FRANCHISE DISCLOSURE DOCUMENT

Martin Franchises Inc.
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The franchisee will operate a Martinizing Dry Cleaning Store, a retail dry cleaning store providing to the public dry cleaning and fabric maintenance services.

The total investment necessary to begin the operation of a Martinizing Dry Cleaning franchise is from \$305,000 to \$593,700. This includes the \$40,000 initial franchise fee and \$15,000 grand opening/initial marketing deposit that must be paid to the franchisor for an Initial Franchise, but not the development fee for exclusive multi-store/route development rights. The development fee is determined by multiplying the total of the additional Martinizing Stores and the Martinizing Routes to be established under the development schedule by \$3,000.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at (800) 827-0207 or cleanup@martinizing.com.

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 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 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 you state agencies about them.

Issuance date: March 31, 2014

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise 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 franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, 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 BY ARBITRATION ONLY IN CLERMONT COUNTY, OHIO AND BY LITIGATION ONLY IN STATE COURTS IN CLERMONT COUNTY, OHIO OR FEDERAL COURT IN HAMILTON COUNTY, OHIO. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE US AND TO ARBITRATE WITH US IN OHIO THAN IN YOUR OWN STATE. LOCAL LAW MAY SUPERSEDE THESE REQUIREMENTS IN YOUR STATE. PLEASE REFER TO EXHIBIT L - STATE ADDENDUM OF THIS DOCUMENT.

2. THE FRANCHISE AGREEMENT REQUIRES THAT OHIO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT OHIO LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO EXHIBIT L - STATE ADDENDUM OF THIS DOCUMENT.

3. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

We use the services of referral consultants to assist us in identifying persons interested in our franchise. Our referral consultants are independent contractors that do not represent you. We pay the referral consultant a fee for referring you to us. You should make sure to do your own investigation of the franchise (See Item 2 of this disclosure document).

Effective Date: See the next page for state effective dates.

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STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This franchise Disclosure Document is registered and on file in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Renewal Pending
Hawaii	Renewal Pending
Illinois	Renewal Pending
Indiana	Renewal Pending
Maryland	Renewal Pending
Michigan	January 21, 2014
Minnesota	Renewal Pending
New York	Renewal Pending
North Dakota	Renewal Pending
Rhode Island	Renewal Pending
South Dakota	Renewal Pending
Virginia	Renewal Pending
Washington	Renewal Pending
Wisconsin	Renewal Pending

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language of this disclosure document, "MFI" or "we" or "our" means Martin Franchises Inc., the franchisor. "You" means the person or a corporation, limited liability company or partnership ("franchise entity") who buys the franchise for a Martinizing Store, with or without a Martinizing Route, or develops multiple Martinizing Stores/Martinizing Routes, and also includes all of the owners of the franchise entity. MFI is a Delaware corporation which was incorporated on May 1, 1978. We do business as Martin Franchises Inc. Our principal business address is 2001 Ford Circle, Suite A, Milford, Ohio 45150. Our franchisees do business as Martinizing® Dry Cleaning.

We do not have any parent corporation or a predecessor corporation required to be disclosed. DCSA, LLC, a Delaware limited liability company ("DCSA"), with a principal business address of 2001 Ford Circle, Suite A, Milford, Ohio 45150, is an affiliate of MFI.

Our agents for service of process are disclosed in Exhibit A.

We franchise the operation of retail establishments known as Martinizing Dry Cleaning Stores ("Martinizing Stores") and sell machinery, equipment, accessories, supplies, store area furnishings, merchandising material, promotional items and services in the establishment and operation of Martinizing Stores. We may, in the future, own or operate one or more Martinizing Stores. We currently do not own or operate any Martinizing Stores. We also franchise the operation of dry cleaning and laundry route delivery businesses (Martinizing Routes) and sell equipment, accessories, supplies, signage, merchandising materials, promotional items, and services in the establishment and operation of Martinizing Routes as provided in this disclosure document, and as provided under the separate disclosure document for Martinizing Delivers Routes. We currently own and operate one Martinizing Delivers Route. We do not engage in any other business activities and have not offered franchises in any other lines of business. We purchased the Martinizing franchising business in May 1978, and have been offering franchises for Martinizing Stores since May, 1978 and for Martinizing Delivers Routes since July 1, 2011.

We have a system for operating a retail dry cleaning store and providing to the public quality dry cleaning services using an effective combination of methods and techniques for operating a dry cleaning store, and operating dry cleaning and laundry route delivery services. Our franchise permits you to operate a Martinizing Store and a Martinizing Route using the marks MARTINIZING®, MARTINIZED® and other associated marks (the "Marks") and employing our combination of methods and techniques generally associated with the Martinizing System for operation of a Martinizing Store and a Martinizing Route (the "System"). Our System initially was developed in 1949 when Henry Martin recognized that by using perchloroethylene (perc) it was feasible for smaller, full service dry cleaning plants to provide quick service cost effectively. That began Martinizing, the pioneer of on-premise, quick dry cleaning service, and the 65 year history of the Martinizing System.

MFI is a member of the International Franchise Association (IFA) and participates in the IFA VetFran Program, which provides a \$5,000 discount on the initial franchise fee for an Initial Franchise to veterans of U.S. Armed Forces who otherwise meet the requirements of the VetFran Program. This discount does not apply for Additional Franchises.

Currently, MFI also offers a new store grand opening benefit (Grand Opening Benefit) to a franchisee that opens a new On-Premise Martinizing Store on or before December 31, 2014. MFI will pay \$10,000 towards a marketing program for promotion of the Martinizing Store during the grand opening period (in addition to use of the Grand Opening/Initial Marketing Deposit made by you described in Item 5). To receive the Grand Opening Benefit, the franchisee must: (a) sign the Exhibit C-Franchise Agreement or have already signed a currently active Franchise Agreement for which a site for the Martinizing Store has not yet been accepted by MFI; (b) open the Martinizing Store, with MFI's approval, on or before December 31, 2014; and (c) be in compliance with all existing franchise agreements between MFI and the franchisee. If these requirements are not met, the franchisee will not receive the Grand Opening Benefit. The Grand Opening Benefit is not available for Additional Franchises, Approved Conversions, Approved Pick-Up Stores or Martinizing Routes. (See Item 5 for definitions)

You must operate your Martinizing Store and Martinizing Route according to our standards and specifications and you must sign our standard form franchise agreement (Exhibit C- Franchise Agreement). The services provided by a Martinizing Store and Martinizing Route are used by the general public. Generally, dry cleaning services are affected by seasonality, climate and the demographic characteristics of the area in which the dry cleaning store is located. Summer and Winter seasons tend to be lower in demand than Fall and Spring but, depending on the climate of the area, the degree to which this has an affect varies in different areas of the country. You will compete mainly with other locally-owned dry cleaning and delivery businesses and local or regional chains providing dry cleaning and related apparel-care services and delivery services. The market for retail dry cleaning and delivery businesses is developed in most major cities, but is undeveloped in many areas.

Currently, the types of dry cleaning solvents widely used in the dry cleaning process are perchloroethylene, hydrocarbon, Solvon K4, and D5 decamethylecyclopentasiloxane (GreenEarth). Other solvents may become available in the future. You may choose any of those solvents in operating your Martinizing Store. GreenEarth may not be available to franchisees of MFI in certain market areas, but the other existing solvents or newly marketed solvents may be available.

Certain chemicals and dry cleaning solvents used in the dry cleaning process (perchloroethylene (perc) and hydrocarbon in particular) are subject to EPA, OSHA and other federal, state and local regulations regarding air emissions, fire prevention, wastewater discharge, chemical storage and hazardous waste disposal. These regulations are modified periodically and the scope of application may be narrowed or broadened by the regulatory agencies. To comply with present and future mandates of the EPA, OSHA and other federal, state and local regulatory agencies, you may need to purchase equipment, parts, accessories or other items, obtain local, state and federal environmental permits or take other actions. Compliance with applicable governmental regulations is imperative not only to avoid fines, penalties, the cost of ordered clean-up or possible criminal prosecution, but also to minimize the risk of liability through civil actions for damages by property owners, employees, customers or others affected by the emission, leakage or improper storage or disposal of regulated chemicals. When obtaining general liability coverage for your business, you also should consider obtaining pollution liability coverage, if available, providing coverage for accidental spilling of chemicals (like perc), clean up expenses from chemical spills, and the like.

Some states and localities have laws and regulations specific to the operation of a dry cleaning establishment. For example, the State of Pennsylvania requires that boiler rooms have exits to the

out of doors; the San Diego (California) Air Quality Control Board requires a dry cleaner planning to locate a store within 1,000 feet of a school to send notification to the parents of the students about the potential hazards of dry cleaning; the State of California, under Proposition 65, requires a warning sign be placed in a conspicuous location in each store concerning potential hazards of dry cleaning solvents; the South Coast Air Quality Management District (AQMD) has adopted a phase-out of the usage of perc in Orange County and major portions of Los Angeles, San Bernardino and Riverside Counties in California, effective January 1, 2003 for any new dry cleaning business or machine. Also, the International Building Code may require sprinklers, other fire prevention measures and fire walls. Laws and regulations applying to boiler permits, fire prevention, hazardous waste disposal and the like vary from state to state and sometimes from locality to locality within a state. Also, state regulations are often stricter than the federal regulations in some respects. State and local inspectors also may interpret and enforce ADA (Americans with Disabilities Act) requirements for plant design differently. For instance, local requirements for aisle width and height may vary. There may be other laws applicable to your business and we urge you to make inquiries about these laws.

DCSA was formed on April 1, 2009 to acquire certain assets of Dry Cleaning Station, Inc., a Nebraska corporation and the franchisor of dry cleaning and delivery businesses operating under the service mark Dry Cleaning Station®. On June 30, 2009, DCSA purchased from Dry Cleaning Station, Inc. selected existing franchise agreements between Dry Cleaning Station, Inc. and its franchisees, along with intellectual property, trademark and service mark rights and certain other assets of the Dry Cleaning Station franchise system. Currently, DCSA is renewing the existing franchise agreements assigned to DCSA, but is not offering and has not offered any new Dry Cleaning Station franchises, and has not and does not operate any Dry Cleaning Station businesses or other businesses of the type franchised by MFI. DCSA has not offered and is not offering franchises in any other lines of business.

This disclosure document describes the standard terms and conditions to establish and operate a Martinizing Store and establish and operate a Martinizing Route under a Franchise Agreement (Exhibit C) and establish Martinizing Stores and Martinizing Routes under an Exclusive Multi-Store/Route Development Agreement (Exhibit G). The terms and conditions of the particular franchise transaction vary depending on whether an Initial Franchise, Additional Franchise, multi-store/route development franchise or a franchise transfer is sought (see Item 5). This disclosure document is only a summary of the terms of these franchise transactions, the Franchise Agreement, the Multi-Store/Route Development Agreement and other franchise documents. Your franchise is governed by the documents signed by you and MFI.

ITEM 2

BUSINESS EXPERIENCE

President: Kevin B. Kaeding

President of MFI since October 1, 2013. Corporate Controller of MFI since July 20, 2010. President of DCSA since October 1, 2013. Both companies are located in Milford, Ohio. Socius Accounting Information Technical Consultant from May 2009 to July 2010, located in Cincinnati, Ohio. Accountant, then Senior Accountant, at JD Cloud & Co LLC from December 2005 to April 2009, located in Cincinnati, Ohio.

Vice President: Stephen R. Crank

Director of MFI since October 21, 2012. Vice President of MFI since October 1, 2013. Treasurer of MFI since September 24, 2012. President of MFI from September 24, 2012 to September 30, 2013. Vice President and Controller of MFI from September 26, 2003 to September 2010. Secretary of MFI from January 15, 2007 to September 2010. Vice President of DCSA, LLC since October 1, 2013. Treasurer of DCSA, LLC since September 4, 2012. President of DCSA, LLC from September 4, 2012 to September 30, 2013. Treasurer and Controller of DCSA, LLC from April 1, 2009 to September 2010. Both companies are located in Milford, Ohio.

Vice President: Jerald E. Laesser

Vice President of MFI since July 14, 1986, located in Milford, Ohio.

Vice President: Erin M. Welte

Vice President of MFI since September 24, 2012. Secretary of MFI since September 24, 2010. Contracts and Administration Manager of MFI since April 3, 2006. Corporate Paralegal for MFI since June 12, 2006. Vice President and Secretary of DCSA, LLC since April 1, 2009. Both companies are located in Milford, Ohio.

Referral Consultants

MFI uses referral consultants to receive referrals of franchise prospects. Those referral consultants make our promotional literature available to the public and may refer interested persons to MFI. They are not authorized by MFI to represent MFI in the offer or sale of our franchises or otherwise act as a franchise broker for MFI. They may put interested persons in touch with MFI, but are not authorized by MFI to encourage, entice or persuade anyone to purchase our franchise. Those referral consultants operate independently from MFI and are not agents, employees or legal representatives of MFI and may not contract for MFI. Some states may require you to receive additional information concerning those referral consultants. Please refer to Exhibit L - State Addendum of this disclosure document.

ITEM 3

LITIGATION

Martin Franchises Inc. vs. Chetan R. Shah; Case No. 2013 CVH 00258; Court of Common Pleas, Clermont County, Ohio. Non-payment of royalties and default of franchise agreement. MFI obtained a default judgment.

No other litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

On December 23, 2010, American Laundry Machinery, Inc. (ALMI), an affiliate of MFI which previously manufactured dry cleaning and laundry equipment at 5050 Section Avenue,

Cincinnati, Ohio 45212, filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the US Bankruptcy Court for the Southern District of Ohio under Case No. 1:10-bk-18666. In 2000, ALMI sold its manufacturing business to a third party. After the sale, ALMI had no active business. A former President of MFI was a principal officer of ALMI at the time of the filing of that petition. It appearing to the US Bankruptcy Court that the bankruptcy estate was fully administered, this case was closed on February 20, 2013.

No other bankruptcies are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise

For the initial or first franchise location for a Martinizing Store (Initial Franchise) you pay to MFI a \$40,000 lump sum initial franchise fee. If we believe you meet our candidate qualifications, arrangements are made for an interview with you at our corporate headquarters in Milford, Ohio. You must submit the Franchise Application (Exhibit B) and pay to MFI the entire initial franchise fee at that interview. You also must pay for all travel, food and lodging costs incurred by you. At or prior to that interview, you must sign and deliver to MFI a Confidentiality and Nondisclosure Agreement (Exhibit D).

If your application is accepted by MFI, then 2 copies of the Franchise Agreement (Exhibit C) will be delivered to you with our written approval of your application. You must sign and return both copies of the Franchise Agreement within 10 business days after your receipt of our written approval of your application. If both duplicate originals of the signed Franchise Agreement are not returned within that 10 business day period, MFI has the option of either extending in writing its approval for an additional approval period or withdrawing its approval. If MFI withdraws its approval of your application, the entire initial franchise fee will be refunded to you. If your application is not accepted by us, the entire initial franchise fee will be refunded to you.

You become a franchisee of MFI once the Franchise Agreement is signed by you and MFI. You receive a copy of the fully signed Franchise Agreement after it is signed by MFI. After opening of your Martinizing Store, a duplicate original of the fully signed Franchise Agreement is delivered to you. Once the Franchise Agreement is signed by you and MFI, no portion of the initial franchise fee will be refunded to you, unless you are not able to obtain suitable financing or locate a suitable site for your Martinizing Store. If you are not able to obtain suitable financing or locate a suitable site for your Martinizing Store, \$15,000 of the initial franchise fee paid by you is refunded to you, after you sign the Partial Refund Form (Exhibit C-6). The other \$25,000 of the initial franchise fee paid by you is retained by MFI to cover costs and expenses incurred by MFI. Once the Site Acceptance Form (Exhibit E) or a lease for your Martinizing Store is signed by you, no part of the initial franchise fee is refundable. MFI is not required to make refunds under any other circumstances.

No one other than an authorized officer of MFI may sign the Franchise Agreement or other franchise documents on our behalf or make any contract on our behalf. After the Franchise Agreement is signed by you and MFI, it still may be cancelled by MFI if the conditions specified in Paragraph 13C of the Franchise Agreement are not met by you (see Item 17).

See Item 1 for information about the VetFran Program initial franchise fee discount and the Grand Opening Benefit currently offered by MFI for an Initial Franchise. See Item 7, Note 3 for costs of equipment and other items meeting MFI's specifications which may be purchased from MFI or other sources for an On-Premise Martinizing Store.

Approved Conversion, Purchase of Existing Martinizing Store, Approved Pick-Up Store

Sometimes, we may permit the conversion of an operating unfranchised dry cleaning store to a Martinizing Store (Approved Conversion). In the case of an Approved Conversion for an Initial Franchise, the initial franchise fee is \$40,000 or \$35,000, if you qualify for the VetFran Program discount. In the case of an Approved Conversion for an additional franchise location (Additional Franchise), the initial franchise fee is \$10,000.

Sometimes, an existing Martinizing Store may be sold by a franchisee to a franchisee seeking to establish an Initial Franchise or an Additional Franchise. If an existing Martinizing Store is purchased by a franchisee to establish an Initial Franchise, the initial franchise fee is \$40,000 or \$35,000, if you qualify for the VetFran Program discount. If an existing Martinizing Store is purchased to establish an Additional Franchise, a transfer fee in the amount provided under the transferor's franchise agreement (ranging from \$750 to \$5,000) is payable, but no initial franchise fee is payable.

Under certain limited circumstances, MFI may permit you to establish a "pick-up" dry cleaning store where on-premise dry cleaning is not provided using certain of our Marks according to our specifications (Approved Pick-Up Store). We may reject your application to operate an Approved Pick-Up Store for any reason or no reason. Typically, an Approved Pick-Up Store is permitted for an Additional Franchise and not an Initial Franchise, but may be permitted for an Initial Franchise in the discretion of MFI if certain requirements can be met. The initial franchise fee for an Approved Pick-Up Store is \$40,000 for an Initial Franchise, or \$35,000, if you qualify for the VetFran Program discount, and \$10,000 for an Additional Franchise. An addendum in substantially the form of the Pick-Up Store Addendum (Exhibit C-4) is made a part of the Franchise Agreement for an Approved Pick-Up Store. The dry cleaning business of an Approved Pick-Up Store must be processed by a franchised Martinizing Store where on-premise dry cleaning is provided (On-Premise Martinizing Store). The dry cleaning business of an Approved Pick-Up Store may not be processed at any unfranchised dry cleaning plant.

Martinizing Route

You may solicit and service customers by route sales within your Defined Area, but may not solicit or service customers by route sales outside your Defined Area, without the prior written consent of MFI. MFI may permit you to establish a Martinizing Route using certain of our Marks according to our specifications. We may reject your application to operate a Martinizing Route for any reason or no reason. Typically, a Martinizing Route is permitted only for an On-Premise Martinizing Store. Addendums in substantially the form of the Martinizing Route Addendum (Exhibit C-7) and Route Delivery Area Addendum (Exhibit C-8) are made a part of the Franchise Agreement for a Martinizing Route. All dry cleaning business of a Martinizing Route must be processed at a franchised On-Premise Martinizing Store, and may not be processed at any unfranchised dry cleaning plant, without the prior written approval of MFI. Upon signing the Martinizing Route Addendum, you pay to MFI a Route Fee in the amount of \$3,000. Once the Martinizing Route Addendum is signed by you, no portion of the Route Fee is

refundable to you. If you fail to establish a Martinizing Route within a period of 3 years after the date the Martinizing Route Addendum is signed by MFI, MFI may terminate that Addendum, and retain the Route Fee paid by you. See Item 7 Note 11 for costs of the delivery vehicle and other items meeting MFI's specification for a Martinizing Route.

MFI may terminate the Martinizing Route Addendum and the rights granted under that Addendum: (a) upon termination, nonrenewal or expiration of the Franchise Agreement; (b) if you are in default of the Franchise Agreement or the Martinizing Route Addendum, not cured within 60 calendar days after receipt of written notice to cure from MFI; or (c) you fail to pay any Route Fee by the due date or within 10 calendar days after receipt from MFI of an invoice for the Route Fee. Upon the request of MFI or no later than January 10 of each calendar year, during the term of the Martinizing Route Addendum, you must provide MFI with a written list of the names, addresses and telephone numbers of your current route sale customers and the gross sales from your Martinizing Route. You also must give to MFI the information regarding your current route sale customers within five (5) business days after termination, expiration or nonrenewal of the Martinizing Route Addendum.

Additional Franchise

If you do not or have not entered into an Exclusive Multi-Store/Route Development Agreement (Exhibit G) with MFI, you pay to MFI a \$10,000 initial franchise fee for each Additional Franchise. MFI will send to you its then effective disclosure document (unless you have already signed and returned to MFI a receipt for that disclosure document), a Franchise Application (Exhibit B), 2 copies of the Franchise Agreement (Exhibit C) and a Site Acceptance Form (Exhibit E). If MFI's then effective disclosure document is sent to you, you must immediately sign, date and return to MFI the receipt for that disclosure document. Within 30 business days (but no sooner than 14 full calendar days after your receipt of MFI's then effective disclosure document), you must complete and sign the Franchise Application, sign both copies of the Franchise Agreement and return the signed Franchise Application and Franchise Agreements to MFI with a check in the amount of \$5,000, as a deposit towards the \$10,000 initial franchise fee for an Additional Franchise. If you fail to select a site for the Martinizing Store and submit a Site Acceptance Form to MFI within a reasonable period of time after signing the Franchise Agreement (typically 3 to 6 months as MFI determines based on availability of a site), MFI may cancel the Franchise Agreement and retain your \$5,000 deposit toward the initial franchise fee. As soon as a site for the Martinizing Store is selected by you, you must complete, sign and return to MFI the Site Acceptance Form, with a copy of the proposed lease for the site of the Martinizing Store, which must contain the lease provisions provided in the Franchise Agreement. If MFI accepts the site for the Martinizing Store selected by you, MFI will sign the Site Acceptance Form and return a signed copy to you. You will have 30 calendar days after MFI's acceptance of the site for the Martinizing Store to secure the site, sign the lease and pay the \$5,000 balance of the \$10,000 initial franchise fee to MFI. If you fail to do so, MFI may cancel the Franchise Agreement and retain your \$5,000 deposit toward the initial franchise fee. You will have 6 months after MFI's acceptance of the site to establish and open the Martinizing Store at the accepted site. If you do not open the Martinizing Store within that 6 month period, MFI may cancel the Franchise Agreement and no portion of the initial franchise fee will be refunded to you. The periods of time for selecting a site and opening the Martinizing Store may be extended in writing by MFI. Once the Site Agreement Form or a lease for the Martinizing Store is signed by you, no part of the initial franchise fee is refundable.

Grand Opening/Initial Marketing Deposit

If you are obtaining an Initial Franchise, you must deposit the sum of \$15,000 with MFI no later than the last day of training to assure that you will have adequate funds available for beginning marketing programs to promote the Martinizing Store. We control expenditure of this deposit in joint effort with you. Expenditures made by you with our approval are reimbursed to you from this deposit when you submit paid invoices to MFI. With your consent, a portion of this deposit may be used to purchase from MFI a Martinizing Grand Opening Kit and individual promotional, collateral, point of purchase and media items and materials customarily sold by MFI. The charges for these items and materials vary, but generally range from \$200 to \$4,000. Expenditures from your deposit apply toward your 3.5% local advertising and marketing requirement and we make your payments for any cooperative advertising in effect in the area of your store from your deposit (See Item 6, Note 3 and Item 11).

Upon request, you receive a written report of grand opening/initial marketing expenditures from this deposit. If the Franchise Agreement is canceled by MFI for any reason before the grand opening of your Martinizing Store, the \$15,000 grand opening/initial marketing deposit is refunded to you, less any outstanding amounts owed MFI, including our customary charge for any promotional items or materials prepared for or delivered to you and any expenditures made from the deposit before cancellation of the Franchise Agreement.

If you are obtaining an Additional Franchise, you must deposit the sum of \$15,000 with MFI no later than 60 days prior to the expected opening date of your Martinizing Store to assure that you will have adequate funds available for beginning marketing programs to promote the Martinizing Store.

Exclusive Multi-Store/Route Development Agreement

At our option, we may sign an Exclusive Multi-Store/Route Development Agreement ("Development Agreement") with you if you are interested in obtaining exclusive multi-store/route development rights. A sample Development Agreement (Exhibit G) is attached, including a sample development schedule. We grant exclusive multi-store/route development rights only after grant of your Initial Franchise for a Martinizing Store. However, in some cases, MFI is willing to delay your signing of the Franchise Agreement for your Initial Franchise until a Development Agreement is signed with you, but the entire initial franchise fee for your Initial Franchise still must be paid at your interview at our corporate headquarters.

To obtain exclusive multi-store/route development rights, you must pay to MFI a development fee in an amount equal to \$3,000 for each Martinizing Store and \$3,000 for each Martinizing Route to be established under the development schedule. For example, if a total of 3 Martinizing Stores and 2 Martinizing Routes are to be established under the development schedule, then a \$15,000 development fee would be payable by you. Your first Martinizing Store is not counted as a store to be established under the development schedule. You will receive a copy of the Development Agreement with the amount of the development fee inserted in Paragraph 3 and a completed development schedule attached at least 7 full calendar days before signing the Development Agreement.

The development fee is fully earned by MFI when you sign the Development Agreement even if you do not fulfill all of your obligations under the agreement or under the development schedule.

The development fee is payable in full by you when you sign the Development Agreement and is not applied toward any payments, contributions or deposits required to be paid by you or any charges by MFI for promotional items, services, equipment and the like. No portion of the development fee is refundable to you under any circumstances.

If you have entered into an Exclusive Multi-Store/Route Development Agreement (Exhibit G) with MFI, you pay to MFI the then current lump sum initial franchise fee for each Additional Franchise and the then current Route Fee for each Martinizing Route within your exclusive territory. Six months prior to the scheduled opening of each Martinizing Store and each Martinizing Route under your development schedule, MFI will send to you its then effective disclosure document (unless you have already signed and returned to MFI a receipt for that disclosure document), 2 copies of the then current Franchise Agreement, Pick-Up Store Addendum, Martinizing Route Addendum and Route Delivery Area Addendum and a Site of Acceptance Form of MFI, as applicable. If MFI's then effective disclosure document is sent to you, you must immediately sign, date and return to MFI the receipt for that disclosure document.

Within 30 business days (but no sooner than 14 full calendar days after your receipt of MFI's then effective disclosure document), you must sign both copies of the Franchise Agreement and/or Addendums and return the signed Franchise Agreements and/or Addendums to MFI with a check in the amount of one-half of the then current initial franchise fee for an Additional Franchise, as a deposit towards the then current initial franchise fee for an Additional Franchise, and/or a check for the then current Route Fee.

If you fail to select a site and submit a Site Acceptance Form to MFI within a reasonable period of time after signing the Franchise Agreement (typically 3 to 6 months as MFI determines based on availability of a site), MFI may cancel the Franchise Agreement and retain your deposit toward the initial franchise fee. As soon as a site for the Martinizing Store is selected by you, you must complete, sign and return to MFI the Site Acceptance Form, with a copy of the proposed lease for the site, which must contain the lease provisions provided in the Franchise Agreement. If MFI accepts the site selected by you, MFI will sign the Site Acceptance Form and return a signed copy to you. Within 12 months after MFI's acceptance of the site or 30 business days prior to the anticipated opening of the Martinizing Store, whichever is sooner, you must pay the balance of the initial franchise fee to MFI. If you fail to do so, MFI may cancel the Franchise Agreement, retain your deposit toward the initial franchise fee and also may terminate your exclusive development rights, if you are in default of your development schedule. You will have 12 months after MFI's acceptance of the site to establish and open the Martinizing Store at the accepted site. If you do not open the Martinizing Store within that 12 month period, MFI may cancel the Franchise Agreement and retain the entire initial franchise fee paid by you. The periods of time for selecting a site and opening the Martinizing Store may be extended in writing by MFI. Once the Site Acceptance Form or a lease for the Martinizing Store is signed by you, no part of the initial franchise fee is refundable. Once the Martinizing Route Addendum and Route Delivery Area Addendum is signed by you, no part of the Route Fee is refundable. For an Additional Franchise outside your exclusive territory, see "Additional Franchise" on page 8 of this disclosure document.

You must secure each of the sites and/or select each route delivery area required by the Development Agreement, subject to our acceptance, submit each site and/or delivery area for our acceptance and sign MFI's then current Martinizing Dry Cleaning Franchise Agreement for each site and a Martinizing Route Addendum for each route delivery area. The then current Franchise Agreement or Martinizing Route Addendum may have terms different from Exhibits C and C-7

attached to this disclosure document, such as the amount of the initial franchise fee for each Additional Franchise, the amount of monthly royalty fees and/or the amount of the route fee for each delivery area.

At our option, we may permit you to extend the development schedule by one full year from the date the last Martinizing Store or Martinizing Route is to be established under the development schedule, upon payment to MFI of a \$1,000 fee for each one year extension. Typically, MFI will not permit more than 2 one-year extensions.

Martinizing Delivers and Grandfathered Franchisees

If certain conditions are met, MFI may grant to an existing Martinizing Delivers franchisee, during the initial term of the Martinizing Delivers Franchise Agreement for the first Martinizing Delivers Route of that franchisee, an Initial Franchise for an On-Premise Martinizing Store or an Approved Pick-Up Store (typically within the route delivery area of the Martinizing Delivers franchisee) and the initial franchise fee paid for the Martinizing Delivers franchise will be applied towards the initial franchise fee for that Martinizing Store. As of December 31, 2013, MFI has not applied an initial franchise fee payment by a Martinizing Delivers franchisee toward the initial franchise fee for a Martinizing Store.

"Grandfathered" franchisees of MFI who joined Martinizing prior to 1988, operating under franchise agreements requiring the payment of annual fees of a dollar amount (rather than royalties based on gross sales) have been and may be permitted to renew their "grandfathered" franchises under a franchise agreement with terms different than the Franchise Agreement attached as Exhibit C. The renewal franchise agreement offered to "grandfathered" franchisees is not available to franchisees who joined Martinizing after 1988 and pay royalties based on gross sales, and is not available to those currently seeking to join the Martinizing franchise program.

ITEM 6

OTHER FEES

(1) Type of Fee See Notes 1 & 11	(2) Amount	(3) Due Date	(4) Remarks
Royalty	Greater of 4% of total gross sales or minimum royalty payment of \$600 per month after 24 months of operation	Payable monthly by the 10 th business day of each month	See Notes 2 and 12
Audit	Cost of audit which varies under circumstances, but could range from \$1,000 to \$5,000	15 calendar days after billing	Payable only if audit shows understatement of at least 3% of gross sales for any month. See Note 2
Advertising and Promotional Production Fee	.5% of total gross sales	Payable monthly by the 10 th business day of each month	See Notes 3 and 12

Local, Cooperative and National Advertising	3.5% of total gross sales	See Note 3	See Notes 3 and 12
Late Payment Charge	2% per month on unpaid balance	As incurred	Payable on all over-due amounts
Franchise Renewal Fee	\$1,000	Upon signing renewal franchise agreement	See Note 4
Martinizing Route Renewal Fee	\$1,000	Upon signing route renewal addendum	See Item 7, Note 11
Additional Training and Assistance	Travel and living expenses of our staff members	15 calendar days after billing	This is for additional training or special assistance you request
Franchise Conference	\$0 to \$2,000 plus travel and living expenses	Before attendance	Attendance at a franchise conference is not mandatory if a fee is charged by MFI
Additional Copies of Manuals	\$45 to \$60 per manual	15 calendar days after billing	This is for additional copies of the manuals provided to you free of charge. See Item 11
Transfer Fee, Commencement Day and Training	\$5,000 plus travel and living expenses	Before sale and franchise transfer is consummated	No charge if you transfer to an entity you control or an immediate family member. See Note 5
Materials, Manuals and Reports	\$15 to \$500	15 calendar days after billing	Various materials are made available to you at additional charge, e.g. in-store audio/visual training materials, various manuals and reports
Remodeling of Store/Upgrade of Software	Varies under circumstances, but typically ranges from \$100 to \$12,000	Store: No more often than every 5 years Software: No more often than every 3 years	See Note 6
Commercial and General Liability Insurance	\$2,300 to \$6,500	Typically annually or semi-annually	See Note 7 and Item 8
Pollution Liability Insurance	\$500 to \$3,000	Typically annually or semi-annually	See Note 7 and Item 8
Alteration of Store Upon Termination	Varies under circumstances, but typically ranges from \$1,000 to \$8,000	Upon expiration, termination or non-renewal of franchise agreement	See Note 8
Indemnification	Varies under circumstances, but could range from \$100	As incurred	You have to reimburse us if we are held liable for claims from your

	to \$100,000 or more depending on the nature of the claim		operation of the Martinizing Store
Expenses to enforce obligations upon termination	Varies under circumstances, but could range from \$5,000 to \$50,000 or more	As incurred	See Note 9
Costs and Attorney Fees	Varies under circumstances, but could range from \$5,000 to \$50,000	As incurred	Payable upon your failure to comply with the Franchise Agreement
Testing	Cost of Testing which varies but could range from \$500 to \$5,000	As incurred	This covers the costs of testing or inspecting equipment you propose. See Item 8
Termination Fee	\$40,000 plus costs and attorney fees	Upon termination for certain reasons	See Note 10

Notes:

- (1) Except as noted, all fees are uniformly imposed by and are payable to MFI. All fees are non-refundable.
- (2) Royalties, Royalty Reports and Recordkeeping. During the term of the Franchise Agreement, you must pay MFI an ongoing monthly royalty in an amount equal to the greater of 4% of the total gross sales from the operations of each Martinizing Store and Martinizing Route during each calendar month or the minimum monthly royalty payment indicated below. The ongoing royalty is payable by the 10th business day of each month based upon the preceding month's gross sales. If MFI does not receive your monthly royalty by the 10th business day of a particular month, MFI will be permitted to directly debit your checking account for the unpaid monthly royalty or for a reasonable estimate of the monthly royalty (based on prior royalties paid) after MFI's receipt of its regular mail on that 10th business day. You must provide to MFI a direct debit authorization, in form acceptable to MFI, at the time you establish the checking account for your Martinizing Store, and if you change the checking account for your Martinizing Store. If you are late in paying the monthly royalty, a late payment charge of 2% per month on the overdue amount is due and payable to MFI by you. You must report to MFI the gross sales from the operations of each Martinizing Store and Martinizing Route for the particular month and provide any additional information requested by MFI by the 10th business day of the following month.

The minimum monthly royalty payments required to be made by you during the initial term of the Franchise Agreement are as follows:

Four percent (4%) of the total gross sales during each calendar month for the first 24 consecutive full months that the Martinizing Store is opened for business, from the first day of operation of the Martinizing Store.

Four percent (4%) of the total gross sales during each calendar month or minimum royalty payment of \$600 per month for each month of operation, whichever is greater, commencing with and inclusive of the 25th full month of operation and each month of operation for the remainder of the initial term of the Franchise Agreement.

By the 10th business day of each month, you must provide to MFI a month-end summary report on operations of the Martinizing Store/Martinizing Route for the preceding month, with a reconciliation of monthly gross sales reported and monthly royalties paid for that month. For example, the month end summary report for the month of January must be received by MFI by the 10th business day of February. The month end summary report shall include: such reports of sales, poundage, cost of labor, supplies, marketing and advertising expenditures and other costs and data as MFI specifies; copies of bank statements for the accounts of the Martinizing Store for the month covered by the report; and an income statement for the month covered by the report in form as MFI specifies. As used in the Franchise Agreement, the term "gross sales" includes, but is not limited to, all receipts from operations, sales, rentals, charges, fees, services and all revenues of any kind and nature, whether for cash or credit, from operation of the Martinizing Store/Martinizing Route, excluding only receipts from the sale of promotional premium items and sales taxes collected by you from customers and shown separately from other receipts.

The monthly royalties paid by you are not refundable. The monthly royalty is the same for an Initial Franchise, an Additional Franchise, an Approved Conversion, an Approved Pick-Up Store and Martinizing Route. You must pay all sales taxes, use taxes, personal property taxes and similar taxes imposed on you or MFI for services or goods furnished to you by MFI or the payment of franchise fees or royalties to MFI.

- (3) Advertising and Promotional Production Fee: You must pay .5% of your monthly gross sales from each Martinizing Store and Martinizing Route to MFI for development and production costs of Martinizing advertising and promotional materials. This fee must be paid to MFI not later than the 10th business day of each month, based on the previous month's gross sales.

Local, Cooperative and National Advertising: You must spend annually at least 3.5% of your gross sales from each Martinizing Store and Martinizing Route for local advertising and marketing. You must keep a record of the amount spent for local advertising and marketing and, at our request, permit MFI to inspect your records. If and when any advertising cooperative or national advertising program is initiated (see below), the amounts you pay for cooperative advertising and national advertising apply toward your 3.5% local advertising and marketing requirement.

Cooperative Advertising. If and when we determine that an advertising cooperative program would be advantageous within a defined marketing area in which one or more of your Martinizing Stores or Martinizing Routes are located, you must become and remain a member of that cooperative program during the period of time that the cooperative marketing program is in effect. You must remit to that advertising cooperative entity a maximum of 2% of the previous month's gross sales from each Martinizing Store and Martinizing Route within the defined marketing area, no later than the 10th business day of each month or by the date established by the cooperative entity (see Item 11). In addition, if your Martinizing Store or Martinizing Route is located within a defined marketing area of one or more other Martinizing Stores and/or Martinizing Routes, we may require you to participate in selected qualitative marketing programs with the other Martinizing Stores and/or Martinizing Routes in that area, but will not require you to remit more than the 2% mentioned above for cooperative advertising. If one or more existing franchisees within the defined marketing area must contribute to a cooperative program for that defined marketing area on some other basis, we may permit you to contribute on the same basis as those franchisee(s).

National Advertising. If and when we determine that a national advertising program would be advantageous, you must remit to MFI up to 1.5% of your monthly gross sales from each Martinizing Store and Martinizing Route for the national advertising program. You must pay this fee to MFI by the 10th business day of each month, based on the previous month's gross sales (see Item 11). We waive your remittance to a national advertising program during the first 12 months you operate your Martinizing Store in favor of your local advertising and marketing.

The cooperative and national advertising programs mentioned above are funded only with contributions from franchisees. We currently have no vote in any cooperative advertising programs. The advertising fees payable to MFI are non-refundable. If you are late in paying any advertising fees or contributions to MFI, you also must pay 2% per month on the overdue amount to MFI.

Expenditures from your grand opening/initial marketing deposit apply toward your local advertising and marketing requirement and we make your payments for any cooperative advertising in effect in the area of your Martinizing Store/Martinizing Route from that deposit. We waive remittance to a national advertising program during the first 12 consecutive months of store operation. You may not pay the .5% advertising and promotional production fee due MFI from your grand opening/initial marketing deposit.

- (4) Renewal Fee. Upon renewal of the franchise, you must pay to MFI a non-refundable renewal fee of \$1,000 and upon renewal of a route addendum you must pay MFI an additional renewal fee of \$1,000, to cover our costs and expenses in evaluating the renewals and for preparation of renewal documentation. Renewal fees are paid to MFI instead of another initial franchise fee.
- (5) Transfer Fee. Prior to transfer of your franchise, with our prior written consent, to a third party (who is not a franchisee seeking to establish an Initial Franchise), the transferee must: pay to MFI a non-refundable transfer fee of \$5,000; attend an

interview at our corporate headquarters in Milford, Ohio; and complete the Martinizing Training Program. The transferee must pay for all travel, food and lodging costs incurred by the transferee. Within a reasonable period of time after the Franchise Agreement is signed by MFI and the transferee, MFI will pay to the transferee a travel reimbursement of up to \$1,000 and a representative of MFI will meet with the transferee at the Martinizing Store. The person to whom your franchise is transferred must sign the then current standard form of our franchise agreement for a full term. Upon transfer of a Development Agreement, with our prior written consent, the transferee must pay to MFI a non-refundable transfer fee of \$2,000. The transferee must assume, for the remaining term of the Development Agreement, all obligations under the agreement, including compliance with the development schedule. A transfer fee is not charged by MFI upon transfer of your Franchise Agreement or Development Agreement to a corporation, partnership, limited liability or other entity you control or to the following members of your immediate family: your spouse, your children and more remote descendants, your parents and your siblings. We are willing to provide assistance to you in selling your franchise, upon your request. If that assistance results in a sales commission being payable to a referral consultant or business broker, you will be responsible for that sales commission.

- (6) Remodeling of Store. Any time after the expiration of the five year period following the opening for business of your Martinizing Store and no more often than every five years, we can require you, at your sole cost and expense, to remodel or redecorate your Martinizing Store or repair or replace equipment, furnishings or signage to reflect the then current Martinizing image. In addition, anytime after the expiration of the three year period following the opening for business of your Martinizing Store, and no more often than every three years, we can require you to upgrade or update the software for the computerized point-of-sale system ("POS system"), at a cost not exceeding \$500.
- (7) Insurance. You must secure and maintain, at your expense, during the term of the Franchise Agreement: commercial general liability coverage for contractual liability, personal injury liability and broad form property damage with minimum limits of \$3,000,000 each occurrence, \$3,000,000 general aggregate and products/completed operations (bailees) coverage with a minimum limit of \$250,000 in the aggregate; business automobile liability coverage, including protection for owned, hired, and non-owned vehicles, with a minimum limit of \$3,000,000 each accident; and workers' compensation coverage as required by law, or coverage in other amounts as we may reasonably request. We estimate that the annual premium to obtain that insurance coverage will range from \$2,300 to \$6,500 per Martinizing Store. Pollution liability insurance may be required by law in your state. The annual premium varies under circumstances. However, we estimate that the annual premium to obtain that insurance coverage will range from \$500 to \$3,000 per Martinizing Store depending on policy requirements. You have to reimburse MFI if we are held liable for claims from your operation of each Martinizing Store and Martinizing Route.
- (8) Alteration Upon Termination. Upon the expiration, termination or nonrenewal of your franchise, for any reason, you must alter your Martinizing Store and delivery

vehicles to distinguish them from franchised Martinizing Stores and Martinizing Route delivery vehicles. If you fail to do so, we have the right to make those alterations and you must reimburse MFI for the cost of the alterations.

- (9) Expenses to Enforce Obligations Upon Termination. Upon expiration, termination or nonrenewal of your franchise, you must pay all sums owing to MFI and all damages, costs and expenses, including attorneys' fees, incurred by MFI from your failing to perform your obligations upon expiration, termination or nonrenewal of the franchise.
- (10) Termination Fee. You must pay to MFI a termination fee of \$40,000, upon the date of termination of your franchise, plus our costs and attorney fees if: (a) you improperly attempt to terminate the franchise; (b) you sell or transfer the business before expiration of the term of the franchise without transfer of the franchise to the new owner with MFI's consent; or (c) we terminate the franchise for your failure to bring current monies due MFI. The termination fee is not payable by you for permanent and total business failure beyond your reasonable control. The termination fee is payable by you in addition to any damages payable to MFI, including lost future revenues, from termination of the franchise. Termination penalties may be unenforceable in certain states.
- (11) All of the fees and charges summarized in this Item 6 apply to each franchise issued under a Development Agreement.
- (12) The monthly royalty fee and required advertising contributions are uniform as to all new franchisees currently acquiring a franchise. Some franchisees have contractual rights under previous agreements with MFI to apply a discount to royalties paid on time or to pay annual franchise fees of a fixed amount with an annual CPI adjustment (as opposed to the royalty described in Note 2 above) or to pay advertising contributions in flat fees tied to annual sales (as opposed to a percentage of gross sales as described in Note 3 above) or may not be required to make advertising contributions.
- (13) The ranges and categories of expenses listed in this Item 6 are based solely on the experience of franchisees recently opened. Your expenses may be different depending on local costs. You also may have additional expenses to third party suppliers, lending institutions or others which are not listed.

ITEM 7

ESTIMATED INITIAL INVESTMENT* YOUR ESTIMATED INITIAL INVESTMENT

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Initial Franchise Fee (See Note 1)	\$40,000	Lump Sum	Interview at Corporate Head-	MFI

			quarters/Delivery of Signed Franchise Application	
Travel and Living Expenses and Salary, if any, of Persons While Training (See Note 2)	\$500 to \$3,000	As Incurred	During Training	Airlines, Hotels, Restaurants, Managing Person
Equipment, Store Furnishings, Signage and Initial Inventory of Supplies(See Note 3 and 11)	\$172,500 to \$242,500	Lump Sum	Non Refundable Deposit of 33% of Purchase Price upon Ordering and Balance before Shipment	MFI, Suppliers, Manufacturers
Equipment Installation, Freight and Rigging and Storage (See Note 4)	\$34,000 to \$56,600	As Incurred	Before Opening	Contractors, Suppliers, Manufacturers, Shipping Companies
Leasehold Improvements (See Note 5)	\$0 to \$135,300	As Incurred	Before Opening	Tradesmen, Contractors
Dry Cleaning Solvent License Fee (See Note 3)	\$0 to \$2,500	Lump Sum	Before Opening	Solvent Distributor
Security and Utility Deposits, Business Licenses	\$0 to \$5,000	Lump Sum	Upon Signing Lease or As Agreed	Lessor, Utilities, Government Agencies
Rent for First Months (See Note 6)	\$0 to \$14,800	Lump Sum	As Specified in Lease	Lessor
Grand Opening/ Initial Marketing Deposit (See Note 7)	\$15,000	Lump Sum	No Later Than First Day of Training for Initial Franchise	MFI, Advertising Agencies, Media Outlets
Legal, Accounting, Loan Fees, Advance Insurance Premiums	\$3,000 to \$9,000	As Incurred	As Agreed	Lawyers, Accountants, Insurers, Financial Institutions

Additional Funds - 3 months (See Note 8)	\$40,000 to \$70,000	As Incurred	As Agreed	MFI, Vendors, Suppliers, Employees, Utilities
TOTAL (See Notes 9 and 10)	\$305,000 to \$593,700			

*Except as noted in Items 5 and 6 and this Item 7, none of the expenses described in this Item 7 are refundable.

Notes:

- (1) Initial Franchise Fee. The initial franchise fee for an Initial Franchise is \$40,000, even if an Approved Conversion, an Approved Pick-Up Store or you purchase an existing Martinizing Store. The initial franchise fee is \$10,000 for an Additional Franchise, even if an Approved Conversion or an Approved Pick-Up Store. If an existing Martinizing Store is purchased to establish an Additional Franchise, no initial franchise fee is payable, but a transfer fee is payable. See Item 5 for the conditions when the initial franchise fee is partially refundable.
- (2) Training Travel and Living Expenses. For an Additional Franchise, training is available to the manager of your store at no additional charge for training, if the manager has not previously completed the Martinizing Training Program. You are responsible for the travel and living expenses and salary of your store manager while attending training. (See Item 6, Note 5 as to training upon transfer of franchise.)
- (3) Equipment, Store Furnishings, Signage and Supplies. We offer a variety of services, equipment, signage, store furnishings, promotional and other items which you may purchase from MFI or from others, if our specifications are met. For instance, you may purchase from MFI certain posters at a reasonable cost, a set of mechanical drawings for \$1,500 and a small ware package for approximately \$6,600. If equipment for the Martinizing Store is purchased from MFI, you also will sign a Purchase Order and Sale Agreement (Exhibit F) and pay an equipment purchase deposit to MFI under that agreement. If you cancel the equipment order for any reason, we retain the equipment deposit paid by you to cover restocking, processing and storage charges and other damages from your cancellation. Equipment required to open a Martinizing Store typically includes the following: dry cleaning machine, boiler for steam production, air compressor, various types of presses and garment finishing equipment, irons, garment conveyor, mark-in-bin, assembly and storage racks, the POS system, on-line back up system, and software, sales-counters, signage and similar items. The above equipment package will enable you to dry clean and finish most goods and garments. The investment in this equipment approximates \$172,500. It also may be appropriate to include a shirt laundry consisting of a commercial washer, water heater and pressing equipment. The additional cost of purchasing and installing a shirt laundry typically ranges from \$65,000 to \$75,000. The total high-range for a full dry cleaning and shirt plant approximates \$242,500. Other items and supplies purchased typically include: cleaning solvents and fluids, special spotting solvents, finished work packaging materials, hangers, marking tabs, replacement padding, various bins and tags. Depending on the type of dry cleaning solvent you use (local governmental and landlord restrictions may apply), your costs could be higher. For instance, some solvent distributors currently require an

annual affiliation fee of \$2,500. If applicable, you also must pay state and local sales tax on purchases of equipment, store furnishings, supplies and some services. The sales taxes may range from 3% to 10% and are not included in the above investment amounts.

- (4) Equipment Installation. Typical installation costs relate to setting the equipment in place and connection of water, steam and air lines. The services of a licensed electrician may be needed to connect wiring of equipment. The equipment layout provided by MFI, the Martinizing Installation Manual and the Martinizing Training Program deal, for the most part, with equipment regularly sold by MFI or contained in our typical equipment package. If you elect to purchase equipment meeting our specifications, but not regularly sold by MFI or contained in our typical equipment package, you or MFI may need to retain the services of third parties to assist with an equipment layout or training in the operation of that equipment. You must pay for that additional assistance and any travel and related expenses incurred by you or MFI. The cost of that additional assistance typically ranges from \$0 to \$3,500. Also, we may charge you an additional fee for training on equipment not regularly sold by MFI or contained in our typical equipment package. The additional training fee typically ranges from \$1,000 to \$4,000.
- (5) Leasehold Improvements. This estimate of leasehold improvements relates to improvements to store premises in an existing retail shopping plaza or center containing adequate utility capacities. Costs and charges for site development, leasehold improvements/construction costs, required permits, drawings, plans, studies, and the like for establishing a Martinizing Store according to our specifications vary significantly depending on location, physical characteristics of the store, variations from standards and modifications to meet local codes, labor costs, and the like. Construction costs to establish or convert a free standing store are significantly greater, vary tremendously and cannot be estimated accurately.
- (6) Purchased or Leased Real Estate. If you do not own adequate retail shop space, you will need to lease adequate space for the Martinizing Store operation. The typical Martinizing Store utilizes approximately 1,800 to 2,000 square feet, and rent is estimated to be between \$40,000 and \$88,000 per year, depending on the size, condition and location of the leased premises and the demand for the premises among prospective lessees. In addition to rent, you may be charged a share of taxes, insurance and common area maintenance expenses. If you think the location is capable of generating high volume, you may want to consider leasing additional space beyond what is needed initially even if the rent is high, as it can be very difficult to rent additional space later. Most franchises are located in leased space in retail shopping centers. If you desire to purchase real property upon which to locate the franchise, the amount of land required will vary with the size of the facility, the availability of adjacent parking and the like. An estimate of the size of the parcel needed would be anywhere from one-third acre to one full acre with a building, and the cost would vary tremendously and cannot be estimated accurately.
- (7) The grand opening/initial marketing deposit for an Additional Franchise is \$15,000, and must be paid to MFI 60 days prior to the expected opening of the Martinizing Store. If marketing items are purchased from MFI, you will sign a Purchase and Sale Agreement (Exhibit F) and pay a purchase deposit to MFI under that agreement. If you cancel that order for any reason, we retain the deposit paid by you to cover restocking, processing and storage charges and other damages from your cancellation.

- (8) Additional Funds. This item estimates your initial start up expenses for a 3 month period. These expenses include payroll costs, but do not include any draw or salary for you or a manager if you elect to operate as an absentee owner. These expenses also include an estimate of the royalty and the promotional production fees payable to MFI for the 3 month period. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on how well you follow our methods and procedures; your management skills, experience and business judgment; local economic conditions; the local market for dry cleaning services; the prevailing wage rate; competition; and the sales level reached during the initial period. Also, problems with construction and installation from inclement weather, strikes, unavailability of materials or financing or other conditions or events beyond MFI's or your control may delay opening of the Martinizing Store beyond the initial projected date. You should consider the effect of these types of events on pre-opening working capital reserves and should carefully plan what cash reserves you will need to assure that there will be sufficient pre-opening working capital reserves and/or income from other sources to cover your expenses before opening of the Martinizing Store. Also, you should carefully plan for ongoing working capital to assure that there will be sufficient working capital reserves or income from other sources to cover expenses for operation of the store after opening. With the assistance of an accountant, investment counselor, business advisor or other qualified person, you should prepare a business plan for the first 2 to 3 years of operation of the store with due consideration given to ongoing working capital requirements and reserves.
- (9) Total. The total figures do not include sales taxes or purchased real estate and are merely estimates exclusive of contingencies for establishing a Martinizing Store where on-premise dry cleaning is provided. The total estimated costs of establishing an Approved Pick-Up Store typically range from \$46,000 to \$96,000. The total figures also do not include expenditures for establishment of a Martinizing Route (See Note 11 below). The total figures include only an estimated minimum of additional funds for the 3 month initial phase of the business. Please see Note 8 for more information regarding additional funds.
- (10) The table in this Item 7 lists expenditures we believe you should anticipate as the total initial investment required to open and operate your Martinizing Store during the initial phase of the business, depending upon the exact location and physical characteristics of the store. Of course, there also may be unusual local circumstances involving higher costs. We rely on the 65 year history of the Martinizing System and over 35 years of franchising experience in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Other than security deposits and the potential partial refund of the initial franchise fee under the conditions stated in Item 5, we expect all listed payments will not be refundable to you. As stated in Item 10, we do not offer either direct or indirect financing to franchisees for any items.
- (11) Martinizing Route. For a Martinizing Route, you must lease or purchase a delivery vehicle meeting the specifications of MFI from a vehicle dealer or a third party (which may be a used vehicle in good condition as defined by Kelly Blue Book, meeting the specifications of MFI), at an estimated cost of \$8,000 to \$37,000, depending on whether you purchase a new or used delivery vehicle meeting those specifications. Other items must be purchased by you, which may be purchased from MFI or from others if our specifications are met. The estimated cost of those items typically ranges from \$4,700 to \$13,000. If those items are purchased from MFI, you also will sign a Purchase Order and

Sale Agreement (Exhibit F) and pay a purchase deposit to MFI under that Agreement. If you cancel the purchase order for any reason, we retain the deposit paid by you to cover restocking, processing and storage charges and other damages from your cancellation. In addition to the delivery vehicle meeting MFI's specifications, the other items for a Martinizing Route typically include the following: graphics for the delivery vehicle, rails and storage racks for the delivery vehicle, an additional POS system and software, mark-in fixtures, supplies, packaging and other carts, assembly bay, computer stand, logo shirts for the driver and similar items. This package of items will enable you to establish a Martinizing Route. If applicable, you also must pay state and local sales tax on purchase of the delivery vehicle and other items meeting MFI's specifications, which may range from 3% to 10% and are not included in the above estimates. In addition, any time after the expiration of the five year period following the opening for business of your Martinizing Route and no more often than every five years, we can require you, at your sole cost and expense, to perform such alterations, additions, or redecoration in or upon the delivery vehicle (including repainting, body work, replacement of graphics and decals) and the equipment and furnishings of the delivery vehicle to reflect the then current Martinizing image. The cost of alteration of the delivery vehicle varies under the circumstances, but typically ranges between \$500 to \$3,000.

Exclusive Multi-Store/Route Development Agreement

(1)	(2)	(3)	(4)	(5)
Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (See Note 2)	\$3,000 to \$45,000	Lump Sum	Upon Signing Development Agreement	MFI

Notes:

- (1) The expenditures for a single Martinizing Store and a Martinizing Route summarized in this Item 7 also apply to each Martinizing Store and Martinizing Route to be established under a Development Agreement, except that the then current initial franchise fee and then current monthly royalty fees for each Martinizing Store and the then current Route Fee for each Martinizing Route established under the development schedule is payable by you.
- (2) The developer must pay to MFI, upon signing the Development Agreement, a development fee in an amount equal to \$3,000 for each Martinizing Store and each Martinizing Route to be established under the development schedule. The Martinizing Store established under the Initial Franchise granted to the developer is not considered as a store to be established under the development schedule.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish your Martinizing Store/Martinizing Route according to our specifications and standards and operate your Martinizing Store/Martinizing Route according to our System. Our System, standards and specifications may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signage, supplies, delivery vehicles and other items to be used in establishing and operating your Martinizing Store/Martinizing Route. You must purchase or lease according to our specifications exterior and interior signage, store call area furnishings, POS systems, on-line back up systems, accounting and other software, cleaning and plant equipment, delivery vehicles and equipment for the delivery vehicles used in operating the Martinizing Store/Martinizing Route. You must purchase window graphics (transfer decals printed according to our specifications), standard size outdoor MARTINIZING® signage and delivery vehicle graphics meeting our specifications. Our standards and specifications have been developed over the 65 year history of the Martinizing System and are periodically reviewed and modified to improve methods of operations and procedures and to incorporate selected new equipment and supplies and other ways to achieve more economic and effective methods of operations into our System. We will notify you in our Operating Manuals or other communications of our standards and specifications. When our Operating Manuals are modified, we will either provide you with a copy of the changed manual or changed pages of the manual.

Specifications include standards for equipment performance, durability, appearance, ease of maintenance and other relevant characteristics. We evaluate those items available in the marketplace to assure compliance with our specifications. If you propose to employ items which have not previously been approved by MFI as meeting our specifications, you must notify MFI. We may require the submission of sufficient specifications, drawings or other information or sample items to allow MFI to evaluate whether such items meet our specifications. We have the right to charge you a reasonable fee to cover the costs we incur in our evaluation and will notify you of the results of our evaluation within 60 days. We do not maintain a list of approved suppliers and do not maintain criteria for approving suppliers. Any supplier who is able to provide equipment or other items conforming to our specifications is an approved supplier. There are no suppliers in which an officer of MFI owns an interest.

You may purchase signage, graphics, call area furnishings, cleaning and plant equipment and supplies from MFI or from any other source provided our specifications are met. You also may purchase the items summarized in Item 7, Note 11, to establish a Martinizing Route from MFI or from any other source provided our specifications are met. In the year ending December 31, 2013, our revenues from the sale of such items to franchisees was approximately \$102,537, or approximately 8% of our total gross revenues of approximately \$1,255,481. The cost of the items purchased according to our specifications represents approximately 95% of your total purchases in establishing your Martinizing Store/Martinizing Route (other than purchased or leased real estate) and less than 1% of your costs in operating your Martinizing Store/Martinizing Route after opening.

MFI does not derive income from the purchase of equipment or supplies by you from any other entity. As a result of quantity or other discounts available to MFI, we generally are able to purchase equipment and other products from some suppliers at a lower price than you are able to purchase the equipment and products directly from those suppliers. We are able to obtain favorable prices as a result of wholesale dealer relationships between MFI and some suppliers. The discounts made

available to MFI by some suppliers generally range from 20% to 40% of the suggested retail or list price. Some promotional items are made available to MFI at discounts lower than 20%.

In addition to the purchases or leases described above, you must obtain and maintain insurance coverage at your own expense. Our standards and the Franchise Agreement specify the types, amounts and certain conditions of insurance coverage required for your Martinizing Store; our protection and rights under the policies as an additional named insured; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

You must maintain commercial general liability insurance coverage for contractual liability, personal injury liability, broad form property damage including completed operations, business interruption, boiler and machinery coverage, bailee coverage, business automobile liability, and workers' compensation insurance. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. You may be required by law to obtain pollution liability coverage the cost of which will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name MFI as an additional insured party. (See Item 6, Note 7)

Occasionally, we negotiate purchase arrangements with some suppliers for your benefit. For instance, we periodically have arranged for the purchase of marketing materials and marketing services at discounts typically ranging from 5% to 35%. These arrangements are subject to change and we have no obligation to insure that the arrangement with any supplier will continue to be made available to you.

Except as indicated in this Item 8, we do not negotiate purchase arrangements with suppliers for your benefit and we do not provide material benefits to you based on use of designated or approved suppliers.

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	Paragraph in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1 Also see Site Acceptance Form (Exhibit E)	5, 7 and 11

b. Pre-opening purchases/leases	1F and 7 Also see Franchised Location/Defined Area Addendum (Exhibit C-3) and Purchase Order and Sale Agreement (Exhibit F)	7, 8 and 11
c. Site development and other pre-opening requirements	1, 7 and 8	7 and 11
d. Initial and ongoing training	9 Also see Confidentiality and Nondisclosure Agreement (Exhibit D)	6 and 11
e. Opening	5C, 7 and 10	7 and 11
f. Fees	3, 4, 5, 9, 12, 13D and 16 Also see Franchise Application (Exhibits B), Partial Refund Form (Exhibit C-6) and Martinizing Route Addendum (Exhibit C-7)	5, 6, 7 and 11
g. Compliance with standards and policies/Operating Manual	1, 2, 6, 7, 8 and 19	5, 8, 11 and 16
h. Trademarks and proprietary information	1, 2 and 11 Also see Confidentiality and Nondisclosure Agreement (Exhibit D)	13 and 14
i. Restrictions on products/services offered	1, 2, 5 and 7 (Also see Martinizing Route Addendum (Exhibit C-7))	8, 12 and 16
j. Warranty and customer service requirements	1 and 7	11 and 16
k. Territorial development and sales quotas	Exclusive Multi Store Development Agreement (See Separate Table Below)	12
l. Ongoing product/service purchases	7 and 9	6 and 8
m. Maintenance, appearance and remodeling requirements	1, 2, 7 and 12	5, 6, 16 and 17
n. Insurance	21	6 and 8
o. Advertising	5	5, 6, 7, 11 and 13
p. Indemnification	19, 20 and 21 Also see Paragraph 9 of Purchase Order and Sale Agreement (Exhibit F)	6

q. Owner's participation/ management/staffing	7 and 8	5 and 15
r. Records/reports	4, 5 and 6	6 and 11
s. Inspections/audits	6	6 and 11
t. Transfer	15, 16 and 17 Also see General Release (Exhibit C-9)	6 and 17
u. Renewal	12 Also see Martinizing Route Addendum (Exhibit C-7) and General Release (Exhibit C-9)	6 and 17
v. Post-termination obligations	14	6 and 17
w. Non-competition covenants	11 Also see Partial Refund Form (Exhibit C-6)	17
x. Dispute resolution	23 and 24	17
y. Corporate, company or partnership franchisees/ personal guarantee	17 Also see Personal Guarantee (Exhibit C-1) and Schedule A (Exhibit C-2)	15
z. Compliance with law/ payment of liabilities	19	17
aa. Acknowledgment of Risk	27	

This table lists your principal obligations under the exclusive multi-store/route development agreement. It will help you find more detailed information about your obligations in that agreement and in other items of this disclosure document.

Obligation	Paragraph in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1, 2 and 4 Development Schedule	5, 7 and 11
b. Pre-opening purchases/leases	2	7 and 8
c. Site development and other pre-opening requirements	1, 2, 3 and 4 Development Schedule	7 and 11
d. Initial and ongoing training	2 and 6	6 and 11
e. Opening	1, 2, 4 and 5 Development Schedule	5, 7 and 11
f. Fees	2, 3, 7 and 13	5, 6, 7 and 11

g. Compliance with standards and policies/Operating Manual	2, 4 and 6	5, 8, 11 and 16
h. Trademarks and proprietary information	2 and 10	13 and 14
i. Restrictions on products/services offered	2 and 10	12 and 16
j. Warranty and customer service requirements	2 and 10	11 and 16
k. Territorial development and sales quotas	1, 4, 5 and 11 Development Schedule	12
l. Ongoing product/service purchases	2	6 and 8
m. Maintenance, appearance and remodeling requirements	2 and 4	5, 6, 16 and 17
n. Insurance	2	6 and 8
o. Advertising	2	5, 6, 7, 11 and 13
p. Indemnification	2 and 21	6
q. Owner's participation/management/staffing	1, 2 and 6	5 and 15
r. Records/reports	2	6 and 11
s. Inspections/audits	2	6 and 11
t. Transfer	13 and 14	6 and 17
u. Renewal	7	6 and 17
v. Post-termination obligations	2 and 12	6 and 17
w. Non-competition covenants	2 and 10	17
x. Dispute resolution	2 and 18	17
y. Corporate, company or partnership franchisees/personal guarantee	2, 14 and 23 Personal Guarantee at end of Franchise Agreement	17
z. Reservation of rights	8	12
aa. Acknowledgment of risk	9	

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. Except as provided below, we currently do not approve any lender to offer financing to our franchisees.

Franchisees of MFI are eligible for expedited and streamlined Small Business Administration (SBA) loan processing through the SBA's Franchise Registry Program, www.franchiseregistry.com. We have no involvement with the SBA or its designees in relation to any SBA loan financing for which our franchisees may apply or may receive.

MFI has partnered with BoeFly.com, an innovative service that offers borrowers access to a network of more than 3,600 business lenders through a single loan request. Franchisees have discounted access to BoeFly.com. We do not have any involvement with BoeFly.com or its designees in relation to any loan financing for which our franchisees may apply or may receive.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING COMPUTER SYSTEMS AND TRAINING

Except as listed below, MFI is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Martinizing Store, we will:

(1) Assist you in selecting the site for your Martinizing Store (Franchise Agreement - Paragraph 1E) (See "Site Selection" in this Item 11).

(2) Review the location selected by you for conformity to our site selection guidelines and provide you with the results of our review, including comments on the demographics of the area, traffic flow, parking, customer draws in the immediate area and visibility of the location from streets and parking facilities (Franchise Agreement - Paragraph 10A) (See "Site Selection" in this Item 11).

(3) If you are obtaining an Initial Franchise, provide you guidance and assistance (either directly or through independent site locators) in submitting a letter of intent for the site selected and negotiating business terms of the lease, such as initial and renewal terms, available and reserved parking, leasehold improvements, base rent and other payment terms (Franchise Agreement - Paragraph 10A). We strongly recommend that you retain legal counsel to review in detail all the provisions of the lease for your site. Although MFI or site locators used by MFI may provide guidance or assistance in your securing a lease for your site and make suggestions as to provisions to be changed or reviewed with your legal counsel, you must accept full responsibility for the final terms and conditions of the lease for your site.

(4) Furnish you with a layout drawing for the Martinizing Store of equipment contained in our typical equipment package, including conceptual details of steam and condensate piping, compressed air, vacuum and natural gas piping, water, drain and chilled water piping (Franchise Agreement - Paragraph 10A). Although typically not required, you will arrange for preparation of any needed blueprints for the Martinizing Store, at your sole expense. All leasehold improvements, installation and construction contracts, change orders and the like are your direct responsibility. You will independently contract with a general contractor, architect, engineer or other third party for those drawings and blueprints, general contractor-type services and installation, leasehold improvements and construction related services. We will not be a party to those contracts or be responsible or liable under those contracts. You may be required to make certain deposits under those contracts which may or may not be refundable. The refundability of any deposits will be determined by the contracts signed by you. You must pay for all acquisitions, leasehold improvements, installation and construction costs and pay for the preparation of all architectural and civil drawings required to establish the Martinizing Store at the accepted site. You must pay

for obtaining all necessary governmental permits and approvals necessary to establish the Martinizing Store at the accepted site. Included in the services and items for which you must pay and will be charged directly by the provider are the following: soil tests, topographical surveys, as-built surveys, environmental studies, traffic studies, civil and architectural drawings, architectural and civil plan changes initiated by you, building permits and governmental fees, engineering fees, legal and accounting fees, loan fees, land purchase costs, escrow fees, taxes, insurance costs, general construction and installation costs, freight and rigging costs, building and off-site improvements, carrying and storage charges during the construction period, early rents and taxes on the property if required by the lease and any other related costs. You must comply with any plans, specifications and procedures provided by MFI in fulfilling your real estate, installation, leasehold improvement and construction responsibilities. We will inspect the project for general compliance to our image and specifications only and we are not responsible for your compliance with other specifications or structural integrity, percentage completion and other details. Occasionally, we may subcontract our inspection to experienced individuals from the dry cleaning industry. There is no additional charge to you for our inspection before opening of the Martinizing Store.

(5) As discussed in Item 8, identify the signage, call area furnishings and equipment for the Martinizing Store meeting our minimum standards and specifications as published in our manuals or approved by MFI periodically (Franchise Agreement -Paragraph 7D).

(6) Provide you with the Martinizing Countdown Calendar and Leasehold/ Installation Manual setting forth specifications for installation of equipment regularly sold by MFI or contained in our typical equipment package, and inspect the equipment installed in the store and the project for general compliance with the Martinizing image (Franchise Agreement - Paragraph 10A).

(7) Provide training to you as described under "Training" in this Item 11 and loan to you one copy of the following manuals: the Martinizing Start-Up Manual, Martinizing Introduction to Dry Cleaning Manual, Martinizing Store Management Manual, Martinizing Store Operations Manual, Martinizing Periodic Maintenance Manual and Martinizing Local Store Marketing Manual (Franchise Agreement - Paragraphs 9 and 10A). These manuals and our Leasehold/Installation Manual are confidential and remain our property. We may modify our manuals and other confidential materials to meet competition, protect or improve our Marks and System or improve the quality of services provided by Martinizing Stores (Franchise Agreement - Paragraph 18). Our Martinizing Store Operations and Store Management Manuals contain mandatory and suggested specifications, standards, operating procedures and rules prescribed by MFI periodically. The table of contents of our Store Operations and Store Management Manuals as of December 31, 2013 are attached to this disclosure document (Exhibit H). As of that date, our Store Operations Manual contained a total of 148 pages and our Store Management Manual contained a total of 79 pages.

(8) Develop and implement, in joint effort with you, a grand opening/initial marketing program through expenditure of your grand opening/initial marketing deposit (Franchise Agreement - Paragraphs 5C and 10A) (See Item 5).

Obligations After Opening

After the opening of your Martinizing Store, we will:

(1) Provide you consultation on business controls and accounting methods (Franchise

Agreement - Paragraph 10B).

(2) Provide you marketing consultation including advertising and promotional copy assistance (Franchise Agreement - Paragraph 10B) (Also see "Advertising and Promotion" in this Item 11).

(3) Visit and inspect your Martinizing Store and provide consultation on store operations, procedures, and related matters (Franchise Agreement - Paragraph 10B).

(4) Review selected new equipment and supplies and other ways to achieve more economic and effective methods of operation (Franchise Agreement - Paragraph 10B).

(5) Inform you of changes and improvements in store operation and procedures developed by MFI (Franchise Agreement - Paragraph 10B).

(6) Implement new training techniques as developed by MFI and provide refresher training programs (Franchise Agreement - Paragraph 10B).

(7) Provide or arrange for franchisee conferences to facilitate the exchange of ideas and industry developments. MFI may charge a fee for attendance at franchisee conferences, but you are not required to attend if a fee is charged by MFI.

(8) For a Martinizing Route, we also will provide you, either prior to or after opening your Martinizing Store, the specifications for the delivery vehicle and other items required to establish a Martinizing Route and provide training and assistance to you to establish and maintain a Martinizing Route (Franchise Agreement Paragraph 10D and Exhibits C-7 and C-8 of Franchise Agreement) (See Item 5, Item 7, Note 11 and Item 12).

We determine the frequency and content of our consultation, training and conferences. We may provide additional services to you, although we are not obligated to do so. There is no assurance that we will continue to provide those additional services.

Exclusive Multi-Store Development Agreement

For each Martinizing Store and each Martinizing Route granted to you under a Development Agreement, we provide to you the assistance for an Additional Franchise or the assistance for a Martinizing Route described above, as applicable.

Advertising and Promotion

You must pay to MFI a monthly fee for development and production costs of Martinizing advertising and promotional materials (see Item 6). The advertising contribution rate is uniform as to all new franchisees currently acquiring a franchise. Some franchisees are not required to make contributions under franchises granted earlier (see Item 6, Note 12). The fees paid to MFI by you and other franchisees are deposited in our general operating account and administratively segregated on our books and records. We use these funds for advertising sales promotion and for creative, production and administrative expenses of advertising and promotional materials developed by MFI, including marketing and other research. We are reimbursed from these funds for reasonable expenses incurred in developing, presenting and implementing advertising programs.

We direct all programs financed by these funds, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. These funds may be used to pay the cost of preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs and employing advertising, promotion and marketing agencies to provide assistance; and supporting public relations, market research and other advertising, promotion and marketing activities. We furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Additional copies of materials are furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

We do not use these funds for general operating expenses, other than reasonable salaries, administrative costs, travel expenses and overhead MFI incurs in advertising program activities, including conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for required payments by franchisees. We may spend in any fiscal year an amount greater or less than the total payments made by franchisees in that year, and we may borrow from our other funds to cover deficits or invest any surplus for future use. You may obtain an annual statement of monies collected and costs incurred by submitting a written request to MFI within 90 calendar days of the close of the particular calendar year. During the fiscal year ending December 31, 2013, we spent a total of \$71,170, of which approximately 81% was spent on production and research and approximately 19% was spent on media placement. No portion of the advertising and promotional production fees paid by franchisees was spent to solicit new franchises.

We have no obligation to ensure that expenditures in or affecting any geographic area are proportionate or equivalent to the required payments by franchisees operating in that geographic area or that any Martinizing Store/Martinizing Route benefits directly or in proportion to its required payments. We have no obligation to you to collect amounts due from other franchisees.

We have the right, in our discretion, to implement a national advertising program, but have not yet done so. If we do implement a national advertising program, you must contribute to that program after the first 12 months of operation of your Martinizing Store (see Item 6, Note 3). We will notify you 90 calendar days before requiring you to contribute to a national advertising program.

In addition to your required monthly promotional and production fee, you must spend annually not less than 3.5% of your gross sales from operation of each Martinizing Store and Martinizing Route for local advertising and marketing (see Item 6, Note 3). You must keep a record of the amounts spent for local advertising and marketing and, if requested, submit or permit MFI to inspect your records. The cost of store fixtures, interior or exterior signage, delivery vehicle graphics, sponsorships, discounts, contributions, operating supplies (such as paper supplies, packaging material and the like), classified advertising, membership dues, subscriptions and the like may not be credited towards this advertising obligation. The cost of television and radio broadcasts and any form of print advertising, including billboards, newspapers, transit, yellow page, direct mail, point of purchase and collateral materials may be credited towards this advertising obligation (Franchise Agreement - Paragraph 5E).

You may develop advertising materials for your own use, at your cost. You must submit to MFI samples of all advertising, promotional and marketing materials that we have not prepared or previously approved at least 30 calendar days before its first use. You may not use any advertising or promotional material that we have disapproved (Franchise Agreement - Paragraph 5D). We solicit input from franchisees on advertising and creative concepts on an informal and ongoing

basis, but there currently is no advertising council composed of franchisees that advises MFI on advertising policies.

If we determine that an advertising cooperative program would be advantageous for a defined marketing area in which one or more of your Martinizing Stores or Martinizing Routes are located, you must become and remain a member of that cooperative program during the period of time it is in effect. The amount of your contribution to the local advertising cooperative is described in Note 3 of Item 6. Each local advertising cooperative must adopt written governing documents. A copy of the governing documents of the cooperative (if one has been established) for your market area is available upon request. Each cooperative may determine its own voting procedures. The members and their elected officers must administer their cooperative. All cooperatives prepare annual statements summarizing the previous year's activities, and these statements are sent to all participating franchisees.

All Martinizing Stores and Martinizing Routes operating in the market area of the particular cooperative must contribute to the cooperative. We determine the appropriate market areas for cooperatives by consulting various demographic and business studies and sources, including Arbitron. Cooperative advertising programs are solely funded through contributions of franchisees. We have the authority to require cooperatives to be formed, changed, dissolved or merged. As of December 31, 2013, there were no active advertising cooperatives.

POS System

You must purchase and maintain a POS system and on-line back up system meeting our specifications in operating your Martinizing Store (Franchise Agreement - Paragraph 7D). The POS system is a three-station system. The three stations are Drop-Off, Pick-Up, and Mark-In. Each station consists of the following minimum hardware specifications: Central Processing Unit (CPU); monitor; basic speakers (at Mark-In only); 1 GB flash drive; wired network; standard wired keyboards; wired MSR (magnetic stripe reader) keyboard and electronic cash drawer; USB thermal receipts or printers; wired mouse; laser plain paper reports printer . Each station consists of minimum software specifications. POS and software specifications are contained in the Martinizing Start-Up Manual. We currently endorse for use in new Martinizing Stores POS system software programs supplied by CleanSuite Software Inc. (CleanSuite). Other computer systems performing similar functions are available for use by new franchisees, but MFI may not be able to fully support those systems.

The cost of the required POS items purchased from MFI, including installation and configuration of the CleanSuite software in the POS system, ranges from \$6,000 to \$8,000, and is included in the equipment expenditure range in Item 7. CleanSuite software can be purchased directly from CleanSuite for approximately \$1,995.

The POS system is used to record all incoming and outgoing transactions. The data generated from these transactions is used to analyze business from a dollar volume of incoming sales, outgoing sales and discounts and coupons. This data may be analyzed from many different perspectives depending on which sales report is generated by the software. The system also collects customer use information which can be used to develop specific marketing programs and produce reports to measure productivity. We require independent access to the information and data and require you to add remote communications software or hardware to permit our access (Franchise Agreement – Paragraph 7C). We estimate that the cost of such access

software/hardware will range from \$100 to \$300.

We impose no contractual obligation for you to upgrade or update any hardware component during the term of your franchise. We do impose a contractual obligation for you to upgrade, or update the software of the POS system no more often than every 3 years during the term of your franchise, at a cost not exceeding \$500 (Franchise Agreement – Paragraph 7C).

We suggest purchasing and using CleanSuite software. CleanSuite will provide software support for CleanSuite software free to Martinizing franchisees for a period of two years after initial purchase. After those two years, support fees will be charged by CleanSuite. Currently, the CleanSuite software support fee is a minimum of \$30 per call or \$1 a minute, whichever is greater. CleanSuite software has been in use by the majority of Martinizing franchisees opening Martinizing Stores after 1994. CleanSuite's address and telephone number is: CleanSuite Software Inc., 130,8948 Elbow Drive SW, Calgary, Alberta T2V 0H9, Canada; (888) 727-4564 and (403) 264-4925.

Site Selection

You will select a proposed site for your Martinizing Store, with assistance provided by MFI. Usually, you lease the location for your store from independent third parties. If you are obtaining an Initial Franchise, we will assist you in selecting a site through arrangements with certain real estate brokers and other persons or companies with experience in locating sites throughout various regions of the country. If you are obtaining an Additional Franchise, you must find and select a proposed site and may need to retain and pay third party site locators to obtain assistance. With our assistance and/or the assistance of a third party site locators used by MFI or retained by you, you must select a proposed site and submit to MFI a site presentation package complying with our current procedures for accepting new store sites. Typically, we accept or reject the site selected by you within 30 calendar days of our receipt of your completed site presentation package. You are responsible for selecting and securing a suitable site within a reasonable period of time after signing the Franchise Agreement (typically 6 months unless extended by MFI). We provide general guidelines for site evaluation and review the site presentation package submitted by you for compliance with our minimum site selection guidelines for acceptance of a location. These guidelines are only indicators of an acceptable site and are not controlling. Our review is based solely on the information provided by you as contained in the site presentation package submitted by you. We do not independently verify or have any obligation to verify the information submitted by you. Although you may obtain site selection/acquisition assistance from MFI or a real estate broker or other person or company with experience in locating sites, you are responsible for the selection of the specific location and the accuracy of data and information provided to MFI regarding the specific location.

Both of us must accept the site proposed for your Martinizing Store by signing a Site Acceptance Form (Exhibit E). Neither our acceptance of the site nor any assistance in selecting the site provided by MFI or any third party creates or implies any assurance of success for the Martinizing Store. You assume all responsibility for the store location selected and must recognize that there is no guarantee as to the future success of the Martinizing Store established at any site selected.

You must secure the site, conditioned upon our acceptance, by directly leasing or purchasing the property on terms satisfying the requirements of our current franchise program. After acceptance of the site by both of us, you proceed to acquire possession of the site and establish the Martinizing

Store. You have a reasonable period of time after acceptance of the site by MFI to establish and open the Martinizing Store.

We may reject a location proposed by you for any reason or no reason solely in our discretion and without justifying our rejection under any standard. Some factors considered by MFI in accepting a location are suitability of the neighborhood, proximity to other franchised stores, population density, history and residents' ages and incomes, traffic flow, parking, ingress and egress considerations, customer draws in the immediate area, rental cost, leasehold improvement or build out costs and visibility of the store location from streets and parking facilities. Acceptance by MFI only implies that a particular location meets our minimum guidelines based on past experience, demographics research and knowledge of dry cleaning operations. You must rely on your own experience and familiarity with the community as an independent businessperson. If we reject a location selected by you, you must select a different location and submit the location for our acceptance under the procedures outlined above. If we cannot agree on a site, the Franchise Agreement may be cancelled by MFI upon written notice to you. See Item 5 of this disclosure document and Paragraph 13C of the Franchise Agreement (Exhibit C) for conditions for partial refund of the initial franchise fee paid by you.

We do not contemplate a change in these site selection procedures in the foreseeable future, but reserve the right to do so.

The typical length of time following acceptance of a site by MFI and the opening of the Martinizing Store generally ranges from 3 to 6 months. Factors affecting this length of time usually include preparation of the store location, financing arrangements, local ordinance compliance questions, obtaining necessary governmental permits and approvals, delivery and installation of equipment and store fixtures, weather conditions and labor difficulties. There is the substantial risk that various persons or entities may not be able to comply with agreements as to construction or improvements in conformance with plans, specifications and established time tables. Performance may be delayed by strikes, weather, unavailability of materials or financing and other conditions or events beyond our control. Any one or more of the factors mentioned above may impair your ability to open the store and correspondingly may reduce pre-opening working capital reserves.

Upon making application for the franchise, but no later than your interview at our corporate headquarters, you must pay the entire initial franchise fee to us. We anticipate that the typical length of time from this payment to opening of the Martinizing Store will be from 6 to 12 months. Typically, the Franchise Agreement is signed within 10 business days of our approval of your application and typically 6 to 12 months before the anticipated opening of the Martinizing Store.

Training

We currently provide a training program for your Initial Franchise, consisting of approximately 40 hours of training conducted at our Milford, Ohio based headquarters and approximately 80 hours of training at your Martinizing Store or at a Martinizing Store of an existing franchisee.

Following is a summary of the Martinizing Training Program as of the beginning of calendar year 2014, with hours of training spread over a 13 calendar day period. Sometimes, more or less hours of training will be provided on a particular day to accommodate schedules of instructors and participants.

Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Marketing (pricing portion) Intro to Point-of-Sale computer system; customer service	4		Milford, Ohio
	4		Milford, Ohio
Customer Service; order mark-in, assembly, packaging and pick-up; intro to stain removal	8		Milford, Ohio
Customer Service, intro to dry cleaning and stain removal	8		Milford, Ohio
Marketing	8		Milford, Ohio
Intro to dry cleaning; intro to dry cleaning equipment maintenance; EPA/OSHA	4		Milford, Ohio
	4		Milford, Ohio
Maintenance Application		10	Your Store or Other Franchised Store
Maintenance Application		10	Your Store or Other Franchised Store
Operations: receiving & mark-in of orders, maintenance application		10	Your Store or Other Franchised Store
Operations: mark-in, lot system, categories, maintenance application		10	Your Store or Other Franchised Store
Operations: stain removal theory & practice, finishing equipment principals, maintenance application		10	Your Store or Other Franchised Store
Operations: dry cleaning, finishing practice, maintenance application		10	Your Store or Other Franchised Store

Operations: finishing practice, assembly, packaging, conveyor location, maintenance application		10	Your Store or Other Franchised Store
Management: administration, reports, maintenance application		10	Your Store or Other Franchised Store

The above chart is a summary of the typical training provided, but the actual hours of training vary depending on the experience, knowledge and aptitude of the trainee.

If you are obtaining an Initial Franchise, this training is available to 2 persons selected by you. The person designated to have full authority to make the financial and operational decisions associated with the management of your Martinizing Store (Managing Person) and the Store Manager, if any, must attend the Martinizing Training Program. You will be considered the Managing Person, unless otherwise designated by you before training. There is no additional charge for the training, but you must pay all travel and living expenses for persons attending. If you are obtaining an Additional Franchise, training is mandatory for the manager of your store (Store Manager) if he/she has not previously completed the Martinizing Training Program. There is no additional charge for the training, but you must pay all travel and living expenses for your Store Manager. We do not pay any compensation to you or any other persons while attending training. You may select additional persons to attend this training at no charge if space is available in a scheduled training session.

The classroom portion of the training program usually is conducted 45 to 90 calendar days before the projected opening date of your Martinizing Store. The training includes instruction on the operation and maintenance of dry cleaning equipment contained in our typical equipment package, as modified periodically by MFI, and instruction on our System for operation of a Martinizing Store. At the time of training, you are provided with one copy of the following Martinizing manuals: Introduction to Dry Cleaning; Store Management; Store Operations; Periodic Maintenance; and Store Marketing. The Martinizing Start-Up Manual is provided to you prior to training. Additional copies of these manuals may be purchased at an additional charge currently ranging from \$45 to \$60 per manual. All copies of these manuals must be returned to MFI or destroyed upon termination or expiration of the Franchise Agreement. Supplemental materials also are provided, such as a competitive pricing form and EPA/OSHA handouts.

The Martinizing Training Program is mandatory for the Managing Person and mandatory for the Store Manager. Generally, we conduct the classroom portion of training once every month, but are flexible in scheduling training to accommodate our personnel, you and your personnel. We may increase or decrease the length of training required under the Martinizing Training Program. We also may substitute, without additional charge to you, a regional and/or modified training program depending on your needs. We also may charge an additional fee for training on equipment not regularly sold by MFI or contained in our typical equipment package (See Item 7, Note 4).

If you are obtaining an Initial Franchise, we also will provide hands-on support to you upon opening of your Martinizing Store and you are required to attend training at an operating location for a minimum of 5 business days, but not more than 10 business days. The type and length of

support provided is determined in our sole discretion depending on your experience, capability and needs. The Managing Person and/or Store Manager must attend any additional or refresher training programs and conferences reasonably required by MFI. Although a training fee will not be charged, you must pay the travel and living expenses for the Managing Person and/or Store Manager.

For a Martinizing Route, we also will provide you training in establishing and maintaining your Martinizing Route. That training is mandatory for the Managing Person and mandatory for the Store Manager. There is no additional charge for this training, but you must pay all travel and living expenses for persons attending this training. We may increase or decrease the length of training for a Martinizing Route. We also may substitute, without additional charge to you, regional and/or modified training in establishing and maintaining a Martinizing Route.

We maintain a training staff, which consisted of the following staff members at the beginning of calendar year 2014: Jeff Crittenden - Operations Manager, who came to MFI in August 1997 with 19 years experience in retail training, recruiting and customer service; and Tom Moehringer, Marketing Manager, who came to MFI in January 1998 with more than 10 years experience in marketing, advertising and communication. Our training staff is supplemented by: Mike Gates, Regional Manager of MFI since 1987; and Scott Forrester, Regional Manager of MFI since 1998 and a franchisee of 2 Martinizing Stores. The hands-on support provided upon opening of a Martinizing Store for an Initial Franchise is typically provided by a Regional Manager of MFI. We may use other staff members and training consultants, who provide training on a subcontract basis, when necessary. The training consultants we use are usually either operators of Martinizing Stores or other experienced individuals from the dry cleaning industry.

ITEM 12

TERRITORY

Single Store Franchise

You may operate one Martinizing Store at a specific location under your franchise. We must accept the specific location selected by you for the Martinizing Store. We affirmatively reserve the right to open or operate or grant to anyone else the right to open and operate a Martinizing Store anywhere, except at the specific store locations or within defined areas described in effective franchise agreements, which may compete with your Martinizing Store. MFI will determine a Defined Area around your Martinizing Store once the specific location for the Martinizing Store is accepted by MFI. The defined area will approximate a 2-mile area if the Martinizing Store is located in a rural market, but will be smaller if the Martinizing Store is in an urban market. Although MFI may use a 2-mile radius around a Martinizing Store as the defined area, typically, the actual shape and size of the defined area will be determined using natural boundaries (rivers, highways and the like), traffic patterns, number of households and other relevant demographic information, and will be designated on a map when the specific location for your Martinizing Store is accepted by MFI. See Franchised Location/Defined Area Addendum (Exhibit C-3). MFI will send that completed Addendum to you for you to sign no sooner than 7 full calendar days after it is received by you.

MFI will not franchise or establish another Martinizing Store or Martinizing Route within your Defined Area during the initial term of your Franchise Agreement without your consent. Also, if we acquire existing third party retail dry cleaning stores or dry cleaning and laundry routes or franchises within your Defined Area, we will not establish or franchise any more of those retail dry

cleaning stores or dry cleaning or laundry routes and will not convert or permit the conversion of those stores and routes to Martinizing Stores or Martinizing Routes within the Defined Area during the initial term of your Franchise Agreement without your consent. You do not receive the right to acquire Additional Franchises within your Defined Area. There are no minimum sales quotas to maintain your Defined Area. Upon renewal of your franchise, your Defined Area may be modified if the population within your Defined Area increases to more than 15,000 persons (as shown in data published by Claritas Inc. or an equivalent publication). Currently, MFI does not own or operate any Martinizing Stores and does not use other channels of distribution or control any competitive brands. See Other Channels of Distribution below.

You may solicit and service customers by route sales within your Defined Area, but may not solicit or service customers by route sales outside your Defined Area without the prior written consent of MFI, unless a Martinizing Route Addendum (Exhibit C-7) and Route Delivery Area Addendum (Exhibit C-8) are made a part of your Franchise Agreement. For a Martinizing Route, MFI will determine a route delivery area for your Martinizing Route after the specific location for your Martinizing Store is accepted by MFI or after establishment of your Martinizing Store, as determined by MFI. Although MFI may use a stated mile radius around a Martinizing Store as the route delivery area, typically the actual shape and size of the route area will be determined using natural boundaries (rivers, highways and the like), traffic patterns, number of households and other relevant demographic information, and will be designated on a map attached to the Route Delivery Area Addendum of your Franchise Agreement. After the Route Delivery Area Addendum is signed by MFI, MFI will send the completed Addendum to you for you to sign no sooner than 7 full calendar days after it is received by you. There are no minimum sales quotas to maintain your Route Delivery Area. Upon termination, expiration or nonrenewal of your Martinizing Route Addendum, you may continue to solicit and service customers by route sales within your Defined Area, but not within the portion of the Route Delivery Area outside of your Defined Area. Your Martinizing Route Addendum may be terminated by MFI, if you do not establish a Martinizing Route during the initial term of your Franchise Agreement. Upon renewal of your franchise, your Route Delivery Area may be modified due to changes in natural boundaries, traffic patterns, number of households and other relevant demographic information. There are some Martinizing Store franchisees operating under prior franchise agreements which have no restrictions on their ability to solicit and service customers by route sales, and MFI has no obligation to protect you from them. There are no other restrictions on MFI, you or other franchisees which limit the solicitation of business to any area by advertising, marketing or other means. MFI does not protect your Defined Area or Route Delivery Area from those activities. If another Martinizing Store or Martinizing Route is established outside your Defined Area or Route Delivery Area, whether owned by MFI or franchised, you will not be given any right to rescind or amend the Franchise Agreement.

You may not change the location of your Martinizing Store or modify your Route Delivery Area without our prior written consent. We will not unreasonably withhold our consent. We may refuse to consent to the relocation of your Martinizing Store or modification of your Route Delivery Area, if, before the effective date of the relocation or modification, you do not fully pay and satisfy all your obligations to MFI or remain in default of the Franchise Agreement. If we consent to relocation of your Martinizing Store or modification of your Route Delivery Area, we may charge you for the expenses we incur in connection with the relocation or modification.

If you wish to retain one Martinizing Store and obtain an Additional Franchise, you must make application under our then current procedures, as applicable to others wishing to obtain a Martinizing Store franchise.

Exclusive Multi-Store/Route Development Agreement

You must establish the number of Martinizing Stores and Martinizing Routes, during the time frames, as specified in the development schedule within the defined geographic territory granted to you under the Development Agreement signed by you. The development area generally is defined by boundaries not greater than city or county limits. The number of Martinizing Stores and Martinizing Routes to be established by you under the development schedule is subject to negotiation between us, considering such factors as the size of the development area, existing and projected population density, duration of the Development Agreement, timespan for development, overall demographics of the development area such as residents' ages and incomes, commercial characteristics of the area and relevant geographic factors.

We are prohibited, during the development period, from establishing another franchised or company-owned Martinizing Store or Martinizing Route within the development area without your prior written consent. In any event, we will reserve the right to: (a) renew the existing franchises for Martinizing Stores and Martinizing Routes within your development area; (b) grant a new franchise at the same location of an existing Martinizing Store in the area or at a new location within the same trade area to which an existing store is moved; and (c) acquire and operate or approve the sale or transfer of existing Martinizing Stores and Martinizing Routes within the area.

The development schedule, which is a material part of the Development Agreement, specifies the minimum number of Martinizing Stores and Martinizing Routes which you must open within the area during the development period. You must strictly comply with this schedule as any failure to do so, without extension of the development schedule by MFI (see Item 5), may result in termination of the Development Agreement and all rights under that agreement. There is no minimum sales quota. You maintain rights to your development area even though the population increases. Upon expiration or termination of the Development Agreement, we have the complete and unrestricted right to franchise other persons to operate and to operate company-owned Martinizing Stores and Martinizing Routes within the development area. Expiration or termination of the Development Agreement does not affect your rights and obligations under any separate franchise agreement previously issued to you, but you must fully comply with all terms and conditions of the Development Agreement and all franchise agreements with MFI to maintain your development rights.

Other Channels of Distribution

Other than the sale of logo items by MFI for use by franchisees, MFI or its affiliates have not used, but reserve the right to use, other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing sales (Other Channels of Distribution), to solicit or make sales of products or services within your Defined Area or exclusive territory using the Martinizing marks. MFI or its affiliates reserve the right to use Other Channels of Distribution to solicit or make sales within your Defined Area or exclusive territory of products or services under trademarks different from the Martinizing marks. IF MFI decides in the future to use Other Channels of Distribution to solicit or make sales of products or services within your Defined Area or exclusive territory using the Martinizing marks or under trademarks different from the

Martinizing marks, you will receive no compensation from MFI for such sales inside your Defined Area or exclusive territory, unless agreed otherwise in writing by MFI.

Except as to route sales, there are no restrictions on your soliciting or accepting orders by Other Channels of Distribution from customers outside your Defined Area or exclusive territory, and MFI does not protect your Defined Area or exclusive territory from those activities.

DCSA, an affiliate of MFI, purchased selected existing franchise agreements and other assets of the dry cleaning business and laundry franchise system of Dry Cleaning Station, Inc, a Nebraska corporation, on June 30, 2009. Dry Cleaning Station franchisees operate retail dry cleaning, laundry and delivery businesses providing to the public dry cleaning and fabric maintenance services under the service mark Dry Cleaning Station®. That service mark is registered with the United States Patent and Trademark Office under Registration No. 1,903,985 issued July 4, 1995, and was assigned to DCSA on June 30, 2009. There are no Dry Cleaning Station businesses owned or operated by DCSA or by MFI. Currently, DCSA is not offering and has not offered any new Dry Cleaning Station franchises. As of January 1, 2014, there were 12 Dry Cleaning Station franchisees operating in states under franchise agreements assigned to DCSA, 5 of which are full plants, 6 of which are pick-up stations and 1 of which is a delivery business only. It is possible that Dry Cleaning Station franchisees will solicit or accept orders within the defined area, route delivery area or exclusive territory of Martinizing Store franchisees. Some of the Dry Cleaning Station franchises may convert to Martinizing Store franchises, if the criteria for conversion to a Martinizing Store franchise is met and there is not an overlap of the defined area or exclusive territory of an existing Martinizing Store franchisee. Dry Cleaning Station franchises which do not convert, or are unable to convert, to Martinizing Store franchises will remain Dry Cleaning Station franchises of DCSA. Other Dry Cleaning Station franchisees may sell their franchised businesses to other dry cleaning business or to existing Martinizing Store franchisees, to be converted to Martinizing Stores, with the consent of DCSA and MFI. MFI will attempt to avoid conflicts between Martinizing Store franchisees and Dry Cleaning Station franchisees by not permitting the conversion of Dry Cleaning Station franchises to Martinizing Store franchises at locations within the defined area or exclusive territory of an existing Martinizing Store franchise, without the consent of the Martinizing Store franchisee; and by designating the defined area and any exclusive area granted to a new Martinizing Store franchisee in a manner not conflicting with existing Dry Cleaning Station franchises. If any conflicts remain between Dry Cleaning Station franchises and Martinizing Store franchises regarding territory, customers or franchisor support, MFI and DCSA will cooperate to the extent possible to resolve those conflicts. The principal business address of DCSA is the same as MFI's principal business address. MFI does not plan to maintain physically separate offices or training facilities for MFI and DCSA.

Except Martinizing Delivers franchises and stated above as to DCSA, MFI or its affiliates have not established other franchises or company-owned outlets offering services or products similar to those offered in Martinizing Stores under different trademarks, but reserve the right to establish other franchises or company-owned outlets offering similar services or products under different trademarks.

The above applies whether you sign a Franchise Agreement for a single store or a Development Agreement.

ITEM 13

TRADEMARKS

You may operate the Martinizing Store using our Marks at the franchised location only if you fully comply with all of the conditions, terms and covenants of the Franchise Agreement. Our principal service marks are MARTINIZING®, and MARTINIZED® and associated designs, symbols and logos.

We have registered with the United States Patent and Trademark Office on the Principal Register ("PTO") the following active service marks:

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
MARTINIZING	1,202,954	7/27/82
ONE HOUR MARTINIZING	1,202,943	7/27/82
MARTINIZED	1,253,144	10/4/83
MARTINIZING	1,430,555	2/24/87
MARTINIZING	1,915,456	8/29/95
DESIGN (BLUE STRIPES ON STORE WINDOWS)	1,634,375	2/5/91
MARTINIZED	2,860,392	7/6/04
MARTINIZING DELIVERS	4238611	11/6/2012
MARTINIZING GREEN CLEANING	4238610	11/6/2012

MFI has filed all required affidavits. All of the above registrations have been renewed, except Registration Nos. 4238611 and 4238610 with renewal deadlines of November 6, 2022.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving our principal Marks. There are no currently effective agreements that significantly limit our right to use or license the use of our Marks in any manner material to the franchise.

You must use our Marks only in the format as we designate unless applicable law requires other or additional identification. You must not register any of our Marks with any state authority.

You must use our Marks in full compliance with our rules. You cannot use any of our Marks as part of any corporate name, domain name or with any prefix, suffix or other modifying words, terms, designs or symbols other than as approved by MFI. You may not use any of our Marks in selling any unauthorized product or service or for any unfranchised dry cleaning plant or store, route delivery service or any other business. As to authorized products or services, you may use our Marks only at the specified store location and on vehicles used directly and exclusively in the operation of your Martinizing Store/Martinizing Route. You may use our Marks on these vehicles only in compliance with our rules and in the manner prescribed by MFI. You may not use any of our Marks on or for any storefront, pick-up station or similar facility or any store other than your Martinizing Store or in any other manner not explicitly authorized by MFI.

We have no obligation to protect your right to use our Marks or to protect you against claims of infringement or unfair competition arising out of your use of our Marks. You must notify MFI immediately when you learn of any infringement of or challenge to your use of any of our Marks. We may either undertake the defense or prosecution of any administrative proceeding or litigation involving our Marks or take other action as we deem appropriate. If we determine to undertake the defense or prosecution of any proceeding or litigation, we have the right to control that proceeding or litigation. If we choose not to undertake the defense or prosecution of any proceeding or litigation, you are not obligated to do so. You must, at your expense, cooperate in all respects with MFI upon our request in any court or other proceedings involving our Marks.

We have no obligation under the Franchise Agreement to participate in your defense or indemnify you for expenses or damages in an administrative or judicial proceeding involving any of the Marks licensed by MFI to you, or if the proceeding is resolved unfavorably to you, unless the claim arises from your use of the Marks in strict compliance with our rules. If there is a claim by any party that its right to use any of our Marks is superior and we determine that the claim is legally meritorious, you must immediately, at your expense, discontinue or modify your use of the Marks or substitute new marks as we may require, upon receiving written notice from MFI. If it becomes advisable at any time in our sole discretion for MFI or you to modify or discontinue the use of any of our Marks or use one or more additional or substitute trade or service marks, you must comply with our directions, at your expense, within a reasonable period of time after receiving notice from MFI. We are not obligated to reimburse you for your costs or any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trade or service mark.

You may not contest, directly or indirectly, or aid in contesting, the validity or ownership, title, right or interest in any of our Marks or the trade secrets, methods, procedures or other practices of the Martinizing System or contest our sole right to register, use or license others to use our Marks and trade secrets, methods, procedures or other practices.

We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal Marks in any state. Over the years, a number of franchisees have failed to renew their franchises and we have terminated a number of franchisees for failure to pay fees or for other defaults under franchise agreements. Some former franchisees may be making unauthorized use of our Marks in violation of our rights. We have a program to seek out and stop unauthorized uses and do not consider those unauthorized uses to have a material impact on use of our Marks in operating Martinizing Stores and Martinizing Routes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or have any pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we have proprietary rights in and claim copyright protection of our various manuals, various reports, forms, advertisements and promotional materials, our websites and web pages, and other written materials which may not be reproduced without our express written authorization. All of the same are considered proprietary and confidential and are considered our property and are supplied to you for your confidential and authorized use only. You must strictly follow and comply with the contents of our manuals and materials in the operation of your Martinizing Store/ Martinizing Route. We intend to take all necessary action to protect and preserve the confidential nature of our manuals and materials which are loaned to you for use with your Martinizing Store/ Martinizing Route. To protect our proprietary rights in the Martinizing System, you and each person attending the Martinizing Training Program must sign a Confidentiality and Nondisclosure Agreement containing restrictions on disclosing confidential materials and information pertinent to the operation of a Martinizing Store/ Martinizing Route (Exhibit D). You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

You must immediately notify MFI if you learn of any infringement of or challenge to your use of our manuals and materials. We may either undertake the defense or prosecution of any proceedings related to our manuals or materials or take other action as we deem appropriate. If we determine to undertake the defense or prosecution of any proceeding, we have the right to control the proceeding. If we choose not to undertake the defense or prosecution of any proceeding, you are not obligated to do so. You must, at your expense, cooperate in all respects with MFI upon our request in any court or other proceedings involving our copyrighted materials and confidential information. We have no obligation under the Franchise Agreement to participate in your defense or indemnify you for expenses or damages in a proceeding involving our copyrighted materials or confidential information.

You may not contest, directly or indirectly, or aid in contesting, the validity or ownership, title, right or interest in any patents, copyrights, trade secrets, confidential methods, procedures and other practices of the Martinizing System or contest our sole right to register, use, or franchise or license others to use any of our patents, copyrights, trade secrets, confidential methods, procedures or other practices. If there is a claim by any third party that its right to use our copyrighted materials and confidential information is superior and we determine that the claim is legally meritorious, you must immediately, at your expense, modify or discontinue the use of any item or process as we may require upon receiving written notice from MFI. If we determine, in our sole discretion, to add, modify or discontinue the use of an item or process covered by our copyrighted materials or confidential information, you must also do so, at your expense, within a reasonable period of time after receiving notice from MFI. We are not obligated to reimburse you for your costs or any loss of revenue in complying with this obligation.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license our copyrighted materials or confidential information. There are no infringing uses actually known to MFI which could materially affect your use of our

copyrighted materials or confidential information in any state.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You do not have to personally manage your Martinizing Store/Martinizing Route or directly supervise your Martinizing Store on its premises, and may employ a Store Manager. You are responsible for performance under the Franchise Agreement and must be willing and have the ability to devote sufficient time and effort to the operation of your Martinizing Store/Martinizing Route. There is no explicit contractual requirement defining the parameters of "sufficient time and effort".

You must maintain at all times a Managing Person for operation of your Martinizing Store/Martinizing Route. The Managing Person must have full authority to make the financial and operational decisions associated with your Martinizing Store/ Martinizing Route. The Managing Person must successfully complete the Martinizing Training Program, but is not obligated to own an equity interest in the franchise business. The Managing Person must sign the Confidentiality and Nondisclosure Agreement (Exhibit D). You will be considered the Managing Person, unless otherwise designated by you and approved by MFI in writing.

You must notify MFI in writing of any proposed change in the Managing Person. The new Managing Person must attend the classroom portion of the Martinizing Training Program and sign a Confidentiality and Nondisclosure Agreement.

The Store Manager must attend the Martinizing Training Program and sign a Confidentiality and Nondisclosure Agreement.

If you are a legal entity, each owner must personally guarantee your obligations under the Franchise Agreement and agree to be individually bound by all terms of the Franchise Agreement. This personal guarantee is at the end of the Franchise Agreement (See Paragraph 17 of Franchise Agreement).

You operate your Martinizing Store/Martinizing Route as an independent contractor and are not an agent, representative or employee of MFI. You may not make or attempt to make any contract, create any obligation or bind MFI in any manner.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale at the Martinizing Store dry cleaning services, laundering, finishing and repair of garments, fabrics and other textile items, other textile maintenance services, and items and other services useful in the care of fabrics. Except at an Approved Pick-Up Store, you also must provide to the public, when specifically requested, express dry cleaning service for suits, dresses and other wearing apparel, if the apparel does not require special treatment, at hours conspicuously posted on the premises. Your failure to adhere to the System is a material breach of the Franchise Agreement as uniformity in identity, quality, appearance, delivery vehicles, facilities and services

among all Martinizing Stores is vitally important to the collective success of all Martinizing franchisees and MFI. You may not offer for sale any products or perform any services that we have not authorized. We have the right to change the types of authorized products and services and there are no limits upon our right to do so. We currently have no plans to change the types of authorized products and services.

The dry cleaning business of an Approved Pick-Up Store must be processed by a franchised On-Premise Martinizing Store. The dry cleaning business of an Approved Pick-Up Store may not be processed at any unfranchised dry cleaning plant. The dry cleaning business of a Martinizing Route must be processed by a franchised On-Premise Martinizing Store and may not be processed at any unfranchised dry cleaning plant. You are not permitted to install vending machines or other equipment unrelated to dry cleaning services unless approved in writing by MFI.

Other than stated in Item 12 of this disclosure document as to route sales, there are no restrictions as to the customers that may be solicited or serviced by you.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read the provisions in the agreements attached to this disclosure document.

Provision	Paragraph in Franchise Agreement	Summary
a. Length of the franchise term	12A	20 year initial term starting on later of date agreement is signed or first day of month preceding date store opens for business.
b. Renewal or extension of the term	12B and 12C Also see Martinizing Route Addendum (Exhibit C-7)	You may renew for the longer of 10 years, or such additional duration as MFI is then granting renewal franchises, if you are in good standing, we are still renewing franchises in the state of your store and our requirements are met.
c. Requirements for you to renew or extend	12B and 12C Also see Martinizing Route Addendum (Exhibit C-7) and General Release (Exhibit C-9)	You must notify us of your intent to renew 180 calendar days before expiration, be in full compliance, have satisfied all monetary obligations, have right to possession of store premises for renewal term, pay renewal fee, sign release. You may need to remodel your store, upgrade or update the delivery vehicles, equipment or software, and complete refresher training program. You must sign the then current form of franchise agreement that may have materially different terms and conditions than your original

		agreement.
d. Termination by you	13A and 13D	If we default in a material obligation to you under the agreement and do not cure the default within 60 calendar days after receipt of written notice from you. See Item 6, Note 10 as to events requiring payment of termination fee by you.
e. Termination by MFI without cause	None	Not Applicable
f. Termination by MFI with "cause"	13B and 13C Also see Martinizing Route Addendum (Exhibit C-7)	We may terminate if you default under the agreement and do not cure the default within 60 calendar days of your receipt of written notice to cure from MFI. If you default under the terms of any franchise agreement with MFI, we may elect to terminate any other franchise agreement(s) or any multi-store development agreement with you. See Item 6 Note 10 as to events requiring payment of termination fee by you.
g. "Cause" defined - curable defaults	13B and 13C Also see Partial Refund Form (Exhibit C-6) and Martinizing Route Addendum (Exhibit C-7)	You will be in default if you violate or fail to substantially comply with any provision of the agreement or act in bad faith in carrying out the agreement. Curable defaults include failure to pay fees or monies owed to MFI, make advertising contributions or expenditures, comply with rules of System, submit reports, or remodel store, upgrade or update delivery vehicles, equipment, or software; default of lease or interruption of business at or loss of possession of store premises; violation of non-competition covenants. See Paragraph 13C of agreement for events of cancellation before store opening.
h. "Cause" defined - non-curable defaults	13B and 13C	Non-curable defaults include conviction of felony, repeated defaults even if cured, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors or appointment of receiver.
i. Your obligations on termination/ non-renewal	14 Also see Martinizing Route Addendum (Exhibit C-7)	Obligations include payment of all outstanding amounts, complete deidentification, cease all use of Marks, return all software (including the customer database), manuals, marketing and confidential materials, cease use of marketing programs, discount programs and

		software programs available only to our franchisees, remove auto-address feature via Targus from POS systems, continued nondisclosure of confidential information and trade secrets. Also see o and r below and Item 6, Note 10.
j. Assignment of contract by MFI	16B	No restriction on our right to assign.
k. "Transfer" by you-defined	16A and 17	Includes assignment, transfer or sale of agreement or any interest, assets or ownership of the franchised business, Martinizing Store/ Martinizing Route or franchise entity. Subfranchising and sublicensing are not permitted.
l. MFI's approval of transfer by you	16A	No transfers without our prior written consent, which will not be unreasonably withheld.
m. Conditions for MFI's approval of transfer	16A Also see General Release (Exhibit C-9)	You must give us 45 calendar days advance notice of your intent to transfer, sign release, pay all outstanding amounts and not be in default of the agreement. The transferee must qualify, sign then current form of franchise agreement for a full term, pay the transfer fee, attend an interview at our corporate headquarters and complete training. See Item 6, Note 5. We must still be granting franchises in the state of your store.
n. MFI's right of first refusal to acquire your business	15A and B	We may match any offer for your business or lease. You must provide MFI with the complete terms and conditions of the offer. MFI then will have 10 business days to accept or reject the offer. If accepted, we have the right to a 30 business day review of your business and lease.
o. MFI's option to purchase your business	15C	We may buy the business and assume your lease on termination or non-renewal or if you cease operating the business. This does not apply for non-renewal if MFI is no longer renewing franchises in the state of your store.
p. Your death or disability	16A	Transfer provisions apply. See Item 6, Note 5 for transfer provisions and when no transfer fee is charged.
q. Non-competition covenants during the term of the franchise	11	No involvement in competing business anywhere (exception as to 5% total ownership interest in publicly traded stock).

r. Non-competition covenants after the franchise is terminated or expires	11	No involvement in competing business for 2 years at or within 5 mile radius of your Martinizing Store or any existing Martinizing Store, within the delivery area of your Martinizing Route or any existing Martinizing Route, or within a 5 mile radius of the delivery area of your Martinizing Route or any existing Martinizing Route, including after assignment (exception as to 5% total ownership interest in publicly traded stock). Does not apply at or within a 5 mile radius of your store, or within delivery area of your route, for non-renewal if MFI is no longer renewing franchises in the state of your store.
s. Modification of agreement	18	No modifications generally, but manuals and confidential materials subject to change by MFI.
t. Integration/merger clause	28	Only the terms of the signed Franchise Agreement, Exhibits attached and related contracts are binding. Any other promises may not be enforceable. Our integration/merger clause does not disclaim the representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	24	In some states, disputes not mutually resolved must be arbitrated in Clermont County, Ohio (subject to state law).
v. Choice of forum	23B	Litigation must be in state courts in Clermont County, Ohio or federal court in Hamilton County, Ohio (subject to state law).
w. Choice of law	23A	Ohio law applies (subject to state law).

This table lists certain important provisions of the Exclusive Multi-Store/Route Development Agreement. You should read these provisions in the agreement attached to this disclosure document.

Provision	Paragraph in Development Agreement	Summary
a. Length of franchise term	7	The term of the agreement is subject to negotiation between us based on the area and number of stores or routes to be developed. Minimum duration is expected to be 3 years, with

		a maximum duration of 10 years. Duration starts on Effective Date specified in the agreement and ends on the earlier of the date the last store/route in development schedule is opened or the date specified in the agreement.
b. Renewal or extension of the term	7	No provisions in the agreement for renewal. . However, you may make application for grant of development rights within the area for an additional period of time. A maximum of two one-year extensions of your development schedule may be permitted for a fee of \$1,000 per extension. Your application for renewal or extension may be rejected by MFI for any reason or no reason.
c. Requirements for you to renew or extend	7	Then current form of development agreement must be signed that may have materially different terms and conditions than your original agreement, new development schedule agreed upon and development fee paid. We must still be granting franchises.
d. Termination by you	None	Not Applicable
e. Termination by MFI without cause	None	Not Applicable
f. Termination by MFI with "cause"	4, 11 and 12	Termination without opportunity to cure if default in development schedule. Also may terminate if you otherwise default under the agreement or under any franchise agreement with MFI and you do not cure the default within 60 calendar days of your receipt of written notice to cure from MFI. See Note below.

g. "Cause" defined-curable defaults	11 and 12B	You will be in default if: you violate or fail to comply with any provision of the agreement or you default under any franchise agreement; you sell a store/route in the area and do not open a new store/route to replace that store/route or the transferee does not continue the franchise for that store/ route with our consent; if you close a store/route within the area and do not open a new store/route to replace that store or pay the minimum monthly royalty and advertising and promotional production fees for that store or route . See table above regarding Default under Franchise Agreement.
h. "Cause" defined - non-curable defaults	4, 12A and 13A	Failure to fulfill deadlines or otherwise default in the development schedule or attempt transfer or assignment without our prior written consent.
i. Your obligations on termination/non-renewal	4 and 12C	Your obligations to establish and open stores/routes at any sites or within any delivery areas previously accepted by MFI continue, but you must cease immediately any attempts to select or develop other sites or delivery areas to establish Martinizing Stores or Martinizing Routes and cease immediately to hold yourself out in any way as a developer of Martinizing Stores/Routes under agreement with MFI or do anything which would indicate that you have any development rights for the development area. If the Development Agreement is terminated by MFI for any reason, you lose your right to the development area. No portion of the development fee

		is refundable to you upon termination of the Development Agreement or under any other circumstance. We have no obligation to compensate you for the termination of the Development Agreement or elimination or reduction of the development rights granted to you under the Development Agreement.
j. Assignment of contract by MFI	13B	No restriction on our right to assign.
k. "Transfer" by you	13A and 14	Includes assignment, transfer or sale of agreement or any interest in assets of or ownership of developer. Subfranchising and sublicensing are not permitted.
l. Our approval of transfer by you	13A	No transfers without our prior written consent.
m. Conditions for MFI's approval of transfer	13A	You must notify MFI, sign release, pay all outstanding amounts and not be in default of the agreement or any franchise agreement or route addendum with MFI. The transferee must qualify and assume all obligations under the agreement for the remainder of its term, including comply with the development schedule, pay transfer fee and complete training. We must still be granting franchises. See Item 6, Note 5 for transfers when no transfer fee is charged.
n. MFI's right of first refusal to acquire your business	2	No provision in agreement, but see provisions of Paragraphs 15A, B and C of Franchise Agreement for each store.
o. MFI's option to purchase your business	2	No provision in agreement, but see provisions of Paragraph 15D of Franchise Agreement .
p. Your death or disability	13A	Transfer provisions apply. See Item 6, Note 5 for transfer provisions and when no transfer fee is charged.

q. Non-competition covenants during the term of the franchise	2 and 10	No involvement in competing business anywhere (exception as to 5% total ownership interest in publicly traded stock). Also see Paragraph 11 of Franchise Agreement .
r. Non-competition covenants after the franchise is terminated or expires	2 and 10	Continuing obligations not to appropriate or duplicate System and to keep all manuals, trade secrets and other materials confidential. Also see Paragraph 11 of Franchise Agreement .
s. Modification of the agreement	25	No modifications generally, but manuals and confidential materials subject to change by MFI.
t. Integration/merger clause	25	Only the terms of the signed Development Agreement and Schedules attached are binding. Any other promises may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	2 and 18	In some states, disputes not mutually resolved must be arbitrated in Clermont County, Ohio (subject to state law).
v. Choice of forum	2 and 18	Litigation must be in state courts in Clermont County, Ohio or federal court in Hamilton County, Ohio (subject to state law).
w. Choice of law	2 and 17	Ohio law applies (subject to state law).

See the State Addendum of this disclosure document for specific provisions of state law or supplemental information required by franchise regulating authorities of certain states.

ITEM 18

PUBLIC FIGURES

Currently, we do not use any public figure to promote our 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 Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Class I - Single Location Full Plant Stores

The average gross sales information (without taking into consideration any expenses) reported in Table 1 below was compiled by MFI from monthly gross sales reports received for 27 Martinizing Stores where on-premise dry cleaning is provided (Full Plant Stores) operating as of December 31, 2013 (under franchise agreements providing for payment of royalties based on a percentage of gross sales in form similar to the Franchise Agreement attached as Exhibit C) and which reported to MFI at least 24 consecutive months of sales activity prior to December 31, 2013(Reporting Stores).

Class II - Full Plant Stores Serving Multiple Pick-Up Locations

The average gross sales information (without taking into consideration any expenses) reported in Table 2 below was compiled by MFI from monthly gross sales reports received for 12 Full Plant Stores servicing 1 to 3 affiliated Pick-Up Stores operating as of December 31, 2013 (under franchise agreements providing for payment of royalties based on a percentage of gross sales in form similar to the Franchise Agreement attached as Exhibit C) and which the Full Plant Store reported to MFI at least 24 consecutive months of sales activity prior to December 31, 2013. Some of the affiliated Pick-Up Stores have not been operating for 24 months and the sales activity reported for those stores ranges from 8 to 12 consecutive months. Each of the 12 Full Plant Stores in Class II is treated as a Reporting Store in Table 2 below, with the average gross sales information of the Full Plant Store combined with the average gross sales information of the Pick-Up Stores affiliated with the particular Full Plant Store.

The 39 Reporting Stores are all located in the United States. MFI offers substantially the same services to each Reporting Store, but the type and extent of services offered to the public by each Reporting Store may vary depending on the individual franchisee. None of the Reporting Stores are owned or operated by MFI. The Reporting Stores represent approximately 62% of the total Martinizing Stores operating in the United States as of December 31, 2013 under franchise agreements similar to the Franchise Agreement attached as Exhibit C and approximately 21% of the total Martinizing Stores operating in the United States as of December 31, 2013. The balance of the Martinizing Stores operating in the United States as of December 31, 2013, under agreements similar to the Franchise Agreement attached as Exhibit C, did not meet the criteria of Class I or Class II described above. The monthly gross sales reports of the Reporting Stores were prepared by the individual franchisees without an audit and have not been verified by MFI.

In reviewing the average gross sales information reported below, the following should be considered: (a) the gross sales of the Reporting Stores have not been adjusted for factors affecting monthly gross sales of a dry cleaning business, such as seasonality, climate and demographic characteristics of the area in which the business operates; (b) the Reporting Stores have been in operation for varying periods of time ranging from 24 months to 22 years; (c) only the last 12 consecutive months of gross sales reported prior to December 31, 2013 by each Reporting Store were used in compiling the gross sales information reported below; (d) no adjustments have been made for inflation or other economic factors affecting operations over time; (e) the individual franchisee's effectiveness in management, efficiency in operation, and energy, time and dedication to the business greatly impacts gross sales of a particular Martinizing Store and many other factors also impact the gross sales of particular Martinizing Store, including general economic and market conditions, competition and location demographics within the area of operation and the like.

The following reflects: the average gross sales of the Reporting Stores reported to MFI for 12 consecutive months prior to December 31, 2013, divided into four groups ("Groups") by ascending order of sales volume; the number of Reporting Stores falling within each Group; and the percentage of the Reporting Stores attaining or surpassing the average of gross sales reported in each Group.

TABLE 1 - Class I - Single Location Full Plant Stores

	First Group	Second Group	Third Group	Fourth Group
Sales Range Reported(\$):	130,300 to 217,231	220,743 to 273,197	277,892 to 461,129	489,142 to 891,764
Averages(\$):	178,828	254,723	369,954	649,503
No. of Reporting Stores in Range:	7 of 27	7 of 27	7 of 27	6 of 27
% of Reporting Stores in Range Attaining or Surpassing Average:	43%	43%	43%	33%

TABLE 2 Class II - Full Plant Stores Servicing Multiple Pick-Up Locations

	First Group	Second Group	Third Group	Fourth Group
Sales Range Reported(\$):	373,578 to 415,440	457,613 to 464,416	467,518 to 502,356	569,082 to 768,573
Averages(\$):	388,976	460,251	479,387	641,283
No. of Reporting Stores in Range:	3 of 12	3 of 12	3 of 12	3 of 12
% of Reporting Stores in Range Attaining or Surpassing Average:	33%	33%	33%	33%

Some franchises have sold these amounts. Your individual results may differ. There is no assurance you will sell as much.

Written substantiation for the information used in compiling the average gross sales information reported above is available to prospective franchisees upon reasonable request, provided it does not require the disclosure of the identity or information leading to the identity of an individual franchisee.

Other than the preceding financial performance representations, MFI 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 Erin M. Welte, 2001 Ford Circle, Suite A, Milford, Ohio 45150, telephone number: (513) 699-4252, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Statewide Outlet Summary
For Years 2011 to 2013

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2011	238	229	-9
	2012	229	203	-26
	2013	203	190	-13
Company Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	238	229	-9
	2012	229	203	-26
	2013	203	190	-13

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2011 to 2013

Column 1	Column 2	Column 3
State	Year	Number of Transfers
California	2011	11
	2012	2
	2013	2
Florida	2011	0
	2012	0
	2013	3
Michigan	2011	1
	2012	1
	2013	0
Minnesota	2011	2
	2012	3
	2013	4
Ohio	2011	0
	2012	1
	2013	0
Wisconsin	2011	4
	2012	4
	2013	0
Totals	2011	18
	2012	10
	2013	9

Table No. 3

Status of Franchised Outlets
For Years 2011 to 2013

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arizona	2011	4	0	1	0	0	2	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Arkansas	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
California	2011	37	1	0	0	0	0	38
	2012	38	2	0	0	0	0	40
	2013	40	0	0	0	0	3	37
Colorado	2011	5	0	0	0	0	0	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
Florida	2011	15	1	0	0	0	0	16
	2012	16	0	7	0	0	3	6
	2013	6	0	0	0	0	0	6

Georgia	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Hawaii	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Idaho	2011	12	0	0	0	0	0	12
	2012	12	0	0	0	0	1	11
	2013	11	1	0	0	0	0	12
Illinois	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Indiana	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Iowa	2011	3	0	2	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Kansas	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Kentucky	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Massachusetts	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Michigan	2011	33	0	0	0	0	4	29
	2012	29	0	0	0	0	6	23
	2013	23	0	0	0	0	2	21
Minnesota	2011	19	0	0	0	0	0	19
	2012	19	0	0	0	0	0	19
	2013	19	0	0	0	0	2	17
Mississippi	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Missouri	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Nevada	2011	6	0	0	0	0	0	6
	2012	6	0	6	0	0	0	0
	2013	0	0	0	0	0	0	0
New Jersey	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
New Mexico	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	1	5
	2013	5	0	0	0	0	0	5
New York	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1

North Carolina	2011	6	0	0	0	0	1	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
North Dakota	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Ohio	2011	18	0	0	0	0	2	16
	2012	16	0	0	0	0	0	16
	2013	16	0	0	0	0	2	14
Oregon	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Pennsylvania	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
South Carolina	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	1	1
Tennessee	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Texas	2011	11	1	0	0	0	0	12
	2012	12	1	0	0	0	3	10
	2013	10	0	0	0	0	0	10
Utah	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	1	2
Vermont	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	1	0
Virginia	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
Wisconsin	2011	26	0	0	0	0	0	26
	2012	26	1	0	0	0	3	24
	2013	24	0	0	0	0	2	22
Wyoming	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Puerto Rico	2011	2	0	0	0	0	1	1
	2012	1	0	0	0	0	1	0
	2013	0	0	0	0	0	0	0
Virgin Islands	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	1	0
Totals	2011	238	4	3	0	0	10	229
	2012	229	5	13	0	0	18	203
	2013	203	2	0	0	0	15	190

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4

Status of Company-Owned Outlets
For Years 2011 – 2013

MFI does not currently operate any Martinizing Stores and has not operated any stores during MFI's last three fiscal years. MFI currently operates one Martinizing Delivers Route within an area northeast of Cincinnati, Ohio. No stores or routes were operated by any of the officers or directors of MFI listed in Item 2 or their immediate families or by business entities owned by them during MFI's last three fiscal years.

Table No. 5

Projected Openings as of
December 31, 2013

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Maryland	1	0	0
Virginia	1	1	0
Texas	0	1	0
Total	2	2	0

Exhibits I(a) and I(b) list the names of all current franchisees and the addresses and telephone numbers of their stores as of December 31, 2013.

Exhibit J lists the name, city and state, and the current business telephone number (or, if unknown, home telephone number) of every franchisee who has had a store terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during fiscal year ending December 31, 2013 or who has not communicated with MFI within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

MFI has not sold and is not selling a Martinizing Store previously franchised which is now under its control. MFI has not sold and is not selling, but may sell or transfer in the future, the Martinizing Delivers Route which is now under its control.

During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees. Each confidentiality agreement was entered into as part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with MFI. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark specific franchisees organizations associated with the Martinizing franchise which have been created, sponsored or endorsed by MFI. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

The attached Financial Statements (Exhibit K) are our audited financial statements as of December 31, 2013/2012/2011.

ITEM 22

CONTRACTS

The following contracts are attached to this disclosure document:

Exhibit B - Franchise Application;

Exhibit C - Franchise Agreement, with:

C-1 Personal Guarantee

C-2 Schedule A

C-3 Franchised Location/ Defined Area Addendum

C-4 Pick-Up Store Addendum

C-5 State Addendum (if any)

C-6 Partial Refund Form

C-7 Martinizing Route Addendum

C-8 Route Delivery Area Addendum

C-9 General Release

Exhibit D - Confidentiality and Nondisclosure Agreement;

Exhibit E - Site Acceptance Form;

Exhibit F - Purchase Order and Sale Agreement;

Exhibit G - Exclusive Multi-Store/Route Development Agreement, with Sample Development Schedule and State Addendum (if any).

ITEM 23

RECEIPT

You must complete, sign, date, detach and return to MFI the last two pages of this disclosure document which is the acknowledgement of your receipt of this disclosure document.

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EXHIBIT A

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Corporations
Department of Corporations
320 West Fourth Street, Suite 750
Los Angeles, California 90013-2344
(513) 576-7500
Agent for Service: same as above

Hawaii

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2744
Agent for Service: same as above

Illinois

Illinois Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465
Agent for Service: same as above

Indiana

Securities Commissioner
Indiana Securities Division
Franchise Section
Room E 111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681
Agent for Service:
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, Maryland 21202
(410) 576-6360
Agent for Service:
Maryland Securities Division
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117
Agent for Service:
Michigan Department of Commerce
Corporation and Securities Bureau
P.O. Box 30222
Lansing, Michigan 48909

Minnesota

Commissioner of Securities
Minnesota Department of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101
(651) 296-4026
Agent for Service: same as above

New York

Bureau of Investor Protection and Securities
New York State Department of Law
23rd Floor, 120 Broadway
New York, New York 10271
(212) 416-8211
Agent for Service:
Secretary of State of New York
162 Washington Avenue
Albany, New York 12231

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-2910
Agent for Service:
Securities Commissioner
State Capitol
Bismarck, North Dakota 58505

Oregon

Department of Consumer and Business
Services Securities Division
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02910
(401) 462-9500
Agent for Service: same as above

South Dakota

Department of Labor and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051
Agent for Service:
Clerk of State Corporation
Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Director of Department of Financial
Institutions
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760
Agent for Service: same as above

Wisconsin

Securities and Franchise Registration
Wisconsin Securities Commission
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559
Agent for Service:
Wisconsin Commissioner of Securities
101 East Wilson
Fourth Floor
Madison, Wisconsin 53703

OTHER AGENTS FOR SERVICE OF PROCESS

Delaware

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

Ohio

Kathy A. Beacock, Attorney at Law
2444 Madison Road #102
Cincinnati, Ohio 45208

CONFIDENTIAL FRANCHISE APPLICATION

Name:

Individual

Last First Middle Initial

Partnership

Name of Partnership

Corporation

Name of Corporation

Limited Liability
Company

Name of Limited Liability Company

Address:

Street

City State Zip Code

Phone:

() _____ () _____
Home Office

Principal Contact (if different from above):

Name:

Last First Middle Initial

Address:

Street

City State Zip Code

Phone:

() _____ () _____
Home Office

Thank you for your interest in Martinizing®. To be considered for a Martinizing Dry Cleaning franchise, please fill out this Application in full, sign on page 3 and mail to Martin Franchises Inc. ("MFI"), accompanied by the following:

- _____ Signed Acknowledgment of Receipt of Franchise Disclosure Document (unless previously submitted)
- _____ A completed Confidential Questionnaire Request (CQR).
- _____ For an Additional Franchise, a \$5,000 deposit toward the initial franchise fee of \$10,000.
- _____ For a transfer of an existing Martinizing Store for an Additional Franchise, a transfer fee of \$ _____
- _____ Complete resume of the designated Managing Person (if selected)
- _____ Articles of Incorporation or Organization or Operating or Partnership Agreement (if applicable and not previously submitted)

Pay fee/deposit by check to Martin Franchises Inc.

If this Application is for an Initial Franchise, an initial franchise fee of \$40,000 must be paid by you at your interview at our corporate headquarters, even if an Approved Conversion or if you are purchasing an existing Martinizing Store. However, if you are a veteran of the U.S. Armed Forces meeting the requirements of the VetFran Program applying for an Initial Franchise, an initial franchise fee of \$35,000 must be paid by you at that interview.

Acceptance of this Application is subject to the written approval of MFI at its corporate office in Milford, Ohio. Submission of this Application does not obligate MFI in any manner.

1. **APPLICATION.** The undersigned (Candidate) hereby applies for a franchise to operate one (1) Martinizing Dry Cleaning Store (Martinizing Store) as described in the Martinizing Franchise Disclosure Document for the State of _____ issued _____, a copy of which was received by Candidate on _____ (Candidate must fill in date of receipt).

Check Appropriate Boxes

- Candidate is applying for an Initial Franchise.
- Candidate is applying for an Initial Franchise and Exclusive Multi-Store/Route Development Rights.
- Candidate currently is franchised to operate one or more Martinizing Stores and is applying for an Additional Franchise at another location.
- Candidate would like to operate the franchised store as a Pick-Up Store.
- Candidate currently operates an established dry cleaning plant or store and would like to convert it to a Martinizing Store.
- Candidate is purchasing an existing Martinizing Store for an Initial Franchise.
- Candidate is purchasing an existing Martinizing Store for an Additional Franchise and is applying for a transfer of the franchise.
- Candidate is interested in establishing a Martinizing Route.
- Candidate currently is franchised to operate a Martinizing Delivers Route and is applying for an Initial Franchise for a full-plant or pick-up Martinizing Store within the route delivery area of Candidate's Martinizing Delivers franchise and application of the Martinizing Delivers initial franchise fee towards the initial franchise fee for that Martinizing Store.

2. **ACCEPTANCE.** If this Application is not accepted by MFI within fifteen (15) business days of MFI's receipt of this Application from Candidate or at Candidate's Interview at MFI's Corporate Headquarters, whichever is sooner, then the entire initial franchise fee, deposit toward initial franchise fee or transfer fee paid by Candidate, as applicable, will be refunded in full to Candidate. If this Application is accepted by MFI, the provisions under General Conditions below will apply.

3. **LOCATION.** Indicate City/State where you would like to open a Martinizing Store:

1st Choice: _____

2nd Choice: _____

4. **FRANCHISE DOCUMENTS.** Candidate specifically requests that the following individual(s) be considered owner(s) of the franchise with the percentage ownership interest set forth opposite each name:

NAME	INTEREST
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

5. FINANCIAL AND OTHER INFORMATION. Candidate consents to a credit and background check and to the furnishing by MFI of the financial and other information submitted by Candidate in connection with this Application to any potential lessor, landlord, equipment leasing company, funding source, guaranty company, bank or credit agency. Candidate agrees to notify MFI immediately of any material change in the information furnished to MFI by Candidate, either orally or in writing.

6. FINANCING. MFI does not offer direct or indirect financing and does not guarantee any note, lease or obligation of Candidate. As an independent businessperson in your local community, you must arrange for your own financing. Financing terms and interest rates will vary depending on the financial institution and the financing program being offered. If financing assistance is available, the ability to obtain financing will depend on your financial strength and, if you are a legal entity, the lender may need additional information and personal guarantees from the individual owners. MFI may work with independent financing firms to assist you in securing financing or obtaining loans from the Small Business Administration, but MFI does not arrange financing from other sources. MFI is unable to estimate or guarantee whether you will be able to obtain financing for any part or all of your investment and, if so, the terms of the financing. MFI may, in the future, decide to finance certain equipment packages or make other financing arrangements available to you. If we do, you will be free to accept or reject our offer of financing.

Candidate has signed this Application on _____, 20 _____ (no earlier than fourteen (14) full calendar days following the date of receipt of the Martinizing Franchise Disclosure Document referenced in Paragraph 1 above).

Candidate:

Individual Name (Please type or print)

Partnership, Corporation or Limited Liability Company Name
(If applicable, please type or print)

By: _____
Signature(s)

Title: _____
(Please type or print)

APPROVAL

This Application for a Martinizing franchise of the above Candidate is hereby approved by MFI subject to the general conditions set forth below and the following special conditions:

GENERAL CONDITIONS

The specific location for the Martinizing Store will be identified as provided in Paragraph 1 of the Franchise Agreement if and when a Site Acceptance Form is signed by MFI and Candidate.

For an Initial Franchise, this approval will be valid for a period of ten (10) business days following Candidate's receipt of this approval. Candidate must sign and return the enclosed two (2) original Franchise Agreements within ten (10) business days after receipt of this approval of Application from MFI. If the signed Franchise Agreements are not timely returned to MFI or if any material adverse change occurs in Candidate's financial, business or personal

circumstances prior to the execution of the Franchise Agreement by MFI, MFI may either extend the approval period in writing or withdraw its approval and cancel its acceptance of this Application. A copy of the fully executed Franchise Agreement will be delivered to Candidate after being signed by MFI. After opening of the Martinizing Store, a duplicate original of the fully signed Franchise Agreement will be delivered to Candidate. Once the Franchise Agreement has been signed by MFI and Candidate, no portion of the initial franchise fee is refundable unless Candidate is unable to locate a suitable site or obtain suitable financing for the Martinizing Store. In the event Candidate is unable to locate a suitable site or obtain suitable financing for the Martinizing Store, \$15,000 (or \$10,000, if Candidate qualifies for the \$5,000 VetFran Program discount) of the initial franchise fee paid by Candidate will be refunded to Candidate, after Candidate signs the Partial Refund Form. The other \$25,000 of the initial franchise fee paid by Candidate will be retained by MFI to cover costs and expenses incurred by MFI. The initial franchise fee is not refundable in whole or in part under any other circumstance.

For an Additional Franchise, this approval will be valid for a period of thirty (30) business days following Candidate's receipt of the Franchise Agreements. Candidate must sign and return the Franchise Agreements within thirty (30) business days of Candidate's receipt of the Franchise Agreements (but no sooner than fourteen (14) full calendar days after Candidate's receipt of the Martinizing Franchise Disclosure Document referenced in Paragraph 1 above). A copy of the fully executed Franchise Agreement will be delivered to Candidate after being signed by MFI. After opening of the Martinizing Store, a duplicate original of the fully signed Franchise Agreement will be delivered to Candidate. If Candidate does not select a site and submit a Site Acceptance Form to MFI within a reasonable period of time after signing the Franchise Agreement (typically three to six months as MFI determines based on site availability), MFI may cancel the Franchise Agreement and retain Candidate's \$5,000 deposit towards the initial franchise fee.

If a Site Acceptance Form is not signed by MFI and Candidate within 12 months of the approval of this Application by MFI, Candidate shall submit to MFI a current CQR upon MFI's request.

MFI strongly recommends that Candidate not execute a lease for a site prior to submitting the Site Acceptance Form to MFI as part of the completed site presentation package and the acceptance of the site by MFI and Candidate. Candidate accepts full responsibility for any and all liability resulting from Candidate's execution of a lease prior to acceptance of the site by MFI and/or MFI's rejection of the site for establishment of the Martinizing Store. **Once a Site Acceptance Form or a lease for the Martinizing Store is signed by Candidate, no part of the initial franchise fee is refundable to Candidate.**

In addition, MFI strongly recommends that Candidate or owners of Candidate not take any action to change his/her current employment and/or living circumstances or other arrangements based upon this approval of Application. Actual opening of the Martinizing Store could be delayed as a result of construction or installation problems arising from inclement weather, strikes, unavailability of materials or financing or other conditions or events beyond MFI's or Candidate's control. Candidate should carefully review the effect of such events on pre-opening working capital reserves and carefully plan to assure there will be sufficient capital reserves and/or income from other sources to cover expenses of Candidate prior to opening of the Martinizing Store and for operation of the Martinizing Store thereafter.

This Application approval must be executed by an authorized officer of MFI to be of any force or effect.

MARTIN FRANCHISES INC.

Date _____

By: _____

Title: _____

MARTINIZING® DRY CLEANING FRANCHISE AGREEMENT

BETWEEN

MARTIN FRANCHISES INC.
2001 Ford Circle, Suite A
Milford, Ohio 45150
(800) 827-0207

AND

Name(s) of Franchisee

dba Partnership, Corporation or Limited Liability Company

Street

City State Zip Code

(_____) _____
Area Code Telephone

FRANCHISED LOCATION:

Street

City State Zip Code

(_____) _____
Area Code Telephone

ADDENDUMS:

Franchised Location/Defined Area Addendum

Pick-Up Store Addendum (____ Yes ____ No)

Martinizing Route and Route Delivery Area Addendums

____ Yes ____ No ____ Not Yet Determined

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FRANCHISE AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 20____, by and between Martin Franchises Inc., a Delaware corporation, (hereinafter called "Franchisor"), and _____ (hereinafter called "Franchisee").

WHEREAS, Franchisor has developed a system for operating a dry cleaning store, for operating a dry cleaning and laundry delivery service, and for providing and merchandising to the public a dry cleaning service and a route delivery service, and is the owner of all proprietary and other rights and interest in and to certain trademarks and service marks including MARTINIZING® which has been registered with the United States Patent and Trademark Office, and is engaged in the business of granting franchises to operate Martinizing Dry Cleaning Stores, and to operate a route delivery service in connection with the operation of a Martinizing Dry Cleaning Store, using Franchisor's System and Marks, as hereinafter defined; and

WHEREAS, Franchisor desires to license to Franchisee the right to operate a dry cleaning store using Franchisor's Marks and System (hereinafter referred to as a "Martinizing Store") at a single location as identified or to be identified as provided in Paragraph 1 of this Agreement, and possibly the right to operate a dry cleaning and laundry delivery service using Franchisor's Marks and System (hereinafter referred to as a "Martinizing Route") in connection with the operation of that Martinizing Store; and

WHEREAS, Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and has had sufficient time and opportunity to evaluate and investigate the business concept and the procedures and financial requirements associated with the business as well as the competitive market in which it operates; and

WHEREAS, Franchisee desires to operate a Martinizing Store and possibly a Martinizing Route under license from Franchisor using the Marks and System of Franchisor.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties agree as follows:

1. Grant of Franchise; Franchised Location; Defined Area; Lease Provisions.

A. Franchisor hereby grants to Franchisee, subject to the terms and conditions of this Agreement, the right and license to operate a Martinizing Store in conformity with Franchisor's System at the single location identified or to be identified in the Franchised Location/Defined Area Addendum attached to this Agreement and hereby made a part hereof (hereinafter referred to as the "Franchised Location"). If the specific location for the Martinizing Store has not been accepted by Franchisee and Franchisor prior to the execution of this Agreement by Franchisor, then the address of the accepted Franchised Location shall be inserted in said Addendum if and when a location is accepted by Franchisor and Franchisee. The defined area around the Martinizing Store (hereinafter referred to as "Defined Area"), within which no other Martinizing Store or Martinizing Route may be established or franchised by Franchisor during the initial term of this Agreement without the consent of Franchisee, will be described in said Addendum when the Franchised Location is accepted by Franchisor and Franchisee. The rights and privileges granted to Franchisee under this Agreement are applicable only to the Franchised Location, are personal in nature, and may not be used elsewhere or at any other location by Franchisee. Franchisee shall not have the right to subfranchise or sublicense any of its rights under this Agreement. Franchisee shall not use the Franchised Location or the Martinizing Dry Cleaning System for any purposes other than the operation of a Martinizing Store during the term of this Agreement. Franchisor's grant of the franchise to Franchisee includes the right and license to use the Martinizing Dry

Cleaning System and Marks of Franchisor in connection with the operation of a Martinizing Store at the Franchised Location as prescribed and authorized from time to time by Franchisor.

(1) The Martinizing Dry Cleaning System ("System") shall mean the quality operating system, and valuable combination of software, methods and techniques for operating a Martinizing Store, for operating a Martinizing Route and for providing and merchandising to the public, dry cleaning services and route delivery services having characteristics differentiating and identifying them to the public under Franchisor's Martinizing Dry Cleaning Marks. The System includes distinctive software, store designs, signs, graphics and advertising, store and equipment layout plans, installation and equipment and vehicle specifications, certain business techniques, systems and procedures, and a standardized dry cleaning service (which must be on-premises dry cleaning operations performed at a location franchised to use the System) provided in accordance with fair and ethical policies and practices, and high standards of efficiency, courtesy and cleanliness.

(2) The Martinizing Dry Cleaning Marks ("Marks") shall mean the family of Franchisor's service marks used in connection with a Martinizing Store, including MARTINIZING®, ONE HOUR MARTINIZING®, MARTINIZED®, DESIGN - BLUE STRIPES ON STORE WINDOWS® and other marks, words, slogans, identifying symbols, and trade names, styles and logos used in connection therewith, including combinations and abbreviations of the same (such as OHM), and such other marks and identifying symbols as may be developed from time to time by Franchisor and authorized for use in connection with Martinizing Stores and Martinizing Routes.

B. Franchisor will determine the exact size and shape of the Defined Area when the Franchised Location is selected and accepted by Franchisor and Franchisee and that Defined Area will be described in the Franchised Location/Defined Area Addendum attached to this Agreement. The Defined Area typically will approximate a two-mile area determined by Franchisor using natural boundaries (such as rivers, highways and the like), traffic patterns, number of households and other relevant demographic information, but may be described by the area within a radius of the Franchised Location of two-miles or less, in Franchisor's discretion. Franchisor will not establish or franchise another Martinizing Store or Martinizing Route within the Defined Area during the initial term of this Agreement without the consent of Franchisee. If Franchisor acquires any existing third party retail dry cleaning stores or dry cleaning and laundry routes or franchises within the Defined Area, Franchisor will not, without the consent of Franchisee: (a) convert or permit the conversion of the same to Martinizing Stores or Martinizing Routes within the Defined Area; or (b) establish or franchise any more of those retail dry cleaning stores or dry cleaning or laundry routes within the Defined Area, during the initial term of this Agreement. These Defined Area restrictions shall not apply to any other types of businesses which Franchisor or an affiliate of Franchisor may operate or acquire subsequent to this Agreement. Franchisee shall not have the right to acquire additional franchises from Franchisor within the Defined Area or elsewhere, without the prior written approval of Franchisor. Franchisee may solicit and service customers by route sales within the Defined Area, but shall not solicit or service customers by route sales outside the Defined Area without the prior written consent of Franchisor. Franchisee acknowledges that there are franchisees operating under prior franchise agreements with Franchisor, and franchisees operating dry cleaning businesses under franchise agreements assigned to an affiliate of Franchisor using different service marks, which have no restrictions on their ability to solicit and service customers by route sales within a specified area and agrees that Franchisor has no ability or obligation to protect Franchisee or the Defined Area from route sale activities of those franchisees. There are no restrictions on Franchisor, affiliates of Franchisor, Franchisee, or other franchisees of Franchisor or its affiliates, which limit the solicitation of business to any area by advertising, marketing or other means, and Franchisee agrees that Franchisor shall have no obligation to protect the Defined Area from those activities. Upon renewal of this Agreement, the Defined Area may be modified if the population within the Defined Area increases to more than 15,000 persons (as shown in data published by Claritas Inc. or an equivalent publication).

C. Franchisee hereby agrees to operate its Martinizing Store and any Martinizing Route in compliance with the System and the terms and conditions of this Agreement. Franchisee agrees to offer for sale at the Martinizing Store dry cleaning services, laundering, finishing and repair of garments, fabrics and other textile items, other textile maintenance services, and items and other services useful in the care of fabrics.

D. No dry cleaning store owned or operated by Franchisee shall be located on any site other than the Franchised Location without the prior written approval of Franchisor and without the entry by the parties into a separate Franchise Agreement for such dry cleaning store in the form then used by Franchisor; provided, however, that nothing herein contained shall require Franchisor to enter into any such additional agreements. Franchisee acknowledges that the rights granted hereby are not exclusive to Franchisee. Franchisor and its affiliates affirmatively retain and reserve the unlimited right, in the sole discretion of Franchisor or its affiliates, to open and operate, or license or franchise others to open and operate, a Martinizing Store, Martinizing Route or other businesses offering similar services under different service marks at any location and to consent to route sales in any area (other than the Franchised Location or within the Defined Area described in the Franchised Location/ Defined Area Addendum attached to this Agreement or within the Route Delivery Area described in a Route Delivery Area Addendum attached to this Agreement, if any), even if it is in proximity to and competes for customers of Franchisee's Martinizing Store (including, but not limited to, walk-in, drive-thru or route sales customers of Franchisee) without regard to the impact upon Franchisee's business.

E. With Franchisor's assistance and/or the assistance of third party site locators utilized by Franchisor and/or retained by Franchisee, Franchisee is to locate a proposed site for the Martinizing Store and compile and submit to Franchisor a site presentation package in accordance with Franchisor's procedures for accepting new store sites. If Franchisee is obtaining an Initial Franchise, Franchisor will pay a reasonable fee or commission to third party site locators in an effort to secure a suitable site for the Martinizing Store. If Franchisee requests services not normally provided by Franchisor or site locators used by Franchisor or Franchisee retains its own site locator, then the additional costs, fees and commissions shall be borne by Franchisee. If Franchisee is obtaining an Additional Franchise, Franchisee must retain its own site locator and directly pay the fees, commissions and other costs for site selection and acquisition assistance. Franchisor shall provide Franchisee with general guidelines for site evaluation and will review the site presentation package submitted by Franchisee for compliance with Franchisor's minimum site selection guidelines. Franchisor's review will be based solely upon information provided by Franchisee as contained in the site presentation package submitted by Franchisee. Franchisee is fully responsible for selection of the specific location and the accuracy of data and information provided to Franchisor. Both Franchisor and Franchisee must accept the proposed site for the Martinizing Store in writing on the forms required by Franchisor. Any proposed site may be rejected by Franchisor in its sole discretion for any reason or no reason. If a site is rejected, Franchisee must locate a new site for acceptance by Franchisor. Other than for the purpose of establishing a Martinizing Store, Franchisee shall not appropriate for Franchisee's own use or use in any other business any site referred to Franchisee by Franchisor, its site locators or representatives, or which has been submitted to Franchisor for approval as a site for a Martinizing Store.

F. Franchisee shall secure the site, conditioned upon Franchisor's acceptance, by directly leasing or purchasing the property upon terms which will satisfy the requirements of Franchisor's current franchise program. Any lease entered into by Franchisee for the Franchised Location shall include the following provisions:

(1) "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder, may be assigned by the Lessee to Martin Franchises Inc. Lessor further agrees that Lessee's rights under this lease shall, at the option of Martin Franchises Inc., be transferred and assigned to Martin Franchises Inc., in the event the franchise agreement between Martin Franchises Inc. and Lessee is terminated by Martin

Franchises Inc. as a result of a default by Lessee or in the event Lessee defaults under this lease and such default is cured by Martin Franchises Inc., at its sole option, as permitted under clause (3) below. Said option may be exercised by Martin Franchises Inc. giving Lessor notice in writing within thirty (30) calendar days following such termination of the franchise agreement or the date Lessee's default under the lease is cured by Martin Franchises Inc. Lessor further agrees that such notice shall, without further act or formality, operate as an assignment of Lessee's rights under this lease to Martin Franchises Inc. and the assumption by Martin Franchises Inc. of all of the obligations of Lessee arising under this lease from and after the time of the exercise of such option. Martin Franchises Inc. shall thereafter have the right to assign or sublet the leased premises to a fully trained franchisee without the consent of Lessor or to such other person as it may designate provided that the consent of Lessor is first obtained, which consent shall not be unreasonably withheld by Lessor."

(2) "Lessee hereby agrees that Lessor may, upon the written request of Martin Franchises Inc., disclose to Martin Franchises Inc. all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises."

(3) "Lessor shall give written notice to Martin Franchises Inc. (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease and Martin Franchises Inc. shall have the right, at its sole option, to cure any such default within a period of fifteen (15) calendar days after expiration of the period during which Lessee may cure such default. Such notice shall be sent to Martin Franchises Inc., at 2001 Ford Circle, Suite A, Milford, Ohio 45150, or such other address as Martin Franchises Inc. may, from time to time, specify in writing to Lessor."

(4) "Lessor acknowledges that the franchise agreement between Martin Franchises Inc. and Lessee contains a right on the part of Martin Franchises Inc., in the event of termination, expiration or nonrenewal of the franchise agreement or of this lease for any reason whatsoever, to enter upon the premises and to remove from the premises any and all signs and all other articles and items displaying or bearing the Marks (as defined in the franchise agreement), to de-identify the premises as a Martinizing Store and to remove any personal property of Martin Franchises Inc. from the premises without legal process and without being deemed guilty of any manner of trespassing or any other tort or civil wrong. Lessor acknowledges Martin Franchises Inc.'s right of entry for such purposes and further acknowledges that such entry by Martin Franchises Inc. in and of itself shall not constitute an assignment of the lease to Martin Franchises Inc. Lessee shall be liable for all costs of such de-identification, which Martin Franchises Inc. may pay and charge to Lessee. Lessor shall not be liable for any such costs."

(5) "Lessor acknowledges that inclusion herein of the provisions contained in the above clauses shall in no way be construed so as to obligate Martin Franchises Inc. for the performance of any of the terms, conditions, obligations and covenants of this lease, except as specifically set forth in clause (1) above."

In the event Franchisor cures any default by Franchisee under the lease, the total amount of all costs and payments incurred by Franchisor in effecting such cure shall be immediately due and owing by Franchisee to Franchisor.

2. Ownership and Use of the Marks and System.

A. Franchisee hereby acknowledges and recognizes the validity of the Marks, Franchisor's exclusive right, title and interest in and to the Marks and System and that the Marks and System and all benefits derived therefrom are the sole property of Franchisor. Any and all improvements by Franchisee relating to the Marks and/or System shall become the sole and absolute property of Franchisor, who shall have the exclusive right to register and protect all such improvements in its Marks or System. Franchisee's right to use and identify with the Marks and System shall exist concurrently with the term of this Agreement and only so long as Franchisee is in complete compliance with Franchisor's quality

standards and this Agreement. Franchisor shall have the right to photograph Franchisee's Martinizing Store and delivery vehicles and to utilize photographs of Franchisee's Martinizing Store and delivery vehicles, as well as information and data regarding Franchisee's promotion of the Martinizing Store, in promotional and advertising materials, publications, broadcasts, websites, on the Internet and the like, without restriction as to frequency or duration. Franchisor reserves the right to discontinue to license the System and/or Marks or any one or more of the Marks.

B. Franchisee agrees that its nonexclusive personal right to use the Marks to identify Franchisee's business and its right to use the Marks and System applies only to the Franchised Location and only so long as Franchisee shall fully perform and comply with all of the conditions, terms and covenants of this Agreement. Franchisee shall not have or acquire any rights in the Marks or System other than the right of use as governed by this Agreement. Franchisee shall have the right to use the Marks and System only in the manner prescribed, directed and approved by Franchisor in writing. Franchisee's use of the Marks in any advertising and promotions and in any media, including social media, radio and television broadcasts, communications via the Internet and websites, pages or links and the like, must first be approved by Franchisor in writing. Franchisee shall not use the Marks with any prefix, suffix or other modifying words, terms, designs or symbols other than as prescribed, directed and approved by Franchisor. Franchisee shall not use the Marks or System in connection with the sale of any unauthorized product or service or any unfranchised dry cleaning plant or store, any delivery business or any other business. If, in the judgment of Franchisor, the acts of Franchisee infringe upon or demean the goodwill, standards of uniformity or quality, or business standing associated with the Marks and System, then Franchisee shall immediately, upon written notice from Franchisor, modify its use of the Marks and System in the manner prescribed by Franchisor in writing.

C. Franchisee will operate its business so that it is clearly identified and advertised as a "Martinizing®" Dry Cleaning Store. However, the style, form, and use of the Marks in any advertising, written materials or supplies must have the prior written approval of Franchisor. Franchisee shall use the Marks, as now forming a part of Franchisor's System or hereafter modified, on all paper supplies, packaging materials, uniforms, furnishings, advertising materials, signs, graphics or other articles in the identical combination and manner as may be prescribed by Franchisor from time to time. Franchisee will, at its expense, comply with all notices of registration required by Franchisor and will, at its expense, comply with all trademark, trade name, service mark, copyright, patent notice or other marking requirements.

D. Franchisee shall not use "Martinizing®", any of the other Marks or any form of the Marks as part of the Franchisee's corporate name, other business name, or domain name, and shall use the Marks on vehicles only when such vehicles are used directly and exclusively in the operation of the Martinizing Store. Franchisee shall use the Marks on such vehicles only in compliance with Franchisor's rules and in the manner prescribed by Franchisor.

E. If there is a claim by any party that its right to use any of the Marks are superior and if Franchisor determines that such claim is legally meritorious, then upon receiving written notice from Franchisor, Franchisee, at its expense, will immediately use such changes and amendments to the Marks, use such substitute new Marks or discontinue use of any one or more of the Marks as may be required by Franchisor. Franchisee will not make any changes or amendments whatsoever in or to the use of the Marks or System unless directed by Franchisor in writing.

F. Franchisee will have no obligation to and shall not, without the written consent of Franchisor, defend or enforce Franchisor's trademark rights in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. However, Franchisee will give Franchisor prompt and timely written notice of any claims, demands or complaints based upon or arising from or out of any attempt by any other person, firm or corporation to use the Marks or System or a colorable variation thereof, and Franchisor may, in its discretion, take any action or no action, as it

deems appropriate. Franchisee will, at its expense, cooperate in all reasonable respects with Franchisor upon Franchisor's request in any court or other proceedings involving the Marks and/or System. Franchisor has no obligation to participate in Franchisee's defense or indemnify Franchisee for expenses or damages in any proceeding involving the Marks, unless the claim arises from Franchisee's use of the Marks in strict compliance with the requirements of Franchisor. The cost and expense of all litigation incurred by Franchisor, including attorneys' fees, specifically relating to the Marks and/or System shall be paid by Franchisor. Franchisor's legal counsel shall have the absolute right to control and conduct any litigation relating to the Marks and/or System.

G. Prior to using the Marks in yellow pages, white pages, other directory listings, or any social media, Franchisee shall sign letters in form prescribed by Franchisor directing the particular directory publishers and website owners to discontinue use of the Marks in the directory and website listings for the Franchised Location. These letters will be retained by Franchisor for delivery to the particular directory publishers and website owners, in the event Franchisee fails to discontinue use of the Marks in such directory and website listings upon the termination, expiration or nonrenewal of this Agreement. Further, Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to cause discontinuation of Franchisee's use of the Marks upon the termination, expiration or nonrenewal of this Agreement.

H. During the term of this Agreement and after the expiration or termination hereof, Franchisee shall not directly or indirectly contest or aid in contesting the validity of Franchisor's ownership of the Marks or System or take any action whatsoever in derogation of Franchisor's claimed rights therein.

3. Initial Franchise Fee.

A. For the purposes of this Agreement, the term "Initial Franchise" shall mean the initial or first Martinizing Store established by Franchisee and the term "Additional Franchise" shall mean each Martinizing Store established by Franchisee after the establishment of such initial or first Martinizing Store. The initial franchise fee currently payable for an Initial Franchise is \$40,000, and the initial franchise fee currently payable for an Additional Franchise is \$10,000. However, if Franchisee is a veteran of the U.S. Armed Forces meeting the requirements of the VetFran Program applying for an Initial Franchise, the initial franchise fee currently payable is \$35,000. Franchisor reserves the right, in its sole discretion, to change at any time or from time to time the initial franchise fee payable for an Initial Franchise and/or an Additional Franchise. For an Additional Franchise, Franchisee will be required to pay the initial franchise fee then in effect under Franchisor's standard form franchise agreement, unless Franchisor and Franchisee have entered into an Exclusive Multi-Store Development Agreement stating that the initial franchise fee will be some different amount during the term of that agreement.

B. If this Agreement is for an Initial Franchise, Franchisee shall pay to Franchisor, upon making application for the franchise, an initial franchise fee of \$40,000, unless Franchisee qualifies for the \$5,000 VetFran Program discount on that fee. Once this Agreement is signed by Franchisee and Franchisor, no portion of the initial franchise fee is refundable unless Franchisee is unable to obtain suitable financing or locate a suitable site for the Martinizing Store. In the event Franchisee is unable to obtain suitable financing or locate a suitable site for the Martinizing Store, \$15,000 (or \$10,000, if Franchisee qualifies for the \$5,000 VetFran Program discount) of the initial franchise fee is refunded to Franchisee, but only after Franchisee signs Franchisor's Partial Refund Form. The other \$25,000 of the initial franchise fee is retained by Franchisor to cover costs and expenses incurred by Franchisor. Once Franchisee signs a Site Acceptance Form or a lease for the Martinizing Store, no portion of the initial franchise fee is refundable by Franchisor. Franchisor is not required to refund the initial franchise fee, in whole or in part, under any other circumstances.

C. If this Agreement is for an Additional Franchise, without the grant of multi-store/route development rights, Franchisee shall pay to Franchisor, upon making application for the franchise, a \$5,000 deposit toward the \$10,000 initial franchise fee. If Franchisee does not select the site for the Martinizing Store and submit a Site Acceptance Form to Franchisor within a reasonable period of time after signing this Agreement, as determined by Franchisor, Franchisor may cancel this Agreement and retain Franchisee's \$5,000 deposit towards the initial franchise fee. Franchisee shall pay to Franchisor the \$5,000 balance of the \$10,000 initial franchise fee within thirty (30) calendar days after Franchisor's acceptance of the site selected by Franchisee for the Martinizing Store. Once Franchisee signs a Site Acceptance Form or a lease for the Martinizing Store, no portion of the initial franchise fee is refundable to Franchisee. If this Franchise Agreement is for an Additional Franchise and Franchisor and Franchisee have entered into an Exclusive Multi-Store/Route Development Agreement, the amount of the initial franchise fee payable by Franchisee and the refundability of any portion of that fee is governed by the terms and conditions of that agreement.

D. Sometimes an existing Martinizing Store may be sold by a franchisee to a franchisee seeking to establish an Initial Franchise. If Franchisee purchases an existing Martinizing Store of another franchisee to establish the Initial Franchise of Franchisee, the initial franchise fee currently payable for the Initial Franchise is \$40,000, unless Franchisee qualifies for the \$5,000 VetFran Program discount on that fee.

E. Franchisor, in its sole discretion, may permit Franchisee to convert an already established and operating unfranchised dry cleaning plant or store to a Martinizing Store (an "Approved Conversion"). In the case of an Approved Conversion for an Initial Franchise, the initial franchise fee currently payable is \$40,000, unless Franchisee qualifies for the \$5,000 VetFran Program discount on that fee. In the case of an Approved Conversion for an Additional Franchise, the initial franchise fee currently payable is \$10,000.

F. Franchisor may, under certain limited circumstances and conditions, permit Franchisee to establish a "pick-up" dry cleaning store where on-premise dry cleaning is not provided utilizing certain of Franchisor's Marks in accordance with specifications prescribed by Franchisor (an "Approved Pick-Up Store"). An application by Franchisee to operate an Approved Pick-Up Store may be rejected by Franchisor, in its sole discretion, for any reason or no reason and need not be justified by any standard. Typically, establishment of an Approved Pick-Up Store is permitted for an Additional Franchise and not an Initial Franchise, unless certain requirements can be met. The initial franchise fee currently payable for an Approved Pick-Up Store is \$40,000 for an Initial Franchise, unless Franchisee qualifies for the \$5,000 VetFran Program discount on that fee, and \$10,000 for an Additional Franchise. A Pick-Up Store Addendum shall be made a part of this Agreement in the event Franchisor is permitting establishment by Franchisee of an Approved Pick-Up Store at the Franchised Location.

G. In no event will any portion of the initial franchise fee paid by Franchisee be refunded to Franchisee once a Site Acceptance Form or a lease for the Martinizing Store is signed by Franchisee. Prior to refund by Franchisor of any portion of the initial franchise fee, Franchisee must sign the Partial Refund Form. Upon Franchisee's receipt of the partial refund, this Agreement shall automatically terminate and each party shall be relieved of their obligations hereunder, except as provided in Paragraph 26 of this Agreement and in the Partial Refund Form. Franchisor shall be under no obligations under this Agreement until the initial franchise fee is paid in full.

4. Monthly Royalty Fee; Reports; Gross Sales Defined.

A. During the term of this Agreement, Franchisee shall pay Franchisor an ongoing monthly royalty in an amount equal to the greater of four percent (4%) of the total gross sales from the operations of the Martinizing Store and each Martinizing Route during each calendar month or the minimum monthly royalty payment set forth in Paragraph B below. The ongoing royalty payable under this

Paragraph shall be payable by the tenth business day of each month based upon the preceding month's gross sales. In the event that Franchisee is late in paying the monthly royalty, a late payment charge of two percent (2%) per month on the overdue amount shall be due and payable to Franchisor by Franchisee. Franchisee shall report to Franchisor the gross sales from the operations of the Martinizing Store and each Martinizing Route for the particular month and any additional information which Franchisor deems necessary by the tenth business day of the following month. The monthly royalty fee is not refundable in whole or in part under any circumstances.

B. Set forth below are the minimum monthly royalty payments required to be made by Franchisee during the initial term of this Agreement:

(1) Four percent (4%) of the total gross sales during each calendar month for the first 24 consecutive full months that the Martinizing Store is opened for business, from the first day of operation of the Martinizing Store; and

(2) Four percent (4%) of the total gross sales during each calendar month or a minimum royalty payment of \$600 per month for each month of operation, whichever is greater, commencing with and inclusive of the 25th full month of operation and each month of operation for the remainder of the initial term of this Agreement.

C. If Franchisor does not receive the monthly royalty by the tenth business day of a particular month, Franchisor shall be permitted to directly debit Franchisee's checking account for the unpaid monthly royalty or for a reasonable estimate of the monthly royalty (based on prior royalties paid) after Franchisor's receipt of its regular mail on that tenth business day. Franchisee shall provide to Franchisor a direct debit authorization, in form acceptable to Franchisor, at the time Franchisee establishes a checking account for the Martinizing Store, and at such time as Franchisee changes or makes any changes in Franchisee's checking account for the Martinizing Store.

D. By the tenth business day of each month, Franchisee shall submit to Franchisor, by automatic download or other means, a month-end summary report on operations of the Martinizing Store/Martinizing Route for the preceding month, with a reconciliation of monthly gross sales reported and monthly royalties paid for that month. For example, the month end summary report for the month of January must be received by Franchisor on or before the tenth business day of February. The month end summary report shall include: such reports of sales, customers, poundage, cost of labor, supplies, marketing and advertising expenditures and other costs and data as specified from time to time by Franchisor; copies of bank statements for the accounts of the Martinizing Store for the month covered by the report; and an income statement for the month covered by the report in form as specified from time to time by Franchisor.

E. As used in this Agreement, the term "gross sales" shall include, but shall not be limited to, all receipts from operations, sales, rentals, charges, fees, services and all revenues of any kind and nature, whether for cash or credit, in, from, about or by reason of the operation of the Martinizing Store/Martinizing Route, at or from the Franchised Location, excluding only receipts from the sale of promotional premium items and sales taxes collected by Franchisee from customers and shown separately from other receipts.

5. Advertising and Promotion.

A. Franchisee shall expend a total of four percent (4%) of Franchisee's gross sales from operation of the Martinizing Store/Martinizing Route on marketing and advertising as follows:

(1) Advertising and Promotional Production Fees: Franchisee shall pay to Franchisor for development and production costs of Martinizing advertising and promotional materials a

monthly fee in an amount equal to one-half percent (.5%) of gross sales. This fee must be paid to Franchisor, by automatic withdrawal from Franchisee's checking account or other means, not later than the tenth business day of each month, based on the previous month's gross sales. The advertising and promotional production fee paid by Franchisee shall be expended by Franchisor, at its discretion, for advertising and sales promotion and for such creative, production and administrative expenses incurred in connection with any advertising or promotional materials developed by Franchisor, including market research and other research expenditures as Franchisor may deem reasonable and appropriate, in its sole discretion.

(2) Local, Cooperative and National Advertising: Franchisee shall expend annually at least three and one-half percent (3.5%) of Franchisee's gross sales from operation of the Martinizing Store/Martinizing Route for local advertising and marketing, as set forth herein. Franchisee shall prepare and maintain documentation of the amount spent for local advertising and marketing and shall, upon Franchisor's request, submit or allow Franchisor to inspect the same. If and when any advertising cooperative or national advertising program is initiated as set forth in Subparagraphs (a) and (b) below, Franchisee may deduct from such three and one-half percent (3.5%) local advertising and marketing expenditure the required amount paid by Franchisee for a particular month as a member of the cooperative program described in Subparagraph (a) below and/or paid by Franchisee to Franchisor for national advertising as described in Subparagraph (b) below.

(a) Cooperative Advertising: If and when Franchisor in its sole judgment determines that an advertising cooperative program would be advantageous for a defined marketing area within which the Franchised Location or Martinizing Route is located, Franchisee shall become and remain a member of such cooperative program during the period of time that such cooperative marketing program is in effect. Franchisee shall remit to that advertising cooperative entity two percent (2%) of Franchisee's gross sales from the Martinizing Store/Martinizing Route for the previous month no later than the tenth business day of each month or by the date established by the cooperative entity. In addition, if the Franchised Location or Martinizing Route is located within a defined market area of one or more other Martinizing Stores and/or Martinizing Routes, Franchisor may, in its sole discretion, require Franchisee to participate in selected qualitative marketing programs with the other Martinizing Stores and/or Martinizing Routes in that area. However, Franchisee will not be required to remit more than the two percent (2%) specified in this Subparagraph (a) for cooperative advertising. Notwithstanding the foregoing, if one or more existing franchisees within that defined marketing area are required to contribute to a cooperative program for that defined marketing area on some other basis, Franchisor may, in its sole discretion, permit Franchisee to contribute on the same basis as such other franchisee(s).

(b) National Advertising: If and when Franchisor in its sole judgment determines that a national advertising program would be advantageous, Franchisee will be required to remit to Franchisor up to one and one-half percent (1.5%) of Franchisee's monthly gross sales from the Martinizing Store/Martinizing Route for such national advertising program. This fee must be paid to Franchisor by the tenth business day of each month, based on the previous month's gross sales. However, this fee is waived by Franchisor and not payable by Franchisee during the first 12 consecutive months of operation of the Martinizing Store. Franchisor will give Franchisee at least ninety (90) calendar days prior notice of Franchisee's requirement to commence remittance of this fee to Franchisor.

B. All advertising contributions due Franchisor will be administratively segregated on Franchisor's books and records, but those contributions will be deposited in Franchisor's general operating account and commingled with Franchisor's general operating funds. Franchisor shall be entitled to reimbursement out of such funds for reasonable expenses incurred in developing, presenting and implementing any advertising programs. Franchisor shall have no obligation to ensure that expenditures in or affecting any geographic area are proportionate or equivalent to the contributions by franchisees operating in that geographic area or that any Martinizing Store/Martinizing Route will benefit directly or

in proportion to its contribution. Franchisor shall have no obligation to Franchisee with respect to collecting amounts due from other franchisees. In the event Franchisee is late in paying any advertising fees or contributions due Franchisor, a late payment charge of two percent (2%) per month on the overdue amount becomes due and payable to Franchisor by the Franchisee. The advertising fees payable to Franchisor are not refundable in whole or in part under any circumstances.

C. Grand Opening/Initial Marketing Program: If Franchisee is obtaining an Initial Franchise, Franchisee must deposit the sum of \$15,000 with Franchisor no later than the last day of training to assure that Franchisee will have adequate funds available for beginning marketing programs to promote the Martinizing Store. In developing such grand opening marketing program, any one or more of the following vehicles may be utilized: direct mailing; promotional, collateral, point of purchase and media items and materials; a Martinizing Grand Opening Kit which may be purchased from Franchisor; and/or appropriate media purchases, such as radio advertising or advertising in newspapers, periodicals and the like. If Franchisee is obtaining an Additional Franchise, Franchisee is required to deposit the sum of \$15,000 with Franchisor no later than 60 days prior to the expected opening of the Martinizing Store, to assure that Franchisee has adequate funds available for a beginning marketing program. Expenditure of the deposit will be controlled by Franchisor in joint effort with Franchisee. Remittances to a cooperative advertising program required to be made by Franchisee under Paragraph A(2)(a) above may be paid from the deposit. Expenditures made by Franchisee with Franchisor's approval in connection with the grand opening/initial marketing will be reimbursed to Franchisee from the deposit upon submittal to Franchisor of paid invoices. A portion of the deposit may be used to purchase from Franchisor a Martinizing Grand Opening Kit and individual promotional, collateral, point of purchase and media items and materials as customarily sold by Franchisor. All expenditures approved by Franchisor in connection with the grand opening/initial marketing program made directly by Franchisee or from Franchisee's deposit will apply towards the 3.5% local advertising and marketing requirement under Paragraph A(2) above. Franchisee's grand opening/initial marketing deposit will be deposited in Franchisor's general operating account and administratively segregated on Franchisor's books and records. Franchisor will provide Franchisee with a written report of grand opening/initial marketing expenditures from the deposit. In the event that this Agreement is cancelled by Franchisor for any reason prior to the opening of the Martinizing Store, the grand opening/initial marketing deposit paid by Franchisee will be refunded, less any outstanding amounts due and owing Franchisor, including (without limitation) Franchisor's customary charge for any promotional items or materials prepared for and/or delivered to Franchisee and any expenditures made or committed from the deposit prior to cancellation of this Agreement. In order that Franchisor may measure the results of Franchisee's grand opening/initial marketing program, Franchisee shall deliver to Franchisor each week, during the grand opening/initial marketing, a completed daily/weekly operating (sales) tracking form. If Franchisee is obtaining an Initial Franchise, Franchisor will provide Franchisee with marketing and promotional guidelines and assistance in developing and implementing the grand opening/initial marketing program. Franchisee acknowledges that neither compliance with Franchisor's guidelines nor the assistance provided by Franchisor assures or guarantees in any way the success of the marketing program developed and implemented, and that Franchisor makes no representations or warranties with regard to the same. To assist Franchisor in providing guidance to Franchisee in developing Franchisee's grand opening/initial marketing program, Franchisee shall provide Franchisor with such information regarding local competitors, the nature of the community and any prior promotional efforts of Franchisee as may be reasonably requested by Franchisor.

D. No form of advertising shall be used by Franchisee without first obtaining the prior written approval of Franchisor, with respect to Franchisee's use of the Marks, the general content of such advertising and the form of media for which such advertising is intended. Franchisee shall furnish to Franchisor at least thirty (30) calendar days prior to its first use, all advertising brochures, mats, tapes, and other advertising forms, and the failure to submit such advertising or to obtain Franchisor's approval shall give Franchisor the right, in addition to any other rights which Franchisor may have under this Agreement, to demand the immediate cessation of the use of such advertising, or to require Franchisee to

change such advertising to reflect proper use of the Marks and System. Upon Franchisor's request, Franchisee shall prominently display in the lobby of the Martinizing Store such franchise sales materials as provided by Franchisor, at its cost, which may include posters, displays, handouts, brochures and the like.

E. For the purpose of expenditures required under this Paragraph 5, the terms marketing and advertising shall include television and radio broadcasts, all social media, and any form of print advertising including billboard, newspaper, transit, yellow page, direct mail, point of purchase and/or collateral materials. The following will not be considered marketing or advertising for the purpose of expenditures required under this Paragraph 5: store fixtures, interior or exterior signage, purchase or installation of delivery vehicle graphics and wraps, sponsorships, discounts, contributions, operating supplies (such as paper supplies, packaging materials and the like), classified advertising, membership dues, subscriptions, electronic communications and the like. Franchisee shall use its best efforts to promote and advertise the Martinizing Store/Martinizing Route. Franchisor and Franchisee acknowledge and agree that Franchisee shall have the right to advertise and sell its services at whatever prices Franchisee determines.

F. Franchisor may from time to time provide a marketing benefit to franchisees, such as a new store grand opening benefit, if certain requirements for the benefit then provided by Franchisor are met. Franchisor will notify Franchisee, in writing, of the marketing benefit, if any, for which Franchisee may qualify, along with the requirements Franchisee must meet to receive the benefit from Franchisor.

6. Accounting Reports and Inspection.

A. Franchisee agrees to adhere strictly to Franchisor's accounting system, including, without limitation, the purchase of accounting software meeting Franchisor's specifications; the operation of the business on twelve (12) accounting periods; chart of accounts, the maintenance of proper controls for inventory, cost of services, labor and fixed expenses; and utilization of accounting policies consistent with other franchised Martinizing Stores. Franchisee agrees to supply to Franchisor such reports, profit and loss statements and balance sheets as specified from time to time by Franchisor. All reports, profit and loss statements and balance sheets shall be prepared in accordance with generally accepted accounting principles, and shall be timely submitted to Franchisor. Each such report shall be submitted at such time and on such forms or in such other manner as prescribed by Franchisor from time to time. Franchisee also shall supply to Franchisor copies of all data and reports furnished to the lessor of the Franchised Location, mall operator or maintenance contractor at the time of transmission to such parties and copies of Franchisee's state and federal income tax returns, any required sales tax returns and federal payroll reports at the time of filing. Franchisee agrees to submit any other reports or records that Franchisor may reasonably request from time to time.

B. Franchisor shall have the right to utilize information provided by Franchisee for the purpose of making financial performance representations to prospective franchisees in its Franchise Disclosure Documents and in marketing materials. In utilizing such information, Franchisor may disclose the region or general geographic location of Franchisee's Martinizing Store, but will not disclose the name and address of Franchisee without Franchisee's prior written consent.

C. Franchisor and its representatives shall be allowed at all times during business hours to inspect and audit the books and records of Franchisee and to receive copies of Franchisee's invoices, payments and receipts and other documentation that might be required by a certified public accountant in conjunction with such an audit. In the event that any audit by Franchisor of Franchisee's books discloses an understatement by Franchisee in its sales reports or other documentation of gross sales, Franchisee shall pay to Franchisor any royalties and/or advertising fees due as a result of such understatement together with interest thereon at the rate of two percent (2%) per month, or the highest rate permitted by law, from the date such payment(s) should have been made. If any such understatement is determined to

be three percent (3%) or more for any period or periods, Franchisee shall reimburse Franchisor for the cost of such audit, including, but not limited to, the fees and expenses of Franchisor's employees and/or independent accountants.

7. Quality Assurance.

A. To protect the goodwill associated with the Marks and System, Franchisee shall conform with all reasonable standards and specifications of service, quality and store and delivery vehicle maintenance and appearance established from time to time by Franchisor and permit Franchisor's representatives a free right of inspection necessary to determine whether Franchisee is in compliance with the same. Without limiting the generality of the foregoing, Franchisee agrees, in particular, to:

- (1) Maintain the premises, equipment and delivery vehicles used in the operation of the store in a neat and clean condition;
- (2) Conform at all times with standards published by Franchisor in its manuals as amended from time to time with respect to design, decor and employees' apparel;
- (3) Observe and maintain strictly the standards published by Franchisor in its manuals as amended from time to time for services sold;
- (4) Use the premises and delivery vehicles only for the franchised business and not for any other business and refrain from marketing or selling any other services at the Franchised Location without the prior written consent of Franchisor;
- (5) Maintain at all times a Managing Person as provided in Paragraph 8 below;
- (6) Employ a sufficient number of adequately trained and competent employees to insure quality and efficient service to Franchisee's customers;
- (7) Use and maintain only such equipment as conforms to the specifications for equipment published in Franchisor's manuals as amended from time to time or as approved by Franchisor from time to time;
- (8) Take good care of and make all necessary repairs to the franchised store, the fixtures and equipment therein and delivery vehicles used in the operation of the store and, upon the reasonable request of Franchisor, replace or refurbish such fixtures, equipment or vehicles;
- (9) Prominently display in and upon the premises of the store and on vehicles used in the operation of the store such advertising signs and interior and exterior signs, graphics and signage reflecting the current image of Franchisor of such nature, form, colors, configuration, content, number, location and size and containing such legends as shall conform to the specifications for such items as specified from time to time by Franchisor in writing;
- (10) Employ only such advertising as is compatible with the image and standards of Franchisor in conjunction with the operation of the store;
- (11) Not install or permit to be installed vending machines or other equipment unrelated to dry cleaning services in the store, unless otherwise approved in writing by Franchisor.

B. At any time after the expiration of the five-year period following the opening for business of the Martinizing Store and no more often than every five years, Franchisor may require Franchisee to perform, at Franchisee's sole cost and expense, such remodeling, repairs, replacements,

alterations, additions or redecorations in and upon the exterior and interior of the Martinizing Store, its equipment, furnishings and signage, as Franchisor shall deem necessary and practicable to reflect the then current Martinizing image.

C. Franchisee shall purchase for the POS system such remote communications software or hardware to permit Franchisor's independent access to the transaction information recorded by Franchisee's POS system. In addition, at any time after the expiration of the three-year period following the opening for business of the Martinizing Store and no more often than every three years, Franchisor may require Franchisee to upgrade or update the software for the POS system. However, the total cost of each three-year required upgrade or update shall not exceed \$500.

D. Franchisee shall purchase or lease, in accordance with Franchisor's specifications, exterior and interior signage, store call area furnishings, computerized point-of-sale systems, accounting and other software, and cleaning and plant equipment employed in the Martinizing Store. Franchisee must purchase window graphics (transfer decals printed according to Franchisor's specifications) and standard size outdoor MARTINIZING signage in accordance with Franchisor's specifications. Franchisor will provide such specifications to Franchisee. Franchisee may purchase such items from Franchisor or from any other source provided that Franchisor's specifications are met. If Franchisee proposes to employ any such items which have not previously been approved by Franchisor, Franchisee must notify Franchisor of such proposal and Franchisor may, in its discretion, require the submission of specifications, drawings and/or other information or sample items to allow Franchisor to evaluate whether such items meet Franchisor's specifications. Franchisor will notify Franchisee of the results of such evaluation within a reasonable period of time.

8. Managing Person.

Franchisee shall maintain at all times a person who will have full authority to make the financial and operational decisions associated with the management of the Martinizing Store/Martinizing Route and has successfully completed the Martinizing Training Program (the "Managing Person"). Franchisee will be considered the Managing Person, unless otherwise designated by Franchisee and approved by Franchisor in writing. The Managing Person must be able to devote sufficient time and effort to the operation on the Martinizing Store/Martinizing Route. The Managing Person shall be bound by the confidentiality and noncompetition covenants under Paragraph 11 hereof and shall be required to sign a confidentiality agreement in form prescribed by Franchisor. Franchisee shall notify Franchisor in writing of any proposed change in the Managing Person. The new Managing Person must attend the classroom portion of the Martinizing Training Program, and also shall be bound by the covenants under Paragraph 11 hereof and sign a confidentiality agreement in form prescribed by Franchisor. Franchisee may employ a manager of the Martinizing Store (the "Store Manager").

9. Training.

If Franchisee is obtaining an Initial Franchise, Franchisor will provide to two persons Franchisor's Martinizing Training Program at Franchisor's corporate headquarters and/or at such other location(s) as Franchisor may establish. The Martinizing Training Program is mandatory for the Managing Person and the Store Manager, if one is employed by Franchisee. If Franchisee is obtaining an Additional Franchise, Franchisor will provide the Martinizing Training Program to the Store Manager, if he/she has not previously completed the Martinizing Training Program, and Franchisee must pay all travel, lodging, meals and other expenses of Franchisor's staff members and training consultants performing the in-store portion of training. At the time of training, Franchisor will loan to Franchisee one copy of the following manuals: Martinizing Introduction to Dry Cleaning Manual, Martinizing Store Management Manual, Martinizing Store Operations Manual, Martinizing Periodic Maintenance Manual and Martinizing Local Store Marketing Manual. The Martinizing Start-Up Manual will be provided to Franchisee prior to training. Franchisee shall return to Franchisor all copies of such manuals upon termination, expiration or

nonrenewal of this Agreement. Franchisee shall attend the Martinizing Training Program for such period of time as is generally required by Franchisor. Franchisee shall be responsible for all travel, lodging, meals and other expenses of person(s) attending such training program. The Managing Person and/or Store Manager shall attend such additional refresher training programs and conferences as Franchisor may reasonably require. Franchisor reserves the right, from time to time, to increase or decrease the length of the required training program. In addition, Franchisor reserves the right to substitute, without additional charge to Franchisee, a regional or modified training program based upon the needs of Franchisee. Franchisor also reserves the right to charge an additional fee for training on equipment not regularly sold by Franchisor or not contained in its typical equipment package. If Franchisee is obtaining an Initial Franchise, Franchisor also will provide hands-on support to Franchisee upon opening of the Martinizing Store and the Managing Person is required to attend training at an operating location for a minimum of five (5) business days, but not more than ten (10) business days, prior to attending the Martinizing Training Program at Franchisor's corporate headquarters. Franchisee shall accept such additional support. The type and length of support and training provided shall be determined in the sole discretion of Franchisor depending upon the experience, capability and needs of Franchisee.

10. Services and Assistance; Martinizing Route.

A. Prior to Opening. Franchisor agrees to provide the following services to Franchisee prior to opening of the Martinizing Store:

(1) Review the site selected by Franchisee for conformity to Franchisor's site selection guidelines and provide Franchisee with the results of that review;

(2) If Franchisee is obtaining an Initial Franchise, provide guidance and assistance to Franchisee (either directly or through independent site locators) in submitting a letter of intent for the site selected and negotiating business terms of the lease, such as initial and renewal terms, available and reserved parking, leasehold improvements, base rent and other payment terms (Franchisor has instructed Franchisee to retain legal counsel to review in detail all provisions of the lease for Franchisee's site as Franchisee shall be solely responsible for the final terms and conditions of the lease notwithstanding any guidance or assistance provided to Franchisee and, in no event, shall Franchisee make or be entitled to make any claims against Franchisor or any site locator used by Franchisor based on the adequacy of such guidance and assistance.);

(3) Furnish Franchisee with a layout drawing for the Martinizing Store of equipment contained in Franchisor's typical equipment package, including conceptual details of steam and condensate piping, compressed air, vacuum and natural gas piping, water, drain and chilled water piping;

(4) Provide Franchisee with the Martinizing Countdown Calendar and Leasehold/Installation Manual setting forth specifications for installation of equipment regularly sold by Franchisor and/or contained in Franchisor's typical equipment package, and inspect the equipment installed in the store and the project for general compliance with the Martinizing image (Franchisor may subcontract the inspection to third parties, the inspection of the project shall be for general compliance to image only and Franchisor assumes no responsibility for compliance to specifications, structural integrity, percentage of completion or other details.);

(5) Provide training and loan manuals to Franchisee as described in Paragraph 9 above;

(6) Franchisor in joint effort with Franchisee will develop and implement a grand opening/initial marketing program through expenditure of the grand opening/initial marketing deposit required to be made by Franchisee under Paragraph 5 C above.

B. During Operation. Franchisor agrees to provide the following services to Franchisee after the opening of the Martinizing Store:

- (1) Provide Franchisee consultation on business controls and accounting methods;
- (2) Provide Franchisee marketing consultation including advertising and promotional copy assistance;
- (3) Visit and inspect the Martinizing Store and provide consultation on store operations, procedures, and related matters;
- (4) Review selected new equipment and supplies and other ways to achieve more economic and effective methods of operation;
- (5) Inform Franchisee of changes and improvements in store operation and procedures developed by Franchisor; and
- (6) Implement new training techniques as developed by Franchisor and provide refresher training programs;
- (7) Provide or arrange for franchisee conferences to facilitate the exchange of ideas and industry developments. Franchisor may charge a fee for Franchisee to attend a franchise conference, but Franchisee shall not be required to attend the franchise conference if a fee is charged by Franchisor.

The frequency and content of the consultation, support, assistance, training and conferences made available to Franchisee by Franchisor, after opening of the Martinizing Store, shall be determined by Franchisor in its sole discretion.

C. Other Services. Other services that Franchisor makes available to its franchisees are made available at such fees, if any, as published for such services from time to time by Franchisor. Franchisee shall have the right to accept or decline any such services if Franchisor offers them at an additional cost.

D. Martinizing Route . Franchisor may permit Franchisee to establish a route delivery service using certain of Franchisor's Marks in accordance with specification prescribed by Franchisor ("a Martinizing Route "). An application by Franchisee to operate a Martinizing Route may be rejected by Franchisor, in its sole discretion, for any reason or no reason and need not be justified by any standard. Typically, a Martinizing Route is permitted only for a franchised Martinizing Store where on-premise dry cleaning is provided (an "On-Premise Martinizing Store"). In the event Franchisor is permitting establishment by Franchisee of a Martinizing Route , a Martinizing Route Addendum and Route Delivery Area Addendum will be made a part of this Agreement. Either prior to or after opening of the Martinizing Store by Franchisee, the specifications for the delivery vehicle and other items required to establish a Martinizing Route will be provided to Franchisee, along with training and assistance to establish and maintain a Martinizing Route . That training is mandatory for the Managing Person and the Store Manager. Although there is no additional charge for that training, Franchisee must pay all travel and living expenses for the persons attending that training. The type and length of training and any assistance provided by Franchisor shall be determined in the sole discretion of Franchisor. Franchisor also may substitute, without additional charge to Franchisee, regional and/or modified training in establishing and maintaining a Martinizing Route . Franchisor, in its discretion, will determine the exact size and shape of the Route Delivery Area for the Martinizing Route either: (a) when the Franchised Location is selected and accepted by Franchisor and Franchisee; or (b) after establishment of the Martinizing Store. The Route Delivery Area will be described in the Route Delivery Area Addendum, if any, attached to this Agreement. Although Franchisor may use a stated mile radius around the

Martinizing Store as the Route Delivery Area, typically the actual shape and size of the Route Delivery Area will be determined using natural boundaries (rivers, highways and the like), traffic patterns, number of houses and other relevant demographic information, and will be designated on a map attached to the Route Delivery Area Addendum attached to this Agreement, if any. Upon termination, expiration or non-renewal of the Martinizing Route Addendum, Franchisee may continue to solicit and service customers by route sales within the Defined Area described in the Franchised Location/Defined Area Addendum attached to this Agreement, but not within the portion of the Route Delivery Area outside of that Defined Area.

11. Secrecy and Covenants Not to Compete.

A. Franchisee acknowledges and agrees that Franchisor is the owner of all rights in and to the System and any and all manuals provided by Franchisor to Franchisee. Such manuals are loaned to Franchisee for limited purposes only, shall remain the property of Franchisor at all times and may not be reproduced in whole or in part without Franchisor's prior written consent. Franchisee shall keep the System, including, without limitation, all processes and methods disclosed by Franchisor to Franchisee, secret and shall not divulge, discuss, or reveal such information to any person except as it is necessary to disclose such information to employees in the course of their employment. Franchisee agrees to take such steps as are reasonably necessary to ensure that its employees do not disclose such information. Franchisee and each person attending the Martinizing Training Program shall sign a confidentiality and nondisclosure agreement in form satisfactory to Franchisor setting forth the restrictions on disclosing confidential material and information pertinent to the operation of a Martinizing Store.

B. Franchisee hereby covenants and agrees that, during the term of this Agreement and any renewal, extended or successor term of this Agreement, Franchisee, its directors, officers, management employees, members, partners, shareholders, joint venturers, associates and/or affiliates shall not engage or assist others or have any interest whatsoever, either direct or indirect, in the ownership or operation of any dry cleaning business or dry cleaning or laundry delivery business (other than a duly franchised Martinizing Store or Martinizing Route), without the prior written consent of Franchisor. This covenant shall have no geographical limitation. In applying for Franchisor's consent as stated herein, Franchisee acknowledges that it shall have the burden of establishing by clear and convincing evidence to the satisfaction of Franchisor, and in Franchisor's sole discretion, that any activity proposed by Franchisee will not involve the use of confidential or proprietary information gained through its association with Franchisor or benefits licensed or otherwise provided by Franchisor; and that the proposed activity will not constitute unfair competition with Franchisor or other Martinizing Store or Martinizing Route franchisees, or otherwise interfere with the ability of Franchisor to franchise, develop or maintain any of the areas in which it operates or anticipates operation during the term of this Agreement or at the time of its termination or expiration. If any court or other tribunal having jurisdiction to determine the validity or enforceability of this Paragraph determines that it would be invalid or unenforceable as written, then in such event the provisions hereof shall be deemed modified to the extent necessary to be valid and enforceable.

C. Franchisee hereby covenants and agrees that, for a two (2) year period following termination, expiration or nonrenewal of this Agreement, Franchisee, its directors, officers, management employees, members, partners, shareholders, joint venturers, associates and/or affiliates shall not engage or assist others or have any interest whatsoever, either directly or indirectly, in the ownership or operation of any dry cleaning business (other than a duly franchised Martinizing Store) or any dry cleaning or laundry delivery business (other than a duly franchised Martinizing Route) at or within a five (5) mile radius of the Franchised Location or a five (5) mile radius of any existing Martinizing Store or within the Route Delivery Area or within the delivery area of any existing Martinizing Route, or within a five (5) mile radius of the Route Delivery Area or a five (5) mile radius of the delivery area of any existing Martinizing Route. In the event Franchisor refuses to renew the franchise for the sole reason that Franchisor is no longer renewing franchises with respect to the System and the Marks in the state of the

Franchised Location (and no other reason), the noncompetition covenant under this Paragraph C shall not apply at or within a five (5) mile radius of the Franchised Location or within the Route Delivery Area, but shall apply within a five (5) mile radius of any existing Martinizing Store and within the delivery area and a five (5) mile radius of the delivery area of any existing Martinizing Route, for the period of time provided in this Paragraph C. If any court or other tribunal having jurisdiction to determine the validity or enforceability of this Paragraph determines that it would be invalid or unenforceable as written, then in such event the provisions hereof shall be deemed modified to the extent necessary to be valid and enforceable.

D. The collective ownership by Franchisee, its directors, officers, management employees, members, partners, shareholders, associates and affiliates, as a shareholder or shareholders holding no more than a five percent (5%), in the aggregate, ownership interest in a corporation within the dry cleaning industry whose shares are actively traded on a regional or national securities exchange or in the over-the-counter market will not be considered a violation by Franchisee of the covenants not to compete set forth in Paragraphs B and C above.

E. Franchisee warrants and represents that it has fully disclosed to Franchisor each business in which Franchisee or its directors, officers, management employees, members, partners, shareholders, joint venturers, associates or affiliates are directly or indirectly involved. Franchisee acknowledges and agrees that Franchisor, in its sole discretion, may require Franchisee or any of such participants to fully divest itself of certain ownership interests in any business deemed by Franchisor to be inconsistent with Franchisor's competitive interest prior to execution of this Agreement by Franchisor.

F. Franchisee agrees that damages alone cannot adequately compensate Franchisor if there is a violation of these nondisclosure and noncompetitive covenants and that injunctive relief is essential for the protection of Franchisor. Franchisee therefore agrees that in case of any alleged breach or violation of the provisions of this Paragraph 11, Franchisor shall have the right to seek injunctive relief without posting any bond or security whatsoever, in addition to all other remedies that may be available to Franchisor in law or in equity. Franchisee acknowledges that the covenants and restrictions set forth in this Paragraph 11 are reasonable and necessary for the protection of the legitimate business interests of Franchisor and its other franchisees.

12. Term; Renewal.

A. This Agreement shall continue, unless sooner terminated as provided herein, for a term of twenty (20) years commencing on the later of either the date of execution of this Agreement or the first day of the month preceding the date that the Martinizing Store is opened for business.

B. At the expiration of the initial term of this Agreement, Franchisee shall have the right to renew the franchise for the longer of ten (10) years, or such additional duration as Franchisor may then be granting renewal franchises, by giving written notice to Franchisor of such intent to renew the franchise at least 180 calendar days prior to expiration of this Agreement, provided that the following conditions are met:

(1) Franchisee is not, in the opinion of Franchisor, in default under this Agreement or under any other franchise agreement(s) with Franchisor, and Franchisee has fully and faithfully performed all material obligations throughout the term(s) thereof;

(2) This Agreement has not been terminated by Franchisor as provided herein;

(3) Franchisor is continuing to renew franchises with respect to the System and the Marks in the state of the Franchised Location;

(4) Franchisee agrees to make, at its sole expense, such capital expenditures as may be reasonably required to renovate and modernize the Martinizing Store premises, signs, graphics, furnishings, equipment, machinery and any delivery vehicles, so as to reflect the then current Martinizing image and comply with the specifications of Franchisor, and upgrade or update the software to comply with the specifications of Franchisor;

(5) Franchisee has the right to remain in possession of the Martinizing Store premises for the renewal term;

(6) Franchisee pays to Franchisor a renewal fee of One Thousand Dollars (\$1,000) to cover Franchisor's costs and expenses incidental to evaluating Franchisee's renewal application and preparing renewal documentation;

(7) The Managing Person and/or Store Manager attends and completes any retraining or refresher training as Franchisor may then require;

(8) Franchisee executes a general release in form satisfactory to Franchisor of any and all claims and causes of action it may have against Franchisor or its affiliates or any of their shareholders, partners, members, officers, directors, employees, agents, representatives, successors and assigns, in their corporate or individual capacities including, without limitation, all claims arising out of any federal, state or municipal statutes, rules, regulations, laws or ordinances.

C. In the event any of the above conditions are not met at the expiration of the initial term of this Agreement, Franchisor may refuse to renew the franchise. Renewals must be effected by the execution by Franchisee and Franchisor of the then current standard form franchise agreement in use as of the date of renewal and all other agreements, legal instruments and documents then customarily used by Franchisor in the grant of Martinizing Store/Martinizing Route franchises, which may vary from the agreements, instruments and documents currently in use by Franchisor, as to, among other terms, the amount of royalty payments, the route fee amount, advertising contributions and expenditures required and duration of the franchise.

13. Termination Rights.

A. Franchisee shall have the right to terminate this Agreement upon sixty (60) calendar days written notice to Franchisor, which notice shall set forth the reason(s) for such termination, if Franchisor defaults in any material obligation to Franchisee under this Agreement. Franchisor shall have the right to cure any such default within such sixty (60) calendar day period, in which event such notice shall become void and of no effect. Except as provided in this Subparagraph A and as applicable state or federal law may otherwise provide, Franchisee shall have no right to terminate this Agreement or to reduce the term of this Agreement.

B. If Franchisee shall be in default under the terms of this Agreement, not cured within sixty (60) calendar days after receipt of written notice to cure from Franchisor, then in addition to all other remedies, in law or in equity, Franchisor may immediately terminate this Agreement and the franchise effective upon mailing of written notice of termination to Franchisee. Franchisee shall be in default under this Agreement if Franchisee violates or fails to substantially comply with any term, provision, covenant or requirement contained in or imposed upon Franchisee under this Agreement or acts in bad faith in carrying out the terms of this Agreement. Among such events which give Franchisor the right to terminate this Agreement after such notice are the following:

(1) Failure, refusal or neglect to pay promptly to Franchisor any monies owing to Franchisor on the date due;

(2) Failure, refusal or neglect to pay promptly the advertising and promotional production fees due to Franchisor or to remit national advertising and/or cooperative advertising contributions when due;

(3) Failure to comply substantially with the rules of operation of the System as set forth in this Agreement and as may be supplemented by the store operation, management and procedure manuals of Franchisor, as the same may be amended from time to time by Franchisor;

(4) Failure, refusal or neglect to submit data or reports on gross sales or other operating or financial reports as required under this Agreement, or if Franchisee makes a false statement in connection therewith or is repeatedly late in making payment of royalties, advertising fees or contributions or other payments due Franchisor, or denies access by Franchisor to Franchisee's checking account for payment of the same;

(5) Failure, refusal or neglect to upgrade and remodel the Martinizing Store and delivery vehicles as that may become necessary to reflect the then current image of the System and to comply with the specifications of Franchisor;

(6) Franchisee uses bad faith in any of Franchisee's dealings with Franchisor under this Agreement;

(7) Franchisee has made false or misleading statements to Franchisor or omitted any material fact in information furnished prior to the execution of this Agreement;

(8) Any attempt by Franchisee to sell, transfer or assign any of its rights or interest under this Agreement, by operation of law or judicial process or otherwise, without the prior written consent of Franchisor or without complying with Franchisor's transfer policies and procedures;

(9) If Franchisee ceases to do business at the store premises or under the Marks or defaults under any lease or loses its right to possession of the store premises;

(10) If Franchisee, or any associate, affiliate, director, officer or management employee of Franchisee, or any partner, member or shareholder of Franchisee, has or acquires any direct or indirect interest in the ownership or operation of any dry cleaning store or dry cleaning or laundry route (other than a duly franchised Martinizing Store or Martinizing Route) in contravention of Paragraph 11 of this Agreement;

(11) If a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization is filed by or against Franchisee, or if Franchisee shall make or be deemed to have made an assignment for the benefit of creditors, or if a receiver or trustee or other officer of similar powers is appointed for Franchisee, unless such condition or conditions are remedied to the satisfaction of Franchisor within sixty (60) calendar days of the notice to cure;

(12) If Franchisee, or any director, officer or management employee of Franchisee, or any person controlling or controlled by Franchisee, shall be convicted under any law of any felony or any crime involving moral turpitude;

(13) Any act or conduct by Franchisee which materially impairs the goodwill associated with the Marks and/or System.

If any statute, law, ordinance or regulation promulgated by any competent authority with jurisdiction over this Agreement or any court order pertaining to this Agreement shall require a specified period for notice

in the event of a default as described in this Subparagraph B, this Subparagraph B shall be deemed amended to conform with the requirements of any such statute, law, ordinance, regulation or court order.

C. If this Agreement is for an Initial Franchise, then prior to the establishment of the Martinizing Store, Franchisor may, in its sole discretion, cancel this Agreement upon written notice to Franchisee if, in Franchisor's opinion, Franchisee is unable to:

- (1) Locate a suitable site for the Martinizing Store and sign and submit to Franchisor a Site Acceptance Form within a reasonable period of time after execution of this Agreement;
- (2) Negotiate an acceptable lease for the Martinizing Store;
- (3) Obtain all necessary governmental permits and approvals necessary to establish the Martinizing Store;
- (4) Establish, open and operate the Martinizing Store in compliance with standards and specifications of Franchisor within a reasonable period of time following Franchisor's written acceptance of the site;
- (5) Obtain suitable financing for establishment of the Martinizing Store; or
- (6) The Managing Person and/or Store Manager fails to attend and successfully complete the Martinizing Training Program.

In the event of cancellation of this Agreement by Franchisor prior to opening of the Martinizing Store, no portion of the initial franchise fee will be refunded to Franchisee unless Franchisee is unable to obtain suitable financing or locate a suitable site for the Martinizing Store. In the event Franchisee is unable to obtain suitable financing or locate a suitable site for the Martinizing Store, \$15,000 (or \$10,000 if Franchisee qualifies for the \$5,000 VetFran Program discount) of the initial franchise fee paid by Franchisee will be refunded to Franchisee, after Franchisee signs the Partial Refund Form, and \$25,000 of the initial franchise fee will be retained by Franchisor to cover costs and expenses incurred by Franchisor. **Once a Site Acceptance Form or a lease for the Martinizing Store is signed by Franchisee, no portion of the initial franchise fee shall be refundable by Franchisor.**

D. In those states in which termination fees are enforceable, Franchisee shall immediately pay to Franchisor, upon termination of this Agreement, a termination fee in the amount of Forty Thousand Dollars (\$40,000) in the event that: (a) Franchisee improperly attempts to terminate this Agreement in contravention of the provisions of Paragraph A above; (b) Franchisee attempts to sell or transfer Franchisee's interest in the Martinizing Store or Martinizing Route prior to the expiration of the term of this Agreement without transfer of the franchise to the new owner with the prior written consent of Franchisor; or (c) Franchisor terminates this Agreement for Franchisee's failure to bring current monies due Franchisor. The termination fee shall be payable by Franchisee to Franchisor in addition to any damages payable to Franchisor, including lost future revenues, resulting from the termination of this franchise. Franchisor reserves the right to pursue any and all remedies that may be available to Franchisor, in law or in equity, for the termination of this franchise. Franchisor also shall be entitled to recover all costs, including attorneys' fees, incurred in connection with the termination of this franchise and collection of the termination fee. In the event Franchisee ceases operation of the Martinizing Store and any Martinizing Route as a result of permanent and total business failure beyond Franchisee's reasonable control, as determined by Franchisor, Franchisee shall not be required to pay the termination fee to Franchisor under this Paragraph D. However, Franchisor shall have the right to pursue any and all other remedies that may be available to Franchisor, in law or in equity, for termination of the franchise.

14. Franchisee's Obligations Upon Termination.

A. Upon termination, expiration or nonrenewal of this Agreement, Franchisee shall immediately cease to be franchised to utilize the System and/or the Marks and shall:

(1) Pay immediately all sums owing by Franchisee to Franchisor and all damages, costs and expenses, including attorney's fees, incurred by Franchisor by reason of any default on the part of Franchisee and in obtaining injunctive or other relief for enforcement of any provision of this Agreement;

(2) Cease immediately to use, or permit to be used, anywhere and in any manner, directly or indirectly, all of the Marks and all combinations or abbreviations of the Marks or words similar thereto or suggestive thereof and any and other words and slogans used in connection therewith or any parts thereof, including, but not limited to, the use of the abbreviations of the Marks, such as "OHM", and use of the suffixes "IZING" or "IZED" in conjunction with other letters or words then used to denote a Martinizing Store, Martinizing Route or the Martinizing System;

(3) Cease immediately to use and withdraw from use all signs, posters, graphics and decals (including blue stripes on store windows and delivery vehicle graphics and decals), delivery information, furniture, furnishings, advertising, promotional materials, paper supplies, stationery, forms, packaging materials, interior or exterior decor, or any other articles bearing or displaying any of the Marks;

(4) Cease immediately and refrain from holding itself out to the public in any way as a franchisee or operator of a dry cleaning store or dry cleaning and laundry delivery service franchised by Franchisor, differentiate itself from Franchisor and distinguish the store location and delivery vehicles so clearly from stores and routes franchised under Franchisor's Martinizing System so as to avoid all possibility of any confusion by the public, and thereafter, not to adopt or use any trademark, service mark or trade name, style or logo confusingly similar to any of the Marks, including, but not limited to, use of the abbreviations of the Marks, such as "OHM", and the suffixes "IZING" or "IZED" in conjunction with other letters or words;

(5) Immediately turn over to Franchisor all manuals and confidential instructions or materials received from Franchisor and all other materials (including, without limitation, the Martinizing Countdown Calendar and the Martinizing Leasehold/Installation, Start-Up, Introduction to Dry Cleaning, Store Management, Store Operations, Periodic Maintenance and Local Store Marketing Manuals and any and all marketing materials, such radio and television tapes, advertising slicks, translite posters and the like, provided by Franchisor), and any copies thereof in Franchisee's possession relating to the operation of a Martinizing Store and Martinizing Route, excepting only Franchisee's copy of this Agreement, copies of any correspondence pertaining thereto between Franchisee and Franchisor and any documents which Franchisee reasonably needs for compliance with any provision of law;

(6) Immediately cease all use of marketing and software programs and all participation in preferential pricing and discount programs and no longer receive any other benefits available only to franchisees of Franchisor, including, without limitation, the VIP program, preferential pricing insurance and hazardous waste disposal programs, Martinizing software systems improvements and modifications, and any other programs and benefits then made available to franchisees of Franchisor, and remove and return to Franchisor the auto-address feature via Targus from the point-of-sale systems;

(7) Continue to strictly comply with, observe and abide by all provisions of the covenants not to compete set forth in Paragraph 11 of this Agreement;

(8) Take such action as may be required to discontinue use of the Marks in yellow pages, white pages or other directory listings, including Internet and social media listings, and discontinue use of the Marks in any business licenses or equivalent registrations;

(9) Immediately execute any and all agreements or documents necessary to effectuate such termination and discontinuation of the use of the Marks in a prompt and timely manner; and

(10) Continue to abide by those restrictions pertaining to use of Franchisor's confidential information, trade secrets and know-how set forth in this Agreement and the confidentiality agreements required under this Agreement.

B. If Franchisee fails to perform the obligations specified above within thirty (30) calendar days of the date of expiration, termination or nonrenewal of this Agreement, then at any time after such thirty (30) calendar day period, Franchisor shall have the right (in addition to any other right or remedy by law or by equity provided or permitted) to enter upon Franchisee's premises or any other premises where signs or other articles displaying any of the Marks or any combinations or abbreviations of the Marks or words or slogans similar thereto or suggestive thereof may be found and, with such reasonable force as may be necessary, to remove and/or cover by paint or other means any and all signs, delivery vehicle graphics or other articles displaying any of the Marks, without legal process, without being deemed guilty of any manner of trespassing and without liability to Franchisee for damages caused by reason of such entry and such removal, covering or painting over the Marks, or other words or slogans similar thereto or suggestive thereof.

C. If Franchisee fails to discontinue use of the Marks in yellow pages, white pages or other directory listings, including, but not limited to, social media sites, upon the termination, expiration or nonrenewal of this Agreement, Franchisor shall have the right (in addition to any other right or remedy by law or by equity provided or permitted) to deliver to the directory publishers and website owners the letters previously signed by Franchisee under the provisions of Paragraph 2G of this Agreement and to execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to cause discontinuation of Franchisee's use of the Marks.

D. If the Martinizing Store premises are leased by Franchisee, then upon termination of this Agreement by Franchisor as a result of a default by Franchisee or upon Franchisee's default under the lease duly cured by Franchisor, all rights of Franchisee under the lease shall be assigned and transferred to Franchisor, at Franchisor's option, as provided in Paragraph 1F of this Agreement.

15. Restrictions on Sale; Right of First Refusal; Option to Purchase.

A. Franchisee shall not sell, assign or otherwise transfer the franchised business, Franchisee's interest in this Agreement or the lease for the Martinizing Store (or any interest in any of them) to any third party without first offering the same to Franchisor on the same terms and conditions as offered to such third party. Any such offer to Franchisor must be in writing and must include the full and complete details of all the terms, conditions and provisions of the proposed sale, transfer or assignment. Franchisor shall have ten (10) business days after receiving said offer to accept or reject it. If Franchisor accepts the offer, Franchisor shall have the right to a thirty (30) business day review of the franchised business, including, without limitation, business and customer records, reports, tax returns, and financial statements for the current year and three preceding years of operation, the terms and conditions of the current lease of the store premises, information as to any defaults under that lease, the condition of the business assets and the contracts and liabilities of the business. If Franchisor rejects the offer, the sale, assignment or transfer to the third party shall not be made on more favorable terms and conditions than offered to Franchisor

B. The election by Franchisor not to exercise its right of first refusal as to any offer under this Paragraph 15 shall not affect its right of first refusal as to any subsequent offer. Any attempted sale, assignment or transfer without first giving Franchisor the right of first refusal described above shall be void and of no force and effect. All obligations of Franchisee to Franchisor, whether arising under this Agreement or otherwise, must be satisfied at the time of sale, transfer or assignment. Transfer and assignment of the franchise and Franchisee's interest in this Agreement shall be subject to the provisions of Paragraph 16 below.

C. Upon termination of this Agreement for any reason or nonrenewal of the franchise for any reason (other than nonrenewal for the sole reason that Franchisor is no longer renewing franchises with respect to the System and the Marks in the state of the Franchised Location) or in the event Franchisee discontinues the operation of the Martinizing Store and/or Martinizing Route for any reason (other than a sale to a third party in compliance with Paragraph A above), Franchisee shall immediately provide Franchisor with a written offer to sell to Franchisor the Franchisee's entire interest in the Martinizing Store and/or Martinizing Route, including all furnishings, fixtures, equipment, signage, graphics, leasehold improvements and all related personal property of the Martinizing franchised business. If Franchisor and Franchisee are unable to agree upon the purchase price and terms of sale after a thirty (30) business day review of the franchised business by Franchisor (as summarized in Paragraph A above) from Franchisor's receipt of Franchisee's written offer, Franchisor shall have the option to purchase the Martinizing Store and/or Martinizing Route at the fair market value thereof as determined in good faith by three appraisers, with Franchisor and Franchisee each selecting one appraiser and the two appraisers so chosen selecting the third appraiser. If either Franchisor or Franchisee fails to select an appraiser within sixty (60) calendar days after receipt by Franchisor of Franchisee's written offer, then the other party may select an appraiser to represent the party failing to select an appraiser. If the three appraisers selected are unable to agree on the fair market value of the Martinizing Store and/or Martinizing Route within ninety (90) calendar days after receipt by Franchisor of Franchisee's written offer, Franchisor shall have the option to purchase the Martinizing Store and/or Martinizing Route at the fair market value determined in good faith by the third appraiser chosen by the two appraisers selected by or on behalf of Franchisor and Franchisee. In determining the fair market value of the Martinizing Store and Martinizing Route, no factor, increment or allowance of any kind shall be made for any trademark, service mark, commercial symbol, tradename or any similar intangible asset related to use of Franchisor's Marks in connection with the operation of the Martinizing Store and Martinizing Route. Franchisor shall have the right, at any time within thirty (30) calendar days after receipt of the appraisal from the appraiser(s), to purchase the Martinizing Store and/or Martinizing Route at the valuation fixed by the appraiser(s) and, unless otherwise agreed by Franchisor and Franchisee, payment of the purchase price shall be made in cash or by certified or cashier's check. The closing on such purchase shall take place within sixty (60) calendar days after Franchisor's exercise of such option to purchase.

16. Assignment.

A. This Agreement is personal to Franchisee solely at the Franchised Location and within the Route Delivery Area, if any, and shall not be transferred or assigned, either voluntarily or involuntarily, directly or indirectly, in whole or in part, either to any third party or to any other location or within any other area by any act of Franchisee without the prior written consent of Franchisor, which consent shall not be unreasonably withheld, provided that the following conditions are met:

(1) Franchisee has executed a general release of all claims against Franchisor in form satisfactory to Franchisor;

(2) Franchisee has fully paid and satisfied all of Franchisee's obligations to Franchisor and is not otherwise in default of this Agreement;

(3) The assignee meets the then current financial and business criteria for new franchisees and attends a commencement day at Franchisor's corporate headquarters;

(4) The assignee executes for the Franchised Location and any Martinizing Route Franchisor's then current standard form franchise agreement for a full term as provided therein;

(5) The assignee pays to Franchisor a non-refundable transfer fee in the amount of Five Thousand Dollars (\$5,000), provided that the assignee is not a franchisee seeking to establish an Initial Franchise;

(6) The assignee, its Managing Person and/or Store Manager attends and completes the training required by Franchisor on its then current terms; and

(7) Franchisor is then continuing to grant franchises to new franchisees and/or is then continuing to renew franchises of existing franchisees with respect to the System and Marks in the state of your Martinizing Store.

Franchisee shall provide Franchisor at least forty-five (45) calendar days advanced written notice of any proposed transfer. The assignee shall be responsible for all travel, lodging, meals and other expenses of person(s) attending the commencement day and the training program. Within a reasonable period of time after the new Franchise Agreement is signed by Franchisor and the assignee, Franchisor will pay the assignee a travel reimbursement of up to \$1,000 and a representative of Franchisor will visit the Martinizing Store to provide consultation on store operations and procedures. Any change in the effective control of Franchisee (by way of change in share ownership, membership or partnership interests or otherwise) shall be considered a transfer subject to the requirements of this Paragraph 16. A transfer fee is not charged by Franchisor for transfer of the franchise to a corporation, limited liability company, partnership or other entity controlled by Franchisee or transfer of the franchise to the following members of Franchisee's immediate family: Franchisee's spouse, children and more remote descendents, parents and siblings and their descendents.

B. This Agreement is fully assignable by Franchisor, without notice to Franchisee, and shall inure to the benefit of any assignee or other legal successor to the interest of Franchisor.

17. Corporate, Company or Partnership Franchisees.

If Franchisee is a corporation, limited liability company or partnership, all of the partners, members and/or shareholders having an interest in the franchise, this Agreement or Franchisee, by executing this Agreement, agree as follows:

A. Except as may be permitted under Paragraphs 15 and 16 of this Agreement, neither Franchisee nor any person with an interest in Franchisee shall, without Franchisor's prior written consent, directly or indirectly issue, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in the franchise, any interest in Franchisee, or any interest which, together with other related previous, simultaneous or proposed transfers, constitutes a transfer of control of Franchisee.

B. If Franchisee is a corporation, limited liability company, partnership, unincorporated association or similar entity, Franchisee shall provide Franchisor with a copy of the articles of incorporation or organization, the by-laws or regulations and the operating agreement or partnership agreement reflecting that the issuance and transfer of voting stock or other ownership interest therein ("securities") is restricted by the terms of this Agreement and subject to the restrictions of Paragraph 16 of this Agreement. All securities issued by Franchisee shall bear the following legend which shall be legibly and conspicuously placed on each stock certificate or other evidence of ownership interest: "The transfer

of these securities is subject to the terms and conditions of one or more franchise agreements with Martin Franchises Inc. Reference is made to said franchise agreement(s) and to the restrictive provisions of the documents of organization of this corporation (or limited liability company or partnership)."

C. Upon execution of this Agreement and upon each transfer of an interest in the franchise or Franchisee, all holders of an interest in the franchise or Franchisee, as appear at the end of this Agreement, hereby personally guarantee, jointly and severally, the full payment of monies owing to Franchisor and the performance of all of Franchisee's obligations to Franchisor and hereby individually undertake to be bound by all terms and conditions of this Agreement.

18. Modification.

This Agreement shall not be modified or amended except by written instrument signed by Franchisor and Franchisee. Franchisor reserves the right to modify its confidential materials, including any and all Martinizing manuals, unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect and/or improve the Marks and System or improve the quality of services provided by Martinizing Stores and Martinizing Routes.

19. Compliance with Law; Payment of Liabilities and Taxes.

Franchisee agrees to conform to all federal, state or local laws or ordinances in force and effect and to pay all taxes, permit and license fees imposed, incurred or collected in connection with Franchisee's business. Without limiting the foregoing obligations, Franchisee shall comply with all EPA, OSHA, solicitor, vendor and business laws, and other federal, state and local laws and regulations, and obtain and comply with all required licenses, permits and approvals, in connection with the establishment and operation of Franchisee's business, including (without limitation) the emission, discharge, storage, disposal or removal of chemicals utilized in the dry cleaning process. Franchisee, at its sole cost and expense, shall purchase and install such equipment, parts, accessories or other items and/or take such other action as may be required to comply with present and future mandates issued and which may be issued by the EPA, OSHA and/or other federal, state or local regulatory agencies. Franchisee agrees to pay timely all of its obligations and liabilities due and payable to suppliers and creditors. In addition, Franchisee shall pay to Franchisor (or any subsidiary, affiliate or designee), promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon or required to be collected or paid by Franchisor on account of services or goods furnished by Franchisor to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of initial or other franchise and route fees, continuing or minimum royalty fees, advertising fees or any other payments required to be made to Franchisor under this Agreement.

20. Independent Contractor.

This Agreement is one of franchise license only and does not create a fiduciary relationship between the parties. Franchisee is not hereunder authorized to act on behalf of Franchisor, but shall be an independent contractor. Nothing in this Agreement is intended to constitute either party an agent, legal representative, shareholder, joint venturer, member, partner, employee, fiduciary or servant of the other party for any purpose whatsoever or impose any vicarious or other liability upon Franchisor for the actions or omissions of Franchisee. Franchisee is in no way authorized to make any contract, agreement, warranty or representation, or to create any obligation, express or implied, for or on behalf of Franchisor or to hold itself out in any way as an agent, shareholder, joint venturer, officer, director, member or partner of Franchisor. AT ALL TIMES AND IN ALL DEALINGS, FRANCHISEE SHALL CONSPICUOUSLY HOLD ITSELF OUT TO THE PUBLIC AS AN INDEPENDENT CONTRACTOR OPERATING ITS BUSINESS PURSUANT TO A FRANCHISE LICENSE FROM FRANCHISOR. FRANCHISEE SHALL DISPLAY AT THE FRANCHISED LOCATION A PLAQUE OR SIGN OF SUCH SIZE AND WORDING APPROVED BY FRANCHISOR, WHICH IS CLEARLY VISIBLE TO

THE GENERAL PUBLIC AND STATES THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED.

21. Insurance and Indemnification.

A. Franchisee shall procure and maintain in full force and effect during the initial and any renewal term of this Agreement, at Franchisee's sole cost and expense: (a) commercial general liability coverage for contractual liability, personal injury liability and broad form property damage with minimum limits of \$3,000,000 each occurrence, \$3,000,000 general aggregate, and product/completed operations (bailees) coverage with a minimum limit of \$250,000 in the aggregate; (b) business automobile liability coverage, including protection for owned, hired, and non-owned vehicles, with a minimum limit of \$3,000,000 each accident; (c) pollution liability insurance coverage as required by law; and (d) coverage in such other amounts as Franchisor may reasonably require from time to time for or in connection with the operation of the Martinizing Store and/or Martinizing Route. Each policy shall name Franchisor as an additional insured, include provision for thirty (30) calendar days prior written notice to Franchisor before cancellation, non-renewal or material change of insurance coverages, and shall insure the contractual liability of Franchisee under Paragraph B below. Maintenance of such insurance and performance by Franchisee of its obligations under this Paragraph A shall not relieve or limit Franchisee's liability under the indemnity provisions of Paragraph B below. Prior to opening of the Martinizing Store, Franchisee shall furnish Franchisor a certificate of insurance reflecting that insurance coverage is in effect. All policies shall be renewed and a renewal certificate of insurance mailed to Franchisor prior to the expiration date. Franchisee further agrees to secure and pay premiums on a workers' compensation policy covering itself and all its employees as required by law. Also, before starting any construction, renovation or remodeling of the Martinizing Store, Franchisee shall require the general contractor to maintain, with a reputable insurer, comprehensive general liability insurance, with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, completed operations and independent contractor's coverage of at least \$500,000, naming Franchisor as an additional insured, and such workers' compensation and employer's liability insurance as required by law. The minimum insurance coverage required by Franchisor hereunder shall in no way preclude Franchisee from procuring additional or greater insurance coverage nor shall it alter Franchisee's responsibility to maintain adequate insurance coverage. Franchisor may, from time to time, reasonably determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence thereof, Franchisor shall be entitled (but not obligated) to obtain such insurance coverage on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance. Franchisee shall pay to Franchisor, on demand, any costs incurred and premiums paid by Franchisor.

B. Franchisee shall be responsible for all losses or damages and contractual liabilities to third persons arising out of or in connection with possession, ownership, establishment, maintenance, use and/or operation of the Martinizing Store and any Martinizing Routes, all costs, expenses, fines, penalties and/or damages arising out of or in connection with the emission, leakage, discharge, storage, disposal or removal of chemicals utilized in the operation of the Martinizing Store and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and Franchisee agrees to defend, indemnify and save Franchisor, its officers, directors, shareholders, employees, agents, subsidiaries, affiliates, successors and assigns harmless from and against any such claims, demands, losses, obligations, liabilities, debts, fines, penalties, costs, expenses or damages, including, but not limited to, reasonable attorneys' fees, costs and other expenses incurred by or on behalf of Franchisor in the investigation, defense or settlement of any and all such claims. Franchisor's right to indemnity under this Paragraph shall arise notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation or other law.

C. As an independent contractor, Franchisee will be in full control of the day-to-day operation of the Martinizing Store and any Martinizing Routes, and Franchisor will have no control of the day-to-day operations of the Martinizing Store or any Martinizing Route. Although Franchisor periodically will inspect the Martinizing Store and any delivery vehicles for general compliance with the System and Martinizing image, Franchisor will not be inspecting the operation of the Martinizing Store or any Martinizing Route for compliance with safety, environmental and related laws, and Franchisor shall have no obligation to do so. The indemnification provisions contained in this Paragraph 21 protect Franchisor from liability to third parties arising from Franchisee's actions as the owner and operator of the Martinizing Store, including contractual and vicarious liability, liability for any violations for safety, environmental and related laws in the operation of the Martinizing Store and any Martinizing Route and claims of customers and others arising from the actions of Franchisee, its employees and agents. Those indemnification provisions do not protect Franchisor from claims of third parties that Franchisee's use of the Marks or System infringe upon the legally protected trademarks or processes of third parties.

22. Notices.

Any notice required under this Agreement shall be in writing and shall be deemed to be given by personal delivery, or when sent by certified or registered mail, return receipt requested, postage prepaid, sent by courier delivery, facsimile or e-mail, with evidence of delivery, directed to Franchisor or to Franchisee at the respective address first set forth herein, or the last known respective fax number or e-mail address, or at such other address as one party shall notify the other under the provisions hereof.

23. Governing Law; Jurisdiction, Venue and Service of Process; Partial Invalidity.

A. This Agreement was accepted by Franchisor in Ohio. This Agreement and all rights and obligations of the parties hereunder or otherwise shall be interpreted and construed under the laws of the State of Ohio. Ohio law shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment law, rules or regulations.

B. Franchisee hereby irrevocably agrees that, subject to Franchisor's sole and absolute election, any and all suits, actions or other proceedings with respect to, arising out of or in connection with this Agreement shall be litigated in federal courts having situs within Hamilton County, Ohio and state courts having situs within Clermont County, Ohio. Franchisee hereby consents and agrees that the following courts shall have personal jurisdiction over Franchisee in all lawsuits relating to or arising out of this Agreement, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Franchisee may have of lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of Ohio having situs in Clermont County, Ohio; and (b) the courts of the United States of America sitting within the State of Ohio and the United States District Court for the Southern District of Ohio, Western Division. Franchisee hereby consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and hereby irrevocably waives any right Franchisee may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state courts of the county where Franchisor has its principal place of business (presently, Clermont County, Ohio); and (b) the United States District Court for the Southern District of Ohio, Western Division. In the event any of these courts are abolished, Franchisee agrees that venue shall be proper in the state or federal court in Ohio which most closely approximates the subject matter jurisdiction of the abolished court, as well as any of the above courts which are not so abolished. Any and all lawsuits filed by Franchisee against Franchisor relating to or arising out of this Agreement shall be required to be filed in one of the above courts. Any and all lawsuits filed by Franchisor against Franchisee may be filed in any of the above courts or in any court in which jurisdiction and venue are proper. In all lawsuits related to or arising out of this Agreement, Franchisee consents and agrees that Franchisee may be served with process outside the State of Ohio in the same manner of service that may be made within the State of Ohio by any person authorized to make service by the laws of the state, territory, possession or country in which service is

made or by any duly qualified attorney in such jurisdiction. Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law. Franchisor and Franchisee agree that the court proceedings for any disputes between them shall be conducted on an individual basis and not consolidated with any court proceedings for disputes between Franchisor and any other Martinizing franchisee(s) or former franchisee(s).

C. If all or any portion of this Agreement shall be held to violate any law, regulation, or ordinance of the United States or of any state or municipality applicable to this Agreement, such provisions shall be deemed to be of no force and effect, and the balance of this Agreement shall be enforced as if such provisions had not been included herein. In the event any provision of this Agreement relating to termination, nonrenewal or assignment of the franchise or choice of law, jurisdiction or venue is inconsistent with any applicable state franchise investment law, rules or regulations, such applicable state law shall apply. Franchise regulating authorities of certain states may require attachment of an addendum to this Agreement to disclose salient provisions of such state law. Such addendum, if any, is hereby made a part hereof.

24. Arbitration.

A. In the event any applicable state franchise investment law, relationship law or rules or regulations invalidates any of the provisions of Paragraph 23 above, but permits any dispute between Franchisor and Franchisee with respect to any issues arising out of or relating to this Agreement, or any ancillary agreement between the parties, or the interpretation, performance, nonperformance or breach thereof, or claim that this Agreement or ancillary agreement or any provisions of this Agreement or ancillary agreement are illegal, voidable or void, or the alleged violation of any applicable franchise, business opportunity or securities laws, to be arbitrated in Clermont County, Ohio, either as a result of the preemption of such state laws by the Federal Arbitration Act or otherwise, then the provisions of this Paragraph 24 shall apply. In the event of any such dispute between Franchisor and Franchisee, the disputing party shall first give notice of the dispute to the other party. In the event that a mutual settlement or resolution of any such dispute cannot be achieved within thirty (30) calendar days after receipt of such written notice of dispute, then either party may send written notice to the other party invoking the binding arbitration provisions of this Paragraph 24, and such dispute shall then be submitted for arbitration in Clermont County, Ohio under the Rules of Civil Procedure for the State of Ohio. Unless Franchisor and Franchisee mutually agree to the selection of one arbitrator acceptable to both parties for conduction of the arbitration, such arbitration shall be conducted before three arbitrators chosen as follows: Each party shall have thirty (30) calendar days from the date of mailing of such written notice to the other party within which to select one arbitrator and advise the other party of the choice. If either party fails to select an arbitrator within said thirty (30) calendar day period, it shall be conclusively determined that said party has waived the right to select an arbitrator and the other party shall promptly apply to the Common Pleas Court of Clermont County, Ohio for appointment of an arbitrator for the party failing to select an arbitrator. The arbitrator selected by or on behalf of Franchisor and the arbitrator selected by or on behalf of Franchisee shall then both select the third arbitrator within ten (10) business days after the date of appointment of the last of the two arbitrators. The three arbitrators shall then arbitrate the dispute and the majority decision shall be final and binding upon all parties concerned. Such decision shall be rendered within thirty (30) calendar days of the close of the hearing record. Other than the cost of arbitration, which shall be borne equally by the parties, each party shall bear its own costs and expenses (including, without limitation, counsel fees and fees of experts) in connection with the arbitration. The arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination; (2) assess punitive, consequential, speculative or exemplary damages (other than multiple or exemplary damages provided under applicable federal or state statutory law); (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance prescribed by Franchisor in good faith; or (4) determine or rule on whether a particular claim

or dispute is arbitrable under this Paragraph 24. A state court having situs within Clermont County, Ohio shall determine arbitrability, if either party asserts that a particular claim or dispute is not arbitrable under this Paragraph 24. If a decision is within the scope of the authority of the arbitrator(s) under this Paragraph 24, it shall be enforceable in accordance with Ohio law. Except to determine arbitrability and to enforce the decision(s) of the arbitrators(s), judicial action is waived. Any dispute involving an officer, director, shareholder, member, partner, employee, representative or agent of either Franchisor or Franchisee also shall be subject to binding arbitration as provided in this Paragraph 24. In the event any dispute is submitted for binding arbitration in accordance with the above provisions, the parties hereto agree that treble or punitive damages shall not be awarded against Franchisor and that discovery prior to arbitration shall be restricted solely to exchanging lists of those witnesses and documents which may be presented at the hearing before the arbitrators, unless the parties otherwise mutually agree in writing to expand the scope of discovery. All evidence in the arbitration proceeding shall be given in the presence of the arbitrator(s), unless the parties otherwise mutually agree in writing. Franchisor and Franchisee hereby agree that the arbitration of any disputes between them shall be conducted on an individual basis and that such disputes shall not be consolidated with the arbitration of any other disputes which might arise between Franchisor and any other Martinizing franchisee(s) or former franchisee(s). Franchisor and Franchisee further agree that the decision with respect to any dispute arbitrated hereunder shall have no precedential value in the arbitration of any subsequent disputes between Franchisor and Franchisee or in the arbitration of any disputes which might arise between Franchisor and any other Martinizing franchisee(s) or former franchisee(s).

B. The following are specifically excepted from the operation of the arbitration provision contained in Paragraph A above:

- (1) Disputes involving the ownership and/or use of the Marks and System of Franchisor;
- (2) Disputes regarding compliance with Franchisor's standards and specifications as provided in this Agreement or in any manuals provided by Franchisor; and
- (3) Disputes regarding the breach of noncompetition covenants or disclosure or improper or unauthorized use of confidential or proprietary information by Franchisee.

With respect to any dispute of the type described in this Paragraph B, Franchisor shall have the right, in its sole discretion, to seek an order of any court of competent jurisdiction to enforce Franchisee's obligations under this Agreement relating thereto or, alternatively, submit such dispute to binding arbitration under Paragraph A above. Following any initial resort to a court of competent jurisdiction, Franchisor, in its sole discretion, may thereafter submit any such dispute to binding arbitration for final resolution. In any event, Franchisor reserves the right to receive treble damages under trademark infringement law.

C. Nothing contained herein shall limit Franchisor's rights to obtain injunctive or equitable relief where necessary, appropriate or desirable. Requests for specific performance of this Agreement, including, but not limited to, injunctions, may be filed in court by Franchisor pending arbitration. Franchisor's pursuit of injunctive or equitable relief shall not relieve either party from its obligation to submit disputes to arbitration as provided in this Paragraph 24, nor shall such action constitute, nor be deemed by anyone to constitute, a waiver by Franchisor of its right to invoke the binding arbitration provisions of this Agreement. Notwithstanding the provisions of Paragraph A above, to the extent applicable state law (other than state law preempted by the Federal Arbitration Act) requires the express consent of the parties at the time of arbitration for a particular dispute to be arbitrable or for arbitration to be conducted at a location outside Franchisee's state, then the consent of both parties to arbitrate such dispute or to arbitration outside Franchisee's state, as the case may be, shall be required at the time of arbitration for the affected provisions of Paragraph A above to apply. It is Franchisor's position that state

laws attempting to void out-of-state forum selection clauses for arbitration are preempted by the Federal Arbitration Act and that the out-of-state forum selection clause in this Paragraph 24 is fully enforceable by Franchisor.

FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT FRANCHISEE HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND SPECIFICALLY AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES.

25. Remedies; Waivers.

A. In no event shall Franchisee be entitled to make nor shall Franchisee make any claim for money damages, and hereby waives any claim for money damages by way of set off, counterclaim, defense or otherwise, based upon any claim or assertion by Franchisee that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any provision of this Agreement. Franchisee's sole remedy for any such claim shall be a court proceeding to enforce such provision under the provisions of Paragraph 23 above or an arbitration proceeding to enforce such provision under the provisions of Paragraph 24 above.

B. In all suits, actions or other proceedings related to or arising out of this Agreement, Franchisee hereby irrevocably waives any right to trial by jury and any right to receive or be awarded punitive damages, notwithstanding the nature of Franchisee's claims against Franchisor. In no event shall Franchisor be liable to Franchisee for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination, cancellation or nonrenewal of this Agreement. Prior to initiating any suit, action or other proceeding on any claim, Franchisee shall first provide to Franchisor written notice of the claim and at least a sixty (60) calendar day period from Franchisor's receipt of such written notice to cure or otherwise remedy the alleged problem or default. Franchisee specifically agrees that any action filed by Franchisee against Franchisor relating to or arising out of this Agreement shall be filed within the period of one (1) year from the date of the event giving rise to Franchisee's alleged claim against Franchisor. If action is not filed on such claim by Franchisee within such one year limitations period, then Franchisee shall be forever barred from filing an action, suit or proceeding of any kind against Franchisor relating to such claim.

C. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein or by law or equity provided or permitted. Nothing hereby shall affect or bar the right of Franchisor to obtain injunctive relief against conduct or threatened conduct under the usual equity rules, including the applicable rules for obtaining preliminary injunctions. Failure of Franchisor to exercise any right hereunder or to insist upon strict compliance by Franchisee with any obligation hereunder, shall not constitute a waiver or acquiescence of Franchisor's right subsequently to demand exact compliance with the terms hereof. Waiver or acquiescence by Franchisor of any particular default by Franchisee shall not impair Franchisor's right in respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver or acquiescence by Franchisor of any preceding breach by Franchisee. Any waiver by Franchisor with respect to any franchisee(s) shall not give any other franchisee(s) the right to receive the same waiver or acquiescence.

26. Surviving Paragraphs.

The terms, conditions and provisions of Paragraphs 2, 11, 13D, 14, 17C, 21B, 23, 24, and 25 of this Agreement, as well as any other provisions of this Agreement which by their terms are operative after termination, expiration or nonrenewal of this Agreement, shall survive the termination, expiration or nonrenewal of this Agreement.

27. Acknowledgements by Franchisee.

A. Franchisee acknowledges that:

(1) Franchisee has conducted an independent investigation of the retail dry cleaning business and the value of the Marks and System and recognizes that the business venture contemplated by this Agreement involves business risks and will be dependent upon the ability of Franchisee as an independent businessperson. Franchisor expressly disclaims having made or having authorized its agents, employees or representatives to make, and Franchisee acknowledges not having received and/or relied upon any representation, warranty or guarantee, express, implied or collateral, as to the potential volume, profits or success of the business venture contemplated by this Agreement or the location at which it shall be conducted, other than contained in the franchise disclosure document referenced in Subparagraph (2) below.

(2) Franchisee has received Franchisor's franchise disclosure document required under applicable federal or state law at least fourteen (14) full calendar days prior to signing this Agreement or making payment to Franchisor of any consideration in connection with the grant or proposed grant of the franchise granted hereunder. Franchisee has had ample opportunity to review such franchise disclosure document with its own legal counsel and has had ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee has received for Franchisee's own use a copy of this Agreement with any unilateral changes made by Franchisor at least seven (7) full calendar days prior to signing this Agreement. Franchisee read and understood the contents of this Agreement and has had ample time and opportunity to review the same with its own legal counsel.

(3) No representations, warranties or guarantees, express, implied or collateral, have been made to Franchisee by Franchisor, its agents, employees or representatives and/or relied upon by Franchisee, regarding any obligations imposed on Franchisee that arise or are connected with the granting of this franchise, or about any rights Franchisee may have to support or services from Franchisor or Franchisor's representatives during the term of the franchise, except as expressly set forth in this Agreement and the franchise disclosure document referenced in Subparagraph (2) above. No information received by Franchisee materially differs from information contained in the franchise disclosure document.

(4) No representation, warranty or statement has been made by Franchisor, its agents, employees or representatives and/or relied upon by Franchisee regarding Franchisee's ability to procure any required license or permit that may be necessary to establish and operate the Martinizing Store and/or offer the contemplated dry cleaning and laundry services.

(5) Franchisee has been advised to consult with Franchisee's own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business, and Franchisee has either consulted with such advisors or has deliberately declined to do so.

(6) The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

B. Franchisee recognizes that some present or future franchise owners of Martinizing Stores may operate under different forms of franchise agreements, and consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

C. Franchisee hereby expressly warrants that Franchisee has fully disclosed all persons or entities having an interest in this franchise and in Franchisee, as well as all officers, directors, shareholders, members or partners of Franchisee, as the case may be, on Schedule A attached hereto and hereby made a part hereof.

D. Franchisee hereby expressly acknowledges and agrees that Franchisor may sell, transfer and/or assign a portion or all of its rights or interests in its assets, Marks and/or System to any one or more third party or parties; may go public; may engage in a private placement of some or all of its securities; may in any manner merge with, establish, acquire, or be acquired by, other business entities, whether or not involved in the franchising of dry cleaning or other business establishments; may undertake a refinancing, recapitalization, leverage buyout or other economic or financial restructuring; and Franchisee hereby expressly and specifically waives any claims, demands or damages in any manner arising from or relating to such sales, assignments or dispositions and/or the loss of association or identification with Franchisor under this Agreement, so long as provision is made to fulfill the contractual obligations to Franchisee under this Agreement.

E. Franchisee hereby acknowledges and agrees that affiliates of Franchisor may open and operate, or license or franchise others to open and operate, other businesses offering similar or different services or products under different trademarks or service marks; and Franchisee expressly and specifically waives any claims, demands or damages in any manner arising from or relating to such activities, without regard to the impact on Franchisee's business, so long as the physical location or delivery area of a similar business is not within the Defined Area granted to Franchisee and Franchisor's affiliate does not consent to route sales by the similar business within the Defined Area granted to Franchisee.

F. Franchisee specifically warrants and represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee expressly acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

28. Entire Agreement.

This Agreement constitutes the entire agreement between the parties hereto concerning the subject matter hereof, and supersedes all prior agreements, if any. Except as provided in this Agreement and the franchise disclosure document referenced in Paragraph 27A(2) of this Agreement, no other representation has induced Franchisee to execute this Agreement and all prior negotiations and representations, if any, are merged into this Agreement and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied in this Agreement which are of any force or effect with reference to this Agreement or otherwise. Nothing in this Agreement requires the Franchisee to waive reliance on the representations made in the franchise disclosure document referenced in Paragraph 27A(2) of this Agreement. Any former agreements between the parties as to the subject matter contained in this Agreement have terminated. This Agreement is made solely for the benefit of the parties hereto, their permissible successors and assigns. No other person shall have any rights by virtue of this Agreement. Franchisee shall have no rights or remedies against third parties solely by virtue of this Agreement. If Franchisee consists of more than one person, their liability under this Agreement shall be deemed joint and several. This Agreement may be executed in a number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or effect any provision hereof. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns, unless otherwise specifically restricted by the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement in duplicate as of the day and year first above written, but the parties agree that this Agreement shall be valid and effective only when and if accepted and fully executed by Franchisor at its office in Milford, Ohio.

MARTIN FRANCHISES INC.

FRANCHISEE:

By: _____

Individual Name (Please type or print)

Title: _____

Partnership, Corporation or Limited
Liability Company Name (If applicable,
Please type or print)

Date Accepted: _____

By: _____
Signature(s)

Title: _____
(Please type or print)

Date: _____

Personal Guarantee

As an inducement to Franchisor to enter into this Agreement, each of the undersigned guarantors hereby personally guarantees, jointly and severally, the full payment and performance of Franchisee's obligations to Franchisor under this Agreement and individually undertakes to be bound by all the terms of this Agreement, including, without limitation, the restrictions on sale and assignment in Paragraphs 15 and 16 of this Agreement, the secrecy and noncompetition covenants under Paragraph 11 of this Agreement and the governing law, jurisdiction, venue, arbitration, remedies and waivers provisions under Paragraphs 23, 24 and 25 of this Agreement, which provisions are hereby approved. Each of the undersigned guarantors further agrees that, in the event Franchisee is a corporation, limited liability company or partnership, he or she will take such action as is necessary to comply with the provisions of Paragraph 17 of this Agreement. This Guarantee shall survive the expiration, termination or nonrenewal of this Agreement, as well as any modification, amendment or supplement to this Agreement. At its discretion, Franchisor may proceed against one or more of the undersigned guarantors without notice or demand (other than notice or demand expressly required by this Agreement) and without first proceeding against Franchisee.

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

(Signature Shareholder/Member/Partner)

Schedule A

CERTIFICATE LISTING PARTNERS/MEMBERS/SHAREHOLDERS
OFFICERS/DIRECTORS

I, an authorized officer/partner/member of Franchisee, hereby certify that the following information is true and correct and represents all persons or entities having an interest in this franchise or in Franchisee and all officers, directors, partners or members, as the case may be:

NAME	PARTNER/MEMBER/ SHAREHOLDER	PERCENTAGE OF INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

NAME	OFFICER/DIRECTOR/OTHER	TITLE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

DATED as of the _____ day of _____, 20_____.

ATTEST/WITNESSES:

Authorized Officer/Partner/Member of

Franchisee

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SAMPLE

MARTINIZING® DRY CLEANING

FRANCHISED LOCATION/ DEFINED AREA ADDENDUM
TO FRANCHISE AGREEMENT BETWEEN MARTIN FRANCHISES INC.
AND DATED

FRANCHISED LOCATION ADDRESS: _____

DEFINED AREA: The Defined Area is as follows:

- The area contiguous to the above Franchised Location address within the boundary lines as outlined on attached map and described as follows:

- The area within a mile radius of the above Franchised Location address as outlined on the attached map.

In the event street names, natural boundaries or city borders become obsolete or change, the physical boundaries as outlined on the attached map shall remain the Defined Area for the initial term of the Franchise Agreement. If Franchisee's Martinizing Store is relocated during the initial term of the Franchise Agreement, with the prior approval of Franchisor, then this Addendum will be replaced with a new Franchised Location/Defined Area Addendum at the time the Martinizing Store opens for business at the new location, with a new Defined Area determined by Franchisor.

ACKNOWLEDGEMENT BY FRANCHISOR AND FRANCHISEE

MARTIN FRANCHISES INC.

FRANCHISEE:

By: _____

Individual Name (Please type or print)

Title: _____

Partnership, Corporation or Limited
Liability Company Name (If applicable,
please type or print)

Date: _____

Note: This Addendum will be completed and signed by MFI once your franchised location is accepted. MFI will send the completed Addendum to you for you to sign, date and return to MFI no sooner than 7 full calendar days following your receipt of the completed Addendum.

By: _____
Signature(s)

Title: _____
(Please type or print)

Date: _____

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MARTINIZING® DRY CLEANING

PICK-UP STORE ADDENDUM TO FRANCHISE AGREEMENT
BETWEEN MARTIN FRANCHISES INC. AND
DATED

WHEREAS, Franchisor desires to permit Franchisee to establish and Franchisee desires to establish an Approved Pick-Up Store utilizing certain of the Marks as specified by Franchisor and where on-premise dry cleaning is not provided at the Franchised Location set forth in the Franchise Agreement to which this Addendum is attached (hereinafter the "Agreement") to serve as a pick-up and distribution outlet for garments, apparel, fabrics and other textile items which are dry cleaned at a Martinizing Store where on-premise dry cleaning is performed (hereinafter referred to as an "On-Premise Martinizing Store") all under the terms and conditions of the Agreement as modified by this Addendum;

WHEREAS, it is the intention of Franchisor and Franchisee to make this Addendum a part of the Agreement and to hereby incorporate the provisions set forth herein as if fully set forth in the Agreement;

NOW, THEREFORE, Franchisor and Franchisee do hereby agree as follows:

1. Franchisor and Franchisee agree that the Martinizing Store established at the Franchised Location set forth in the Agreement (hereinafter the "Store") will operate as an Approved Pick-Up Store where on-premise dry cleaning is not provided, subject to the terms and conditions hereof. Franchisee agrees that all dry cleaning business of the Store shall be processed at a franchised On-Premise Martinizing Store and not at any unfranchised dry cleaning plant or store, without the prior written approval of Franchisor. During the period of time that the Store is operated as an Approved Pick-Up Store, Franchisee shall not use the term "One Hour" in connection with the Store. Franchisee agrees to prominently display in and upon the premises of the Store advertising signs and interior and exterior signs, graphics and signage utilizing certain of the Marks in accordance with specifications prescribed by Franchisor and of such nature, form, colors, configuration, content, number, location and size and containing such legends as shall conform to the specifications for such items as specified from time to time by Franchisor in writing.

2. The provisions of this Addendum are hereby incorporated in the Agreement as if fully set forth therein. Franchisor and Franchisee hereby ratify and affirm the Agreement, as hereby amended.

MARTIN FRANCHISES INC.

FRANCHISEE:

By: _____

Individual Name (Please type or print)

Title: _____

Partnership, Corporation or Limited Liability Company Name (If applicable, please type or print)

Date Accepted: _____

By: _____
Signature(s)

Title: _____
(Please type or print)

Date: _____

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EXHIBIT C-5

No State Addendum
for your State

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PARTIAL REFUND FORM

Name(s) of Franchisee

dba Partnership, Corporation or Limited Liability Company
Date of Franchise Agreement: _____
Partial Refund Amount: _____

Franchisee is seeking a partial refund of the initial franchise fee paid to Martin Franchises Inc. (MFI) under the terms of the above Franchise Agreement, as Franchisee is unable to obtain suitable financing and/or locate a suitable site for the Martinizing Store.

As provided in the Franchise Agreement and in consideration of payment of the partial refund amount to Franchisee, Franchisee acknowledges and agrees that:

1. Franchisee is obligated to continue to comply with certain terms, conditions and provisions contained in the Franchise Agreement, which survive termination of the Franchise Agreement, including, without limitation, the provisions of the following paragraphs of the Franchise Agreement: Paragraph 2 regarding use of the Martinizing[®] Marks; Paragraph 11 regarding MFI's confidential information, trade secrets and know-how and containing covenants not to compete; and Paragraph 14 as to Franchisee's obligations upon termination.

2. In the event Franchisee later is able to obtain suitable financing and/or locate a suitable site for a Martinizing Store (whether by purchase of an existing Martinizing Store or unfranchised dry cleaning store or otherwise), Franchisee will be required to pay to MFI the partial refund amount stated above and possibly may be required to pay the full amount of the initial franchise fee then currently charged by MFI, unless MFI agrees otherwise in writing.

3. Franchisee shall return to MFI with this form all Martinizing[®] manuals and any other materials provided by MFI in the possession of Franchisee.

Upon payment of the partial refund amount to Franchisee, the Franchise Agreement shall automatically terminate and Franchisee and MFI shall be relieved of their obligations under the Franchise Agreement, except as provided above with respect to the surviving provisions of the Franchise Agreement.

In addition, Franchisee does hereby fully release and forever discharge MFI, its officers, directors, shareholders, employees, agents, representatives, affiliated corporations, successors and assigns, from any and all rights, claims, demands, actions, causes of action, damages, costs, debts, compensation and expenses of whatever nature, whether accrued or unaccrued, at law or equity, contingent or absolute, whether known or hereafter discovered, which the undersigned,

individually or collectively, have or may have against MFI, either directly or indirectly, arising out of, resulting from or relating in any manner to the Franchise Agreement, or any other contract or agreements with MFI, any contractual or franchise or other relationship between Franchisee and MFI, the offer or sale of a MARTINIZING® franchise to Franchisee, any and all transactions with MFI and any actions or omissions of MFI of whatever kind or nature.

Date: _____

Franchisee:

(Please type or print)

By: _____
Signature(s)

MARTINIZING® DRY CLEANING

MARTINIZING ROUTE ADDENDUM TO FRANCHISE AGREEMENT
BETWEEN MARTIN FRANCHISES INC. AND
DATED

WHEREAS, Franchisor desires to permit Franchisee to establish and Franchisee desires to establish a Martinizing Route under license from Franchisor using the Martinizing System for operation of a Martinizing Route and certain Marks as specified by Franchisor on a delivery vehicle or delivery vehicles, and printed materials for the Franchised Location set forth in the Franchise Agreement to which this Addendum is attached (hereinafter the "Agreement") for pick-up and delivery of garments, apparel, fabrics and other textile items which are dry cleaned at a Martinizing Store where on-premise dry cleaning is performed (hereinafter referred to as an "On-Premise Martinizing Store") all under the terms and conditions of the Agreement as modified by this Addendum;

WHEREAS, it is the intention of Franchisor and Franchisee to make this Addendum a part of the Agreement and to hereby incorporate the provisions set forth herein as if fully set forth in the Agreement;

NOW, THEREFORE, Franchisor and Franchisee do hereby agree as follows:

1. Franchisor agrees to allow a Martinizing Route to be established by Franchisee within the area described in the Route Delivery Area Addendum attached to the Agreement, during the initial term of the Agreement, commencing on the date this Addendum is signed by the Franchisor and ending at the expiration of the initial term of the Agreement. Franchisee agrees that all dry cleaning business of the Martinizing Route shall be processed at a franchised On-Premise Martinizing Store and not at any unfranchised dry cleaning plant or store, without the prior written approval of Franchisor. During operation of the Martinizing Route, Franchisee shall not use the term "One Hour" in connection with the Martinizing Route. Franchisee agrees to prominently display signage upon the delivery vehicle or vehicles of the Martinizing Route utilizing certain of the Marks in accordance with specifications prescribed by Franchisor and of such nature, form, colors, configuration, content, number, location and size and containing such legends as shall conform to the specifications for such items as specified from time to time by Franchisor in writing. Franchisee must use delivery vehicles for the Martinizing Route that meet the specifications provided by Franchisor to Franchisee, as may be amended by Franchisor. All vehicles must be in good condition as defined by Kelly Blue Book and wrapped with graphics of the Marks as specified by Franchisor.

2. Upon the request of Franchisor or no later than January 10th each calendar year, during the term of the Agreement, Franchisee shall provide to Franchisor a written list of the names, addresses and telephone numbers of Franchisee's then current route sale customers and the gross sales from the Martinizing Route within the Route Delivery Area. Franchisee shall not perform pick-up and delivery services outside of the Defined Area of the Martinizing Store or the Route Delivery Area, without the prior written consent of Franchisor.

3. In consideration of the rights granted herein, Franchisee shall pay to Franchisor, upon execution of this Addendum, a Route Fee in the amount of \$3,000, which shall be fully earned by Franchisor upon execution of this Addendum, whether or not Franchisee establishes the Martinizing Route. The Route Fee paid by Franchisee will not be applied toward any other payments, contributions or deposits required to be paid by Franchisee or any charges by Franchisor for promotional items, services, equipment and the

like. Franchisee acknowledges that the execution of this Addendum by Franchisor constitutes the sole consideration for the payment of the Route Fee and that the Route Fee is fully earned by Franchisor upon execution of this Addendum by Franchisor and is not refundable in whole or in part under any circumstance. This Addendum may be renewed upon expiration of the Agreement under the same terms and conditions for renewal of the Agreement, the payment to Franchisor of a renewal fee of \$1,000 and execution by Franchisee and Franchisor of the then current standard form Martinizing Route Addendum and Route Delivery Area Addendum, and/or the other then current documents required for renewal of a Martinizing Route, with a new Route Delivery Area determined by Franchisor; provided that the Agreement is renewed by Franchisor and Franchisee is not in default under the Agreement, this Addendum or any other franchise agreement(s) with Franchisor.

4. The rights granted to Franchisee under this Addendum shall not affect the rights of any existing Martinizing Stores or Martinizing Routes within the Route Delivery Area or elsewhere, and shall not affect the rights of any franchisees of affiliates of Franchisor currently operating dry cleaning businesses or dry cleaning and laundry delivery businesses within the Route Delivery Area or elsewhere. Notwithstanding the rights granted to Franchisee hereunder, Franchisor specifically reserves the right to: renew the franchises of others in the Route Delivery Area; grant a new franchise at the same location of an existing Martinizing Store in the Route Delivery Area or at a new location within the same trade area to which an existing Martinizing Store is moved; and acquire and operate or approve sales or transfers of franchises involving existing Martinizing Stores and Martinizing Routes within the Route Delivery Area. If Franchisor or its affiliates acquire any existing third party retail dry cleaning businesses or dry cleaning or laundry delivery businesses or franchises within the Area, Franchisor will not, without the consent of Franchisee: (a) convert or permit the conversion of the same to Martinizing Stores or Martinizing Routes within the Route Delivery Area; or (b) establish or franchise any more of those retail dry cleaning stores or dry cleaning or laundry routes within the Route Delivery Area, during the term of the Agreement. Franchisee's consent shall not be required for any other types of businesses which Franchisor or its affiliates may operate or acquire, subsequent to the execution of this Addendum by Franchisor, within the Route Delivery Area or elsewhere.

5. Franchisor may immediately terminate this Addendum and the rights granted hereunder:

A. Upon termination, nonrenewal or expiration of the Agreement or if Franchisee shall be in default of the Agreement, not cured within sixty (60) calendar days after receipt of written notice to cure from Franchisor;

B. Upon nonrenewal or expiration of this Addendum or if Franchisee shall be in default of this Addendum, not cured within sixty (60) calendar days after receipt of written notice to cure from Franchisor;

C. If Franchisee has not established a Martinizing Route within a period of 3 years after the date this Addendum is signed by Franchisor; or

D. Franchisee fails to pay promptly to Franchisor any monies owing Franchisor on the date due.

Upon the expiration, nonrenewal or termination of this Addendum or any default by Franchisee under this Addendum: (a) Franchisor and its affiliates shall have the complete and unrestricted right to operate or to franchise others to operate Martinizing Stores and Martinizing Routes, or other dry cleaning businesses and dry cleaning or laundry delivery business, within any part of the Route Delivery Area which is not within the Defined Area around the Franchised Location; (b) Franchisee shall cease all route delivery services outside of the Defined Area around the Franchised Location; and (c) Franchisee shall provide to

Franchisor a written list of the names, addresses and telephone numbers of Franchisee's then current route sale customers within five (5) business days after the termination of this Addendum.

6. The provisions of this Addendum are hereby incorporated in the Agreement as if fully set forth therein. Franchisor and Franchisee hereby ratify and affirm the Agreement, as hereby amended.

MARTIN FRANCHISES INC.

FRANCHISEE:

By: _____

Individual Name (Please type or print)

Title: _____

Partnership, Corporation or Limited Liability Company Name (If applicable, please type or print)

Date Accepted:

By: _____
Signature(s)

Title: _____
(Please type or print)

Date: _____

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MARTINIZING® DRY CLEANING
ROUTE DELIVERY AREA ADDENDUM
TO FRANCHISE AGREEMENT BETWEEN MARTIN FRANCHISES INC.
AND _____, DATED _____

ON-PREMISE FRANCHISED STORE ADDRESS:

ROUTE DELIVERY AREA: The Route Delivery Area is as follows:

The area within the boundary lines as outlined on attached map and described as follows:

In the event street names, natural boundaries or city borders become obsolete or change, the physical boundaries as outlined on the attached map shall remain the Route Delivery Area for the term of the Franchise Agreement for the On-Premise Martinizing Store. If Franchisor consents to Franchisee relocating the Route Delivery Area, during the term of the Franchise Agreement, then this Addendum will be replaced with a new Route Delivery Area Addendum with a new Route Delivery Area determined by Franchisor.

ACKNOWLEDGEMENT BY FRANCHISOR AND FRANCHISEE

MARTIN FRANCHISES INC.

FRANCHISEE:

By: _____

Individual Name (Please type or print)

Title: _____

Partnership, Corporation or Limited
Liability Company Name (If applicable,
please type or print)

Date: _____

Note: This Addendum will be completed and signed by MFI once your franchised location is accepted, or after establishment of your On-Premise Martinizing Store. MFI will send the completed Addendum to you for you to sign, date and return to MFI no sooner than seven (7) full calendar days following your receipt of the completed Addendum.

By: _____

Title: _____
(Please type or print)

Date: _____

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GENERAL RELEASE

WITH INTENT TO BE LEGALLY BOUND, and in consideration of one dollar and other good and valuable consideration to the undersigned paid, receipt of which is hereby acknowledged by the undersigned, the undersigned individually and collectively and on behalf of their respective heirs, executors, personal representatives, successors and assigns, hereby fully release and forever discharge Martin Franchises Inc., its officers, directors, shareholders, employees, agents, representatives, affiliated corporations, successors and assigns (hereinafter referred to collectively as "MFI"), from any and all rights, claims, demands, actions, causes of action, damages, costs, debts, compensation and expenses of whatever nature, whether accrued or unaccrued, at law or equity, contingent or absolute, whether known or hereafter discovered, which the undersigned, individually or collectively, have or may have against MFI, either directly or indirectly, arising out of, resulting from or relating in any manner to the Franchise Agreement(s), or any other contract or agreements with MFI, any contractual or franchise or other relationship between the undersigned and MFI, the offer or sale of a MARTINIZING[®] franchise to the undersigned, approval of the assignment and transfer of a MARTINIZING[®] franchise and franchise agreement by or to the undersigned, and any and all transactions with MFI and any actions or omissions of MFI of whatever kind or nature.

The undersigned expressly understand that this Release covers all matters from the beginning of time to present and the undersigned specifically waive any provisions of applicable law that provide that a general release does not extend to claims which the creditor does not know or suspect to exist in the creditor's favor at the time of executing the release, which if known by the creditor must have materially affected the creditor's settlement with the debtor. The undersigned expressly release all claims against MFI, whether or not the undersigned know or suspect them to exist at the time of executing this Release.

In the event MFI is required to seek a court order or other legal means to enforce any provisions of this Release against the undersigned, the undersigned further agree to pay the reasonable attorney fees and all attendant costs of MFI in seeking such relief (which may include injunctive release) or in obtaining such court order. If any provisions of this Release shall be held to violate any applicable law, regulation, or ordinance of the United States or of any state, such provisions shall be deemed to be of no force and effect, and the balance of this Release shall be enforceable as if such provisions had not been included herein.

The undersigned are freely and voluntarily executing this Release after having been apprised of all information and data related thereto and having the opportunity to consult with legal counsel. In executing this Release, the undersigned are not relying on any inducement, promise or representations made by MFI. The provisions of this Release shall be binding upon the undersigned, their respective heirs, executors, personal representatives, successors and assigns, and shall inure to the benefit of MFI, its successors and assigns. This Release shall be interpreted and construed under the laws of the State of Ohio. Ohio law shall prevail in the event of any conflict of law. The undersigned hereby irrevocably agree that, subject to MFI's sole and absolute election, any and all suits, actions or other proceedings with respect to, arising out of or

in connection with this Release shall be litigated in courts having situs within Clermont County, Ohio.

THE UNDERSIGNED HAVE READ THIS RELEASE AND FULLY UNDERSTAND IT AND AGREE TO BE BOUND BY IT.

IN WITNESS WHEREOF, the undersigned have caused this Release to be executed by themselves or by their dually authorized representatives on this ____ day of _____, 20__.

Business Entity:

Individual(s):

(Name of Business Entity)

(Signature)

By:

(Signature)

(Print Name)

Its:

(Print Title)

(Signature)

(Print Name)

(Print Name)

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, 20____, by and between Martin Franchises Inc., a Delaware Corporation, (hereinafter referred to as "Franchisor") and _____ (hereinafter referred to as "Franchisee") and _____, any representative(s) of Franchisee attending the Martinizing Training Program (hereinafter referred to, in the singular, as "Representative of Franchisee").

WHEREAS, Franchisor has developed a system for operating a dry cleaning store, a dry cleaning and laundry delivery route and providing to the public dry cleaning services and dry cleaning and laundry delivery services, and is the owner of all proprietary information, rights and interests in the Martinizing system for operation of a dry cleaning store and a dry cleaning and laundry delivery route;

WHEREAS, certain proprietary information of Franchisor has been or will be disclosed or distributed to Franchisee or to the Representative of Franchisee;

NOW THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Definitions.

a.) "Confidential Information" as used herein, shall mean all information, documentation, manuals, software, customer databases, advertising and promotional materials relating to the Martinizing System and a Martinizing Franchise, whether written or verbal, and disclosed or made available by Franchisor to Franchisee or to the Representative of Franchisee, including but not limited to the Martinizing Countdown Calendars, Leasehold/Installation, Start-Up, Introduction to Dry Cleaning, Store Management, Store Operations, Periodic Maintenance, Local Store Marketing and Delivery Manuals and Martinizing software, as well as discussions between Franchisor and Franchisee regarding business plans and present and future procedures and policies. Confidential Information also includes, but is not limited to, any and all reports, forms, notes, handouts and other information and materials received by Franchisee or the Representative of Franchisee at any Martinizing Training Program or generated by Franchisee or by the Representative of Franchisee by reason of having access to the information furnished by Franchisor.

b.) "System" as used herein, shall mean the quality operating system and valuable combination of methods, processes and techniques and software for operating a Martinizing Store and Martinizing Route and for providing and merchandising to the public, dry cleaning services and dry cleaning and laundry delivery services having characteristics differentiating and identifying them to the public under Franchisor's service marks. The System includes distinctive software, store designs, advertising, signs, graphics, store and equipment layout plans, delivery vehicle specifications, installation and equipment specifications, certain business techniques, systems and procedures, and a standardized dry cleaning service and dry cleaning and laundry delivery service provided in accordance with fair and ethical policies and practices and high standards of efficiency, courtesy and cleanliness.

2. Acknowledgement. Franchisee and Representative of Franchisee acknowledge and agree that the Confidential Information is proprietary to and a valuable trade secret of Franchisor and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to Franchisor.

3. Obligations of Franchisee. In consideration of the disclosure to Franchisee and/or to the Representative of Franchisee of the Confidential Information, Franchisee and Representative of Franchisee agree to treat the Confidential Information in strict confidence and to undertake the following additional obligations with respect thereto:

a. not to copy, duplicate or record, in whole or in part, the Confidential Information without the prior written consent of Franchisor;

b. to disclose the Confidential Information only to those of Franchisee's employees who may have a need to know the same in the operation of the Franchise, to instruct those employees to maintain such Confidential Information in confidence and not disclose the same to third parties without the prior written consent of Franchisor and to take such steps as are reasonably necessary to ensure that such employees do not disclose the Confidential Information;

c. not to otherwise disclose, divulge or reveal the Confidential Information to any third party without the prior written consent of Franchisor;

d. to return all Confidential Information, including all copies thereof, to Franchisor at Franchisee's sole cost and expense, upon a decision by Franchisee not to establish a Martinizing Store and/or a Martinizing Route or upon termination, expiration or nonrenewal, for any reason, of the Franchise Agreement entered into with Franchisor, whichever occurs first.

4. Survival. The restrictions and obligations of Paragraph 3 of this Agreement shall survive any expiration, termination or cancellation of this Agreement or of the Franchise Agreement and shall continue to bind Franchisee, Representative of Franchisee, their respective heirs, personal representatives, successors and assigns. This Agreement shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

5. Negation of Licenses. No rights or license, expressed or implied, are granted to Franchisee or to Representative of Franchisee with respect to any patents, copyrights or trade secrets of Franchisor under or as a result of this Agreement.

6. Injunctive Relief. Franchisee and Representative of Franchisee understand and agree that money damage would not be a sufficient remedy for breach of this Agreement by Franchisee or by Representative of Franchisee. Consequently, in the event of such breach, Franchisor shall be entitled to specific performance and injunctive relief in addition to all other remedies available at law or equity to Franchisor.

7. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio. The parties hereby agree that any proceeding with respect to, arising out of or in connection with this Agreement shall be litigated in state courts having situs within Clermont County, Ohio or in the United States District Court for the Southern District of Ohio, Western Division.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by themselves or by their duly authorized representatives as of the day set forth above.

MARTIN FRANCHISES INC.

By: _____

Franchisee

Its: _____

By: _____

Its: _____

Representative(s) of Franchisee

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SITE ACCEPTANCE FORM

Franchisee: _____

Site Location: _____
Street

City/Town County

State Zip Code

FRANCHISEE ACCEPTANCE

The undersigned Franchisee hereby accepts and approves the above site location ("Site") and agrees to use best efforts to establish and open a Martinizing® Store at such location in compliance with the standards and specifications of Martin Franchises Inc. ("MFI"), subject to actual site acquisition and the obtaining of all governmental approvals and permits necessary to establish a Martinizing Store at such location and the negotiation and execution of installation and leasehold improvement/construction contracts satisfactory to Franchisee and which incorporate all specifications of MFI for a Martinizing Store.

Franchisee further acknowledges and agrees that:

1. Franchisee's acceptance of the Site is not a result of any sales or cost estimates or suggestions as to projected or forecasted earnings, sales, costs or profits furnished by MFI or any of its employees, agents, or representatives or any third party retained or used by MFI for site selection assistance.

2. Review and acceptance of the Site by MFI was based solely upon information provided by Franchisee and Franchisee assumes full responsibility for the accuracy of data and information provided to MFI with regard to the Site, including information contained in the site presentation package submitted to MFI. MFI does not independently verify nor does it have any obligation to independently verify the information submitted by Franchisee. Neither MFI's acceptance of the Site nor any assistance in selecting the site provided by MFI or any third party creates or implies any assurance of success for the Martinizing Store. The minimum site selection guidelines of MFI for acceptance of a location for a Martinizing Store are only indicators and are not controlling. Franchisee assumes full responsibility for the Site and recognizes that there is no guarantee as to the future success of the Martinizing Store established at the Site.

3. If Franchisee independently contracted with a real estate broker or other third party for site selection/acquisition assistance or any other service or item, Franchisee acknowledges and agrees that Franchisee contracted with such third party as an independent contractor and not as an agent, employee or legal representative of MFI. MFI is not and will not be a party to any such contract(s) between Franchisee and such third party and is not liable or responsible for any deposit paid by Franchisee to such third party under such contract(s). Franchisee further acknowledges and agrees that any real estate brokers or other third parties retained or used by MFI are independent contractors and not agents, employees or legal representatives of MFI.

4. Franchisee accepts full responsibility for the final terms and conditions of the lease for the Site, notwithstanding any consultation or assistance by MFI or any third party in connection with the same, and releases MFI and any third party involved from any claims based upon the adequacy of their consultation or assistance. Any lease or intent to lease executed by Franchisee should be specifically conditioned upon final acceptance of the Site and grant of the franchise by MFI. The lease for the Site must contain the provisions as set forth in Paragraph 1 F of the Franchise Agreement. Franchisee shall attach a copy of the proposed lease to this Form. It is understood that any changes to said lease shall be supplied to MFI.

5. After this Site Acceptance Form or lease for the Site is signed by Franchisee, no portion of the initial franchise fee paid by Franchisee is refundable by MFI.

6. Upon execution of the lease for the Site, Franchisee agrees to reimburse MFI for the following, if applicable:

(a) Rent and other charges paid to lessor of \$ _____; and

(b) Fees and/or commissions of \$ _____ paid to _____ for site selection/acquisition assistance.

Date: _____

Franchisee

By: _____

ACCEPTANCE OF MARTIN FRANCHISES INC.

Based on the data and information provided to MFI by Franchisee with respect to the Site, the Site _____ (meets/does not meet) MFI's general guidelines for site selection. If applicable, the Site does not meet MFI's minimum site selection guidelines in the following respects:

These factors may adversely affect the potential of the Site and you should be willing to accept such risks before proceeding further. As you acknowledged above, MFI's site selection guidelines are only indicative and are not controlling. The following positive factors are present with respect to the Site, notwithstanding the fact that the minimum guidelines are not met:

MFI hereby accepts the site for development as a Martinizing Store (conditioned upon your willingness to accept the additional risks which may be involved if we have indicated above that the Site does not meet our guidelines). Acceptance of the Site by MFI does not create or imply any assurance of success for the Martinizing Store proposed to be established at the Site and there is no guarantee of success or any assurance of any kind as to when or whether the Martinizing Store will yield a positive cashflow or operate at a profit.

If this site acceptance is for the Initial Franchise of Franchisee, acceptance of the Site shall be valid for a period of six months from the date below. Franchisee will have up to six months from the date below to establish and open the Martinizing Store at the Site in compliance with the standards and specifications of MFI. If Franchisee is unable to obtain all necessary government permits and approvals, negotiate satisfactory installation and/or leasehold improvement/construction contracts incorporating all specifications of MFI, or establish, open and operate the Martinizing Store at the Site in compliance with the standards and specifications of MFI by the end of such six month period, MFI shall have the right as provided under Paragraph 13C of the Franchise Agreement to cancel the Franchise Agreement and withdraw this site acceptance upon written notice to Franchisee. MFI may, in its sole discretion, extend the period of time for establishing the Martinizing Store for a reasonable period of time, as determined by MFI, by written notice to Franchisee.

If this site acceptance is for an Additional Franchise and Franchisee has not entered into an Exclusive Multi-Store Development Agreement with MFI, acceptance of the Site will be valid for a period of 30 calendar days.

If Franchisee does not secure the Site, sign the lease for the Site and pay to MFI the \$5,000 balance of the \$10,000 initial franchise fee during that 30 day period, MFI may cancel the Franchise Agreement and retain Franchisee's \$5,000 deposit towards the initial franchise fee. Franchisee will have up to six months from the date below to establish and open the Martinizing Store at the Site in compliance with the standards and specifications of MFI. If the store is not open at the end of that six month period, MFI may cancel the

Franchise Agreement and no portion of the initial franchise fee will be refunded to Franchisee. MFI may, in its sole discretion, extend the period of time for opening the Martinizing Store for a reasonable period of time, as determined by MFI, by written notice to Franchisee.

If this site acceptance is for an Additional Franchise and Franchisee has entered into an Exclusive Multi-Store Development Agreement with MFI, Franchisee must pay to MFI the \$5,000 balance of the \$10,000 initial franchise fee within 12 months from the date below or 30 calendar days prior to the anticipated opening of the Martinizing Store, whichever is sooner. If Franchisee does not timely pay the \$5,000 balance of the \$10,000 initial franchise fee to MFI, MFI may cancel the Franchise Agreement and retain Franchisee's \$5,000 deposit towards the initial franchise fee. Franchisee will have up to twelve months from the date below to establish and open the Martinizing Store at the Site in compliance with the standards and specifications of MFI. If the store is not open at the end of such twelve month period, MFI may cancel the Franchise Agreement and no portion of the initial franchise fee will be refunded to Franchisee. MFI may, in its sole discretion, extend the period of time for opening the Martinizing Store for a reasonable period of time, as determined by MFI, by written notice to Franchisee.

In no event will any portion of the initial franchise fee paid by Franchisee be refunded to Franchisee once a Site Acceptance Form or a lease for the Martinizing Store is signed by Franchisee.

This Site Acceptance Form must be executed by an authorized officer of MFI to be of any force or effect.

MARTIN FRANCHISES INC.

Date: _____

By: _____

Title: _____

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***PURCHASE ORDER
AND SALE AGREEMENT***

Date: _____

Sold to: _____

Purchase Order No.: _____

_____ ("Buyer")

Ship to: _____

Street _____

Street _____

City, State, Zip _____

City, State, Zip _____

Requested Shipping Date _____

Notify Prior to Shipping _____ Phone _____

Buyer hereby agrees to purchase from Martin Franchises Inc. ("Seller") the machinery, equipment, supplies, marketing material and/or other items ("Goods") described in the attached appendices on the following terms and under the express Terms and Conditions set forth herein.

Purchase Price _____

Less Down Payment _____

Balance _____

Balance is due and payable via sight draft bill of lading, cashier's check or wire transfer of funds in advance of shipment. If payment is not received on time, it is understood that Seller may halt shipment and/or work and Seller is relieved of responsibility to complete the contract. If payment is not received on time, Seller also has the right to repossess the Goods already delivered to Buyer, and Seller shall have all the rights permitted by law, including those of a secured party under the Uniform Commercial Code (Ohio) or any equivalent or similar legislation in any other jurisdiction.

SELLER IS NOT REGISTERED TO COLLECT SALES/USE TAX IN EVERY STATE. BUYER SHALL REMIT ANY APPLICABLE STATE AND/OR LOCAL SALES/USE TAX DIRECTLY TO BUYER'S APPROPRIATE AUTHORITIES AND PROVIDE EVIDENCE OF PAYMENT TO SELLER, EXCEPT WHEN SALES/USE TAX IS INVOICED TO BUYER BY SELLER.

**TERMS AND CONDITIONS OF THIS CONTRACT
TO WHICH BUYER AND SELLER AGREE**

1. Buyer shall purchase the Goods described on the Work Flow System Order Form, Optional Equipment Order Form and/or Marketing Material Order Form attached hereto on the following terms: (a) Buyer shall remit to Seller thirty-three percent (33%) of the total purchase price with this Order; (b) Buyer shall remit to Seller the remaining balance of the total purchase price via sight draft bill of lading, cashier's check, or wire transfer of funds in advance of shipment; and (c) purchase price is F.O.B. factory with all payments of freight and shipping charges to be made by Buyer. Terms allow no holdback of payment

pending Buyer's final approval after the Goods have been placed in operation. Performance of the Goods is covered by the warranty, if any, of the particular manufacturer.

2. If Buyer subsequently cancels this order, it is understood that Seller will have sustained a loss and shall be entitled to retain any down payment made to Seller with this order, not as liquidated damages but to apply to damages suffered as a result of such cancellation, such as restocking charges and the like.

3. A shipping promise from Seller is a best estimate, made in good faith, and Seller has no liability to Buyer for any alleged damages caused by late delivery. A shipping date requested by Buyer is not subject to revision after the order has been officially approved by Seller and thereby becomes a contract. If Buyer desires subsequently to delay shipment, Seller will attempt to reschedule shipment. If rescheduling is impossible, Seller has the option of requiring Buyer either to (a) accept shipment as scheduled or (b) make the payment Buyer would make if shipment were made plus pay a storage fee equal to 1/2% per month of the quoted price. Buyer is responsible for the Goods after delivery.

4. The title to the Goods will remain with Seller until paid in full. However, risk of loss is on Buyer. Loss or damage of the Goods during shipment shall be the responsibility of Buyer and/or the shipper/carrier. It is expressly understood and agreed that Seller does not assume liability for loss or damage during shipment. The Goods covered by this contract shall remain personal property and not become part of any real estate, however attached, and shall at all times be fully insured by Buyer with loss payable to Seller as its interest may appear. Destruction of the Goods involved herein by fire or other causes shall not release payments, except to the extent of insurance money actually paid to Seller.

5. When the Goods have been appropriated to this contract, Seller reserves the right to insert the serial numbers thereof in this contract.

6. THE GOODS SOLD BY SELLER ARE THE GOODS OF INDEPENDENT MANUFACTURERS, SOLD UNDER THEIR RESPECTIVE BRANDS OR TRADENAMES. SELLER MAKES NO WARRANTY ON THE GOODS COVERED BY THIS ORDER. SELLER WILL ASSIGN AND PASS ON TO BUYER THE MANUFACTURER'S WARRANTY, IF ANY. THE FOREGOING STATES SELLER'S ENTIRE LIABILITY IN RESPECT TO SUCH GOODS. GOODS SOLD HEREWITH ARE SUBJECT TO PRESIDENTIAL ORDERS 11246, 11375 AND 11758, AND THUS NO DISCRIMINATION RELATIVE TO RACE, COLOR, CREED, SEX, HANDICAP OR NATIONAL ORIGIN SHALL BE PERMITTED.

7. Manufacturer warranties are contingent upon proper use of the Goods under normal operating conditions, proper installation and maintenance. Seller is not responsible in any way for loose bolts, belts, tubing, wiring, etc.; these items require periodic inspection and maintenance by Buyer. Maintenance instructions must be followed thoroughly to protect warranties. Warranties become void if the Goods have been altered by the user; operated under loads, speeds or electrical current characteristic other than those prescribed by the manufacturer of the Goods; or damaged by negligence or by accident. Buyer assumes responsibility for the maintenance and replacement if necessary of any decals, signs or other such displays pertaining to safety or operation including, but not limited to, those which may have been removed or defaced after installation of the Goods. Used machinery that has not been rebuilt is sold "as is" ("with all faults"). The safety devices on any of the Goods are the sole responsibility of Buyer and any product liability claims due to malfunctioning of safety devices are Buyer's responsibility. BUYER HOLDS SELLER HARMLESS FROM ANY AND ALL PRODUCT LIABILITY CLAIMS.

8. The amount of any present or future sales tax, or other similar tax applicable to the Goods shall be added to the prices and paid by Buyer in the same manner and with the same effect as if originally added. Buyer agrees to reimburse Seller for the total amount of any disqualified tax exemption.

9. BUYER AGREES AT ALL TIMES TO INDEMNIFY AND SAVE HARMLESS SELLER AND MANUFACTURERS OF THE GOODS FROM AND AGAINST ALL LOSS, COST, DAMAGE, EXPENSE, CLAIMS, DEMANDS, SUITS AND CAUSES OF ACTION WHATSOEVER, ALLEGED OR ASSERTED BY ANY PERSON, FIRM, OR CORPORATION FOR, ON ACCOUNT OF, OR IN CONNECTION WITH, THE EMISSION, DISCHARGE, STORAGE, DISPOSAL, OR REMOVAL OF CHEMICALS UTILIZED IN CONJUNCTION WITH THE GOODS COVERED BY THIS ORDER, INCLUDING (WITHOUT LIMITATION) FINES, PENALTIES AND/OR COSTS IMPOSED BY

LOCAL, STATE OR FEDERAL REGULATORY AGENCIES AND/OR DAMAGES INCURRED BY PROPERTY OWNERS, EMPLOYEES, CUSTOMERS AND/OR OTHERS AFFECTED BY THE SAME.

10. Seller shall perform no installation services whatsoever and Buyer is responsible for all installation, maintenance and servicing of the Goods, unless contracted for separately in writing or covered by manufacturer warranty. The quoted purchase price does not include installation work or supervision of installation work. Buyer and/or Buyer's contractor shall furnish all actual labor and material and has ultimate responsibility for installation work. Seller may have provided information to Buyer including a typical layout of machinery plus information to plan and provide for the utility services and installation work. Because Seller cannot be fully cognizant of the design and structure of Buyer's building, Buyer is responsible for studying any machinery layout provided by Seller and determining whether or not the layout is feasible in Buyer's building. Buyer is responsible for providing adequate utility services for machinery. Buyer is responsible for all required zoning, environmental and installation permits and inspections, all site preparation, and providing building openings of sufficient size to admit the machinery/equipment in the form in which it is shipped.

11. IT SHALL BE THE BUYER'S RESPONSIBILITY, AT BUYER'S SOLE COST AND EXPENSE, TO COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS (LOCAL, STATE AND FEDERAL) AND TO OBTAIN AND COMPLY WITH ALL LICENSES, PERMITS AND APPROVALS RELATING TO THE INSTALLATION AND USE OF THE GOODS COVERED BY THIS ORDER AND/OR THE EMISSION, DISCHARGE, STORAGE, DISPOSAL, OR REMOVAL OF CHEMICALS UTILIZED IN CONJUNCTION WITH THE GOODS COVERED BY THIS ORDER, INCLUDING (WITHOUT LIMITATION) ALL ZONING, ENVIRONMENTAL PROTECTION, AIR POLLUTION, SAFETY AND HEALTH LAWS, REGULATIONS, LICENSES, PERMITS AND APPROVALS.

12. SELLER SHALL NOT BE LIABLE FOR LOSS, DAMAGE, DETENTION OR DELAY RESULTING FROM CAUSES BEYOND ITS REASONABLE CONTROL INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY FIRE, STRIKES, CIVIL OR MILITARY AUTHORITY RULINGS OR REGULATIONS OR RESTRICTIONS OF THE FEDERAL OR ANY STATE OR MUNICIPAL GOVERNMENT OR ANY BRANCH OR AGENCY THEREOF, CAR SHORTAGES OR OTHER DELAY IN TRANSPORTATION OR INABILITY TO OBTAIN NECESSARY LABOR, OR ANY OF THE GOODS FROM MANUFACTURERS OR SUPPLIERS THEREOF. RECEIPT OF THE GOODS BY BUYER WITHOUT OBJECTION SHALL CONSTITUTE WAIVER OF ALL CLAIMS FOR LOSS, DAMAGE, DETENTION OR DELAY.

13. **THE WARRANTIES AND DISCLAIMERS REFERENCED HEREIN ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, DISCLAIMERS AND CONDITIONS, EXPRESSED OR IMPLIED OR COLLATERAL, INCLUDING THE WARRANTIES, DISCLAIMERS, AND CONDITIONS OF MERCHANTABILITY AND FITNESS FOR PURPOSE AND ALL OTHER CLAIMS. NO ONE HAS AUTHORITY TO MAKE FOR SELLER ANY REPRESENTATIONS, WARRANTIES OR GUARANTEES. IN NO EVENT SHALL SELLER BE LIABLE FOR DAMAGES, CONSEQUENTIAL, INCIDENTAL OR OTHERWISE, FROM DEFECTS IN THE GOODS SOLD BY SELLER WHICH ARE MANUFACTURED BY OTHERS AND/OR FROM OBSOLESCENCE OF THE GOODS COVERED BY THIS ORDER RESULTING FROM MODIFICATION OF LAWS AND REGULATIONS ISSUED BY THE EPA, OSHA AND/OR OTHER FEDERAL AND STATE AND LOCAL REGULATORY AGENCIES. BUYER SHALL BE SOLELY RESPONSIBLE FOR THE PURCHASE OF SUCH EQUIPMENT, PARTS, ACCESSORIES OR OTHER ITEMS OR IN THE TAKING OF SUCH OTHER ACTION AS MAY BE REQUIRED FOR COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS, INCLUDING (WITHOUT LIMITATION) ALL ZONING, ENVIRONMENTAL PROTECTION, AIR POLLUTION, SAFETY AND HEALTH LAWS AND REGULATIONS.**

14. THIS DOCUMENT, TOGETHER WITH THE APPENDICES, IS THE COMPLETE AGREEMENT BETWEEN BUYER AND SELLER WITH RESPECT TO THIS ORDER. IT IS AGREED THAT ALL PREVIOUS COMMUNICATIONS, EITHER VERBAL OR WRITTEN, NOT HEREIN CONTAINED, ARE WITHDRAWN AND ANNULLED. IT IS FURTHER AGREED THAT THIS DOCUMENT SHALL BECOME A BINDING CONTRACT ONLY WHEN AND IF FULLY EXECUTED BY AN AUTHORIZED OFFICER OF SELLER AT LOVELAND, OHIO. NO MODIFICATION OF THIS AGREEMENT SHALL BE BINDING, UNLESS SUCH MODIFICATIONS ARE IN WRITING, AND SIGNED AS ACCEPTED BY BUYER AND BY AN AUTHORIZED OFFICER OF SELLER AT LOVELAND, OHIO. THE LAWS OF THE STATE OF OHIO SHALL GOVERN THE RIGHTS AND DUTIES OF THE RESPECTIVE PARTIES HERETO. ANY PROCEEDING WITH RESPECT TO, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE LITIGATED IN STATE COURTS HAVING SITUS IN CLERMONT COUNTY, OHIO OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO, WESTERN DIVISION.

BUYER:

SELLER:

(Company)

MARTIN FRANCHISES INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

***EXCLUSIVE MULTI-STORE/ROUTE
DEVELOPMENT AGREEMENT***

THIS AGREEMENT made as of the _____ day of _____, 20 _____ (the "Effective Date") by and between Martin Franchises Inc., a Delaware corporation (hereinafter referred to as "MFI") and _____, a _____ corporation/limited liability company/general or limited partnership/sole proprietorship (hereinafter referred to as "Developer").

WHEREAS, Developer has expressed a desire to develop Martinizing® Dry Cleaning Stores ("Martinizing Stores") at locations ("Sites") within the following area and/or Martinizing Route Delivery Services ("Martinizing Routes") within the following area:

_____ (the "Area"). Provided, however, that any portions of the Area described in Paragraph 3 of the Schedule A - Development Schedule attached to this Agreement shall be excluded from the Area.

WHEREAS, MFI is desirous of granting exclusive development rights to Developer, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the parties hereto agree as follows:

1. Development.

Developer agrees to develop aggressively the business of operating Martinizing Stores and/or Martinizing Routes (the "Business") within the Area as set forth herein, to locate and secure suitable Sites for Martinizing Stores, and/or suitable delivery areas for Martinizing Routes, for acceptance by MFI, and to establish, open and operate standard design image Martinizing Stores/Routes within the Area so as to meet the needs of the Area for such Business during the term hereof, all in accordance with the terms of this Agreement and the Franchise Agreements to be issued hereunder. As a minimum development obligation, Developer agrees to meet the requirements of the development schedule set forth in Schedule A attached hereto and incorporated herein by reference (the "Development Schedule"). Except as provided in this Agreement and the Development Schedule attached hereto, MFI will not grant to any other person or entity a franchise for a Martinizing Store or a Martinizing Route within the Area or operate Martinizing Stores/Routes itself within the Area, without the prior written consent of Developer.

2. Separate Franchise Agreements.

(a) Initial Franchise. Prior to the execution of this Agreement, Developer shall have signed the Franchise Agreement for the initial or first Martinizing Store established by Developer

("Initial Franchise"), either within or outside the Area, and shall have paid to MFI the initial franchise fee for that Initial Franchise.

- (b) Additional Franchise under Development Schedule. The term "Additional Franchise" shall mean each Martinizing Store established by Developer within the Area under the Development Schedule during the term of this Agreement, after grant of the Initial Franchise to Developer. Developer shall execute MFI's then current standard form Franchise Agreement for each Additional Franchise, which may contain provisions different from the provisions of Developer's Franchise Agreement for Developer's Initial Franchise, including, without limitation, the amount of the initial franchise fee payable by Developer for each Additional Franchise under the Development Schedule and the amount of the royalty fees payable for each Additional Franchise under the Development Schedule, as provided in the then current Martinizing Dry Cleaning Franchise Disclosure Document of MFI. The initial franchise fee payable by Developer for each Additional Franchise under the Development Schedule will be such then current initial franchise fee, even if the Additional Franchise is an Approved Conversion or Approved Pick-Up Store. The terms "Approved Conversion" and "Approved Pick-Up Store" shall have the meanings as set forth in Paragraph 5 below.
- (c) Procedure for Grant of Additional Franchise Within Area. For each Additional Franchise within the Area, MFI will send to Developer, 6 months prior to the scheduled opening of each Martinizing Store in the Development Schedule, the then effective Martinizing Dry Cleaning Franchise Disclosure Document of MFI (if not previously received by Developer), two copies of MFI's then current standard form Franchise Agreement and MFI's Site Acceptance Form. Within 30 business days of Developer's receipt of the Franchise Agreements (but no sooner than 14 full calendar days after Developer signs the receipt for that Franchise Disclosure Document), Developer must sign both copies of the Franchise Agreement and return the signed Franchise Agreements to MFI with a check in the amount of one-half of the then current initial franchise fee for an Additional Franchise, as a deposit towards that fee. If Developer fails to select a Site and submit a Site Acceptance Form to MFI within a reasonable period of time after signing the Franchise Agreement (typically 3 to 6 months as MFI determines based on site availability), MFI may cancel the Franchise Agreement and retain the deposit towards the initial franchise fee paid by Developer. As soon as a Site for the Martinizing Store is selected by Developer, Developer must complete, sign and return to MFI the Site Acceptance Form, with a copy of the proposed lease for the Site, which must contain the lease provisions provided in the Franchise Agreement. If MFI accepts the Site selected by Developer, MFI will sign the Site Acceptance Form and return a copy to Developer. Within twelve (12) months after MFI's acceptance of the Site or 30 business days prior to the anticipated opening of the Martinizing Store, whichever is sooner, Developer must pay the balance of the then current initial franchise fee for an Additional Franchise to MFI. If Developer fails to do so, MFI may cancel the Franchise Agreement, retain the deposit towards the initial franchise fee paid by Developer and also may terminate Developer's exclusive development rights, if Developer is in default of the Development Schedule. Developer will have up to twelve (12) months after MFI's acceptance of the Site to establish and open the Martinizing Store at the accepted Site. If Developer does not open the Martinizing Store within that twelve (12) month period, MFI may cancel the Franchise Agreement and retain the entire initial franchise fee paid by Developer. MFI may, in its sole discretion, extend the periods of time for selecting a Site and opening a Martinizing Store for a reasonable period of time, as determined by MFI, upon written notice to Developer. **Once the Site Acceptance Form or a lease for the Martinizing Store is signed by Developer, no portion of the initial franchise fee paid by Developer is refundable to Developer.**

- (d) Procedure for Grant of Martinizing Route Within Area. For each Martinizing Route within the Area, MFI will send to Developers, six months prior to the scheduled opening of each Martinizing Route in the Development Schedule, the then effective Martinizing Dry Cleaning Franchise Disclosure Document of MFI (if not previously received by Developer) and two copies of MFI's then current standard form Martinizing Route Addendum and Route Delivery Area Addendum. Within 30 business days of Developer's receipt of those Addendums, but no sooner than 14 full calendar days after Developer signs the receipt for that Franchise Disclosure Document, Developer must sign both copies of the Martinizing Route Addendum and the Route Delivery Area Addendum and return the signed Addendums to MFI with a check in the amount of the then current route fee. If Developer fails to sign and return those Addendums and pay the route fee, MFI may cancel the Martinizing Route Addendum and also may terminate Developer's exclusive development rights, if Developer is in default of the Development Schedule. If Developer fails to establish the Martinizing Route, pursuant to the provisions of those Addendums, within the initial term of the Franchise Agreement, to which those addendums are attached and made a part thereof, MFI may terminate the Martinizing Route Addendum, and retain the route fee paid by Developer. **Once the Route Delivery Service Addendum is signed by Developer, no portion of the route fee paid by Developer is refundable to Developer.**
- (e) Additional Franchises and Routes Not Required by Development Schedule or Outside Area. Developer acknowledges and agrees that the provisions of this Agreement with respect to Additional Franchises will not apply to grant of an Additional Franchise or Martinizing Route to Developer which is not required to be established under the Development Schedule or is outside the Area. For an Additional Franchise or Martinizing Route not required under the Development Schedule or outside the Area, MFI's requirements for an Additional Franchise and Martinizing Route, without the grant of exclusive multi-store/route development rights, shall apply.

3. Development Fee.

In consideration of the development rights granted herein, Developer shall pay to MFI upon execution of this Agreement a Development Fee in the amount of \$_____, which Fee shall be fully earned by MFI upon execution of this Agreement whether or not Developer fulfills Developer's obligations set forth herein. The Development Fee paid by the Developer will not be applied toward any payments, contributions or deposits required to be paid by the Developer or any charges by MFI for promotional items, services, equipment and the like. Developer acknowledges that the execution of this Agreement by MFI constitutes the sole consideration for the payment of said Development Fee and that said Development Fee is fully earned by MFI upon execution and delivery of this Agreement and is not refundable in whole or in part under any circumstance.

4. Development Schedule/Routes.

Developer shall commence to establish and open each Martinizing Store and/or Martinizing Route in strict accordance with the Development Schedule and shall establish each Martinizing Store and Martinizing Route in strict compliance with the terms of the Franchise Agreement. The failure of Developer to meet such Development Schedule shall entitle MFI to terminate this Agreement and any and all rights hereunder pursuant to Paragraph 12A below, except as to Developer's rights and obligations with respect to any Martinizing franchise issued by MFI or Sites or route delivery areas accepted by MFI prior to the date of such termination by MFI. Time shall be of the essence herein.

Developer may solicit and service customers of Martinizing Stores established by the Developer by route sales only within the Defined Area described in each of the separate franchise agreements signed by Developer for those Martinizing Stores. Developer shall not service customers by route sales outside those Defined Areas without the prior written consent of MFI. If a Martinizing Route Addendum and Route Delivery Area Addendum are made a part of the Franchise Agreement for the Initial Franchise or any Additional Franchise of Developer, Developer may solicit and service customers of those Martinizing Stores by route sales only within the Route Delivery Area described in the Route Delivery Area Addendum of the particular Franchise Agreement, but only for the initial term of that Franchise Agreement. Developer shall not service customers by route sales outside the Route Delivery Area of the particular Franchise Agreement without the prior written consent of MFI.

5. Approved Conversion and Pick-Up Stores.

MFI in its sole discretion may permit Developer to convert an already established and operating unfranchised dry cleaning plant or store at a Site within the Area approved by MFI to a Martinizing Store and such conversion ("Approved Conversion") shall be considered development of a Martinizing Store in determining compliance with the Development Schedule. During the term of this Agreement, MFI may, under certain limited circumstances and conditions, approve the development of one or more "pick-up" dry cleaning stores within the Area where on-premise dry cleaning is not provided utilizing certain of MFI's Marks in accordance with specifications prescribed by MFI ("Approved Pick-Up Store"). Any request by Developer to operate such an Approved Pick-Up Store within the Area may be rejected by MFI, in its sole discretion, and rejection may be for any reason or no reason solely in the discretion of MFI and need not be justified by any standard. Development of an Approved Pick-Up Store within the Area shall be considered development of a Martinizing Store in determining compliance with the Development Schedule.

6. Training.

Developer, or the Managing Person in charge of Martinizing Store development for Developer designated by Developer, shall undergo familiarization with and training in the Martinizing System, as required under the then current procedures and franchise documents of MFI.

7. Term.

This Agreement shall commence on the Effective Date hereof and, unless sooner terminated as provided in this Agreement, shall end on either _____ or on the date that the last Martinizing Store or Martinizing Route under the Development Schedule is opened for business, whichever is sooner. At the option of MFI, MFI may grant to Developer an extension of the Development Schedule by one full year from the date the last Martinizing Store or Martinizing Route is to be opened for business under the Development Schedule, upon payment to MFI of \$1,000 for the one year extension. Another one year extension also may be granted by MFI, at its sole discretion, upon payment of an additional \$1,000 fee for the additional year. After expiration of this Agreement, Developer may make application for grant of multi-store/route development rights within the Area for an additional period of time. However, any application by Developer for the grant of such rights may be rejected by MFI, in its sole discretion, and rejection may be for any reason or no reason solely in the discretion of MFI and need not be justified by any standard. Furthermore, the grant of such rights to Developer, if at all, shall be under the terms and conditions of MFI's then current standard form multi-store/route development agreement in use as of such expiration date and all other agreements, legal instruments and documents then currently used by MFI in the grant of franchises and multi-store/route development rights. Such then current standard form multi-store/route development

agreement and other agreements, legal instruments and documents may vary materially from this Agreement and from Franchise Agreements previously signed by Developer as to, among other terms, the amount of the development fee or manner in which the development fee is determined, the term of the development agreement, the number of stores/routes to be developed pursuant to a new development schedule, the time period for development, the initial franchise fee payable for each store and/or route fee payable for each route in the development schedule, the amount of royalty payments and advertising contributions and the term of the franchise agreement and/or route addendum.

8. Reservation of Rights.

The rights granted to Developer under this Agreement shall not affect the rights of any other persons or entities currently utilizing the Martinizing® Marks to denote their dry cleaning establishments and routes within the Area or elsewhere, and shall not affect the rights of any franchisees of affiliates of MFI currently operating dry cleaning or route delivery businesses within the Area or elsewhere. Notwithstanding the rights granted to Developer hereunder, MFI specifically reserves the right to: renew the existing franchises for Martinizing Stores and Martinizing Routes of others in the Area; grant a new franchise at the same location of an existing Martinizing Store in the Area or at a new location within the same trade area to which an existing Martinizing Store is moved; and acquire and operate or approve sales or transfers of franchises involving existing Martinizing Stores and Martinizing Routes within the Area. If MFI or its affiliates acquire any existing third party retail dry cleaning stores or routes or franchises within the Area, MFI will not, without the consent of Developer: (a) convert or permit the conversion of the same to Martinizing Stores or Martinizing Routes within the Area; or (b) establish or franchise any more of those retail dry cleaning stores or routes within the Area, during the term of this Agreement. Developer's consent shall not be required for any other types of businesses which MFI or its affiliates may operate or acquire subsequent to this Agreement within the Area or elsewhere. Upon the expiration or termination of this Agreement or any default by Developer, MFI and its affiliates shall have the complete and unrestricted right to franchise others to develop store sites and operate Martinizing Stores and Martinizing Routes within the Area and/or operate Martinizing Stores or Martinizing Routes itself within the Area.

9. Acknowledgement of Risk.

MFI makes no representations or warranties regarding actual, average, projected or forecasted sales, costs, profits or earnings in connection with any Martinizing Store, Martinizing Route or the Business or any aspect of any franchise or license contemplated by this Agreement or the Franchise Agreement. Developer hereby acknowledges the risk associated with the form of business undertaking evidenced by this Agreement and the Franchise Agreement. Developer has been advised to obtain, prior to executing this Agreement, independent legal and financial advice with regard to such risk and advised that MFI makes no representations with regard to the profitability of the franchises or licenses contemplated by this Agreement or the Franchise Agreement.

10. Miscellaneous Agreements.

Developer hereby acknowledges and agrees to the following:

- (a) MFI may require Developer to divest itself fully of certain ownership interests in any business deemed by MFI to be inconsistent with MFI's competitive interest prior to the execution of any Franchise Agreement or the execution of this Agreement.

- (b) Developer shall not appropriate, use or duplicate the Martinizing System, or any portion thereof, for use in any other dry cleaning or route delivery businesses or disclose or reveal any portion of the Martinizing System to persons other than Developer's employees as an incident to their training, or acquire any right to use or to license or franchise the use of, any name, mark or other intellectual property right (including, without limitation, the Marks as defined in the Franchise Agreement) which may be granted pursuant to any agreement between MFI and Developer, except in connection with the operation of a Martinizing Store or Martinizing Route. Developer shall keep confidential all manuals and other trade secrets of MFI and materials, information and expertise acquired from MFI, all of which constitutes trade secrets.
- (c) Other than for the purpose of establishing a Martinizing Store or Martinizing Route pursuant to this Agreement and any Franchise Agreement between Developer and MFI, Developer shall not appropriate for Developer's own use or use in any other business any site or route delivery area referred to Developer by MFI, its site locators or representatives, or which has been submitted to MFI for approval as a site for a Martinizing Store or a delivery area for a Martinizing Route.

11. Events of Default.

In addition to any other events of default set forth in this Agreement, the following events will constitute a default of this Agreement entitling MFI to terminate this Agreement, following written notice and failure of Developer to cure as provided in Paragraph 12B below, and resulting in the Developer's loss of development rights with respect to the Area:

- (a) The sale of a Martinizing Store or Martinizing Route within the Area, unless Developer opens a new Martinizing Store or Martinizing Route within the Area to replace that store or route or the transferee continues the franchise with MFI's consent.
- (b) The closing of a Martinizing Store or Martinizing Route within the Area, unless Developer opens a new Martinizing Store or Martinizing Route within the Area to replace that store or route or pays to MFI the minimum monthly royalty and advertising and promotional production fees for that store or that route, as and when due;
- (c) A default by the Developer under any Franchise Agreement or Martinizing Route Addendum; or
- (d) The Developer violates or fails to comply with or fulfill any term, provision, obligation, covenant or agreement contained in this Agreement.

12. Termination.

- A. In the event Developer fails to fulfill deadlines or otherwise defaults in the Development Schedule, termination by MFI shall be effective immediately upon written notice of termination from MFI specifying Developer's default in the Development Schedule. Any delay or failure on the part of MFI to send such written notice for such default or for earlier defaults shall not constitute a waiver of any default whatsoever, the intention of the parties being that MFI shall have the full right to terminate for default at any time.
- B. For any other default under this Agreement or for default under any Franchise Agreement or Martinizing Route Addendum between Developer and MFI, Developer shall have sixty (60)

calendar days after receipt of written notice from MFI to cure such default. If such default is not cured within the sixty (60) calendar day period, then in addition to any other remedies in law or in equity, MFI may immediately terminate this Agreement effective upon written notice of termination from MFI.

C. Upon termination of this Agreement for any reason or upon expiration of the term hereof, Developer agrees as follows:

- (1) To terminate immediately and cease any attempts to select or develop sites upon which to establish Martinizing Stores and select delivery areas for Martinizing Routes.
- (2) To cease immediately to hold itself out in any way as a Developer of Martinizing Stores or Martinizing Routes under this Agreement or to do anything which would indicate that Developer has any Martinizing development rights with respect to the Area.

13. Assignment.

A. The parties agree that this Agreement is personal to Developer based on the personal confidence reposed by MFI in Developer and shall not be transferred or assigned without the prior written consent of MFI. If Developer is a corporation, limited liability company, partnership, unincorporated association or similar entity, any change in the effective control thereof shall be considered a transfer subject to the terms of this Paragraph. MFI shall not unreasonably withhold consent to a transfer provided that the Developer is not in default of this Agreement or any Franchise Agreement or Martinizing Route Addendum. If such consent is granted, Developer may transfer only the remaining term of this Agreement. The transferee must assume all of Developer's obligations under this Agreement, including compliance with the Development Schedule, and pay to MFI a transfer fee in the amount of \$2,000. The Developer must execute a general release in form satisfactory to MFI of any and all claims against MFI. Both parties agree that any attempt to transfer, encumber or assign this Agreement by Developer in any manner whatsoever without MFI's prior written consent shall cause the immediate and automatic termination of this Agreement and in such case MFI shall have no further liability or obligation to Developer pursuant to this Agreement.

B. This Agreement shall inure to the benefit of the successors and assigns of MFI. MFI shall have the right to sell, assign or transfer all or any part of its interest herein to any other person or entity.

14. Corporate, Company or Partnership Developers.

If Developer is a corporation, limited liability company, partnership, unincorporated association or similar entity, the articles of incorporation or organization, the by-laws or regulations and the operating or partnership agreement shall reflect that the issuance and transfer of voting stock or other ownership interest therein ("securities") is restricted by the terms of this Agreement. Developer shall furnish to MFI, at the time of execution of this Agreement, or of any approved assignment to a corporation, limited liability company, partnership or other entity, an agreement in form satisfactory to MFI and executed by all the shareholders, members, partners or other owners of the Developer, stating that no shareholder, member, partner or other owner will sell, assign or transfer, either voluntarily or by operation of law, any securities of Developer to any person or entity without the prior written consent

of MFI. All securities issued by Developer shall bear the following legend which shall be legibly and conspicuously placed on each stock certificate or other evidence of ownership interest:

"The transfer of these securities is subject to the terms and conditions of a Development Agreement with Martin Franchises Inc. dated the _____ day of _____, 20____, and certain franchise agreements executed thereunder. Reference is made to said Development Agreement and franchise agreements and to the restrictive provisions of the documents of organization of this corporation (or limited liability company or partnership or other entity)."

15. Waiver.

Waiver by MFI of any breach or default or series of breaches or defaults or any term, covenant or condition contained herein shall not be deemed a waiver of any subsequent or continuing breach or default of the same or any other term, covenant or condition contained in this Agreement, unless done so expressly in writing and executed by a corporate officer of MFI. Further, MFI and Developer hereby incorporate into this Agreement by reference the provisions with respect to remedies and waivers contained in the Franchise Agreements signed by Developer, as if fully set forth in this Paragraph. In the event the provisions of the Franchise Agreements incorporated by reference in this Paragraph are inconsistent with any applicable state franchise law, rules or regulations, such applicable state law shall apply.

16. Release of Information.

Developer hereby consents to the release by MFI to any potential lessor, landlord, equipment leasing company, funding source, guaranty company, bank or credit agency of the financial and other information submitted by Developer in connection with this Agreement and any other information obtained by MFI in the course of Developer's application for a Martinizing franchise. Developer agrees to notify MFI immediately of any material change in the information furnished to MFI by Developer, either orally or in writing.

17. Governing Law.

This Agreement was accepted by MFI in Ohio and shall be governed by and construed, both as to formation and execution, in accordance with the laws of the State of Ohio. Ohio law shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise law, rules or regulations.

18. Jurisdiction, Venue and Service of Process; Arbitration.

MFI and Developer hereby incorporate into this Agreement by reference the provisions with respect to jurisdiction, venue and service of process and arbitration contained in the Franchise Agreements signed by Developer, as if fully set forth in this Paragraph. In the event the provisions of the Franchise Agreements incorporated by reference in this Paragraph are inconsistent with any applicable state franchise law, rules or regulations, such applicable state law shall apply.

19. Severability.

If for any reason whatsoever any provision of this Agreement or the application thereof to any person or circumstance is to any extent held or rendered invalid, unenforceable or illegal by a court of

competent jurisdiction, then such provision shall be deemed to be independent of the remainder of this Agreement and to be severable from this Agreement and its invalidity, unenforceability or illegality shall not affect, impair or invalidate the remainder of this Agreement or any part thereof, and such provision shall continue to be applicable and enforceable to the fullest extent permitted by law against any person or circumstance other than those as to which it has been held or rendered invalid, unenforceable or illegal.

20. Independent Contractor.

Developer shall at all times be deemed an independent contractor and nothing in this Agreement is intended to constitute either party an agent, legal representative, shareholder, joint venturer, member, partner, employee, fiduciary or servant of the other for any purpose whatsoever.

21. Indemnification.

Developer hereby covenants and agrees to defend, indemnify and hold MFI, its officers, directors, shareholders, employees, agents, subsidiaries, affiliates, successors and assigns harmless from any losses, damages, costs, charges, liabilities or expenses, including, but not limited to, reasonable legal fees, costs and other expenses incurred by or on behalf of MFI in the investigation, defense and/or settlement of any claims, demands, actions, causes of action, liabilities, awards or judgments of any kind or nature, by or in favor of anyone whomsoever, arising out of, or otherwise connected with Developer's performance under this Agreement, the acquisition or development of any Site by Developer, or the establishment, development, ownership, maintenance or operation of any Martinizing Store or Martinizing Route by Developer.

22. Notice.

Every notice or other communication authorized or required by this Agreement shall be effective only if the same shall be in writing and delivered by hand or sent postage prepaid by United States registered or certified mail, return receipt requested, or sent by courier delivery, facsimile or e-mail, with evidence of delivery, and addressed as follows:

To MFI:

Martin Franchises Inc.
2001 Ford Circle, Suite A
Milford, Ohio 45150
Fax: (513) 731-0818
E-mail: cleanup@martinizing.com

To Developer:

Fax:
Email:

or to such other address as either party may designate, by notice given from time to time in accordance with this Paragraph. Such notice shall be deemed to have been given and received when sent in the manner specified herein, or if hand delivered, on the date delivered.

23. Guarantee.

MFI may request that certain persons, corporations, partnerships or other business entities associated with Developer guarantee obligations of Developer. In such event, the guarantor shall execute a guarantee agreement in form acceptable to MFI.

24. Surviving Paragraphs.

The terms, conditions and provisions of Paragraphs 10, 12, 15, 17, 18 and 21 of this Agreement, as well as any other provisions of this Agreement which by their terms are operative after termination or expiration of this Agreement, shall survive the termination or expiration of this Agreement.

25. Entire Agreement.

This Agreement, together with the Schedules attached hereto, constitutes the entire agreement between the parties concerning the subject matter hereof. Except as provided in this Agreement, the Franchise Agreements and Martinizing Route Addendums between the parties and the Franchise Disclosure Document of MFI referenced in Paragraph 26 below, this Agreement supersedes any and all prior understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. No amendment or modification of this Agreement shall be binding unless in writing executed by both MFI and Developer. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns, unless otherwise specifically restricted by the terms of this Agreement.

26. Acknowledgement of Receipt.

Developer acknowledges that Developer received MFI's Franchise Disclosure Document as required under applicable federal or state law at least fourteen (14) full calendar days prior to signing this Agreement or making a payment to MFI of any consideration in connection with the grant of development rights hereunder. Developer acknowledges that Developer received for Developer's own use a copy of this Agreement with all changes therein at least seven (7) full calendar days prior to the execution hereof by Developer and that Developer read and understood the contents of this Agreement.

27. Headings.

Paragraph headings are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate as of the day and year first above written, but the parties agree that this Agreement shall be valid and effective only when and if accepted and fully executed by MFI in Milford, Ohio.

MARTIN FRANCHISES INC.

(NAME OF DEVELOPER)

By: _____

By: _____

Title: _____

Name: _____

Title: _____

Date Accepted: _____

Date: _____

SAMPLE
SCHEDULE A
DEVELOPMENT SCHEDULE

1. After establishment and opening for business of the Martinizing Store under the Initial Franchise granted to Developer, Developer shall meet the following schedule for development of Martinizing Stores and/or Martinizing Routes within the Area under Additional Franchises granted to Developer:
 - (a) By _____, 20____, _____ (____) additional Martinizing Store(s)/Martinizing Route(s) to be open for business;
 - (b) By _____, 20____, _____ (____) additional Martinizing Store(s)/Martinizing Route(s) to be open for business;
 - (c) By _____, 20____, _____ (____) additional Martinizing Store(s)/Martinizing Routes(s) to be open for business; and
 - (d) By _____, 20____, _____ (____) additional Martinizing Store(s)/Martinizing Route(s) to be open for business.
2. Pursuant to the above schedule for development and for purposes of determining the Development Fee payable by Developer, Developer shall have ____ Martinizing Stores and ____ Martinizing Routes open and operating within the Area (in addition to the first Martinizing Store established by Developer under the Initial Franchise granted to Developer) on or before _____, 20____.
3. MFI and Developer hereby specifically agree that the Area does not include, and development rights are not granted to Developer within, the portions of the Area, described in Schedule B attached and made a part hereof, for _____ number of stores and ____ number of routes of existing Martinizing franchises within the Area; and/or described in Schedule C attached and made a part hereof, for ____ number of stores and ____ number of routes of existing dry cleaning businesses within the Area operated by franchisees of an affiliate of MFI.
4. MFI and Developer also specifically agree that Developer shall not and is prohibited from soliciting and servicing customers of the Martinizing Stores established by Developer under the Development Agreement by route sales within the portions of the Area depicted in Schedules B and/or C attached. Developer may solicit and service customers of Martinizing Stores established by the Developer by route sales only within the Defined Area and Route Delivery Areas described in each of the separate Franchise Agreements signed by Developer, and Developer shall not service customers by route sales outside those Defined Areas and Route Delivery Areas, without the prior written consent of MFI.
5. To the extent that any provision of this Development Schedule is inconsistent with any provisions of the Development Agreement to which this Development Schedule is attached, the provisions of this Development Schedule shall be controlling.

MARTIN FRANCHISES INC.

(NAME OF DEVELOPER)

By: _____
Title: _____
Date Accepted: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT H

MARTINIZING® STORE OPERATIONS MANUAL

TABLE OF CONTENTS

<u>Section</u>	<u>Subject</u>	<u>Number of Pages Devoted to Subject</u>
1	Front Counter Techniques and Procedures	7
2	The Martinizing® Lot System	19
3	Spot Removal	34
4	Shirts	11
5	Finishing	36
6	Inspection and Quality Control	9
7	Assembly, Packaging and Filing	26
8	Handling Customer Complaints	6

MARTINIZING® STORE MANAGEMENT MANUAL

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<u>Section</u>	<u>Subject</u>	<u>Number of Pages Devoted to Subject</u>
1	Staffing and Employee Relations, with Figure A	25
2	Customer Service	9
3	Finance and Accounting	15
4	Management Forms	11
5	Fair Claims Guide and Additional Information Resources	19

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EXHIBIT I(a)

LIST OF FRANCHISEES
ROYALTY PROGRAM

CALIFORNIA

Abbas Rafsanjani &
Mina Attar
1610 West Campbell Avenue
Campbell, CA 95008
(408) 376-3636

Jeong-Wan Cho &
Mi-Eh Cho
885 A East H Street
Chula Vista, CA 91910
(619) 421-7166

Platinum Blue LLC
605 Wake Avenue, Ste. 1
El Centro, CA 92243
(760) 353-8525

Chul and Myung S. Noh
2240 Encinitas Blvd.
Suite B & C
Encinitas, CA 92024
(760) 942-6134

Cheon Kyung Kim
9930 Mira Mesa Blvd.
San Diego, CA 92131
(858) 566-0189

Sann Trading Inc.
8680 Navajo Road, Suite 105
San Diego, CA 92119
(619) 466-6584

Chul and Myung S. Noh
661 Lomas Santa Fe
Solana Beach, CA 92075
(858) 509-1148

COLORADO

Executive Dry Cleaning and Shirt
Laundry
14807 West 64th Ave., Suite A
Arvada, CO 80007
(303) 422-0176

Chae Chong Lee
8727 East Dry Creek Road
Suite C
Englewood, CO 80112
(303) 290-9292

Kyung Ik & Myung Sook Kang
9249 South Broadway, Suite 500
Highlands Ranch, CO 80126
(303) 471-0788

Executive Dry Cleaners and Shirt
Laundry
13689 Colorado Blvd.
Thornton, CO 80602
(303) 457-1672

O'Lee Enterprises, Inc.
5160 West 120th Avenue
Suite E
Westminster, CO 80020
(303) 410-1950

FLORIDA

Keric LLC
696 E. Altamonte Drive
Altamonte Springs, FL 32701
(407) 339-3392

MADAM Green Cleaners LLC
1430 S. Dixie Hwy, Unit 102
Coral Gables, FL 33146
(305) 459-3400

KACOH, Inc.*
10408 Atlantic Blvd.
Coral Springs, FL 33071
(954) 757-8500

Richard and Mickie's Dry
Cleaners, Inc.
1128 Airport Road
Panama City, FL 32405
(850) 872-1331

Keric LLC
12720 S. Orange Blossom Trail
Orlando, FL 32837
(407) 888-2126

Keric LLC
13851 S. John Young Parkway
Suite 107
Orlando, FL 32837
(407) 888-0780

HAWAII

Scott Forrester
#102-3350 Lower Honoapiilani
Road
Honokowai, HI 96761
(808) 661-6768

ILLINOIS

VLA Dry Cleaning, LLC
19858 S. LaGrange Road
Mokena, IL 60448
(708) 995-7698

INDIANA

RHL, Inc.
2796 E. 146th Street
Carmel, IN 46033
(317) 706-1011

IOWA

Buds & Suds, Inc.
207 NE Delaware
Suite 26
Ankeny, IA 50021
(515) 964-5371

Buds & Suds, Inc.
8805 Chambery Blvd.
Suite 350
Johnston, IA 50131
(515) 270-2160

KANSAS

Limpiar, LLC
626 S. Andover Road
Andover, KS 67002
(316) 733-2002

Limpiar, LLC
13303 W. Maple St., Ste. 117
Wichita, KS 67235
(316) 978-9280

Limpiar, LLC
7724 East 37th Street North #200
Wichita, KS 67226
(316) 558-8008

MINNESOTA

Chappy Enterprises LLC
2330 Cloud Drive
Blaine, MN 55449
(763) 767-3353

Chappy Enterprises LLC
14755 Victor Hugo Blvd.
Hugo, MN 55038
(651) 426-7008

Chappy Enterprises LLC 3525
Vicksburg Lane North
Suite 500
Plymouth, MN 55447
(763) 559-5771

Gala Cleaners LLC
7623 Egan Drive
Savage, MN 55378
(952) 226-6777

Gala Cleaners LLC
8072 Old Carriage Court
Shakopee, MN 55379
(952) 746-8888

Chappy Enterprises LLC
23490 Highway 7
Unit 104
Shorewood, MN 55331
(952) 474-1446

MISSOURI

KC Dry Cleaning, LLC
6008 NW 63rd Terrace
Kansas City, MO 64151
(816) 741-8883

NEW JERSEY

All Aspects, Inc.*
3000 Route 10 West
Unit C
Morris Plains, NJ 07950
(973) 970-9212

NEW YORK

Todd and Sharon Sankes
12 Courtney Drive
Fairport, NY 14450
(585) 425-4242

NORTH CAROLINA

Lambeth Development, LLC
9832 Gilead Road, Ste. D102
Huntersville, NC 28078
(704) 875-8383

Lambeth Development, LLC
9526 Birkdale Crossings Rd.
Suite 2
Huntersville, NC 28078
(704) 655-1048

Lambeth Development, LLC
128 Argus Lane, Ste. E
Mooresville, NC 28117
(704) 662-7773

Lambeth Development, LLC
287 Williamson Road, Ste. H
Mooresville, NC 28117
(704) 660-3054

OHIO

P&D Inc.
35966 Detroit Road
Avon, OH 44011
(440) 937-7553

P&D Inc.
33580 Detroit Road
Avon, OH 44011
(440) 937-7550

P&D Inc.
32824 Walker Road
Avon Lake, OH 44012
(440) 933-3447

Parand Enterprises, Inc.
1299 West Lane Avenue
Suite F
Columbus, OH 43221
(614) 485-0504

Parand Enterprises, Inc.
6435 Perimeter, Suite 1070
Dublin, Ohio 43016
(614) 336-9210

R & E Joint Ventures
1177 N. Hamilton Road
Gahanna, Ohio 43230
(614) 418-0150

Quality Services Group, Inc.
118 West Streetsboro Road
Hudson, OH 44236
(330) 650-2535

HMCSN, Inc.
6411 Branch Hill Guinea Pike
Loveland, OH 45140
(513) 583-5300

HMCSN, Inc.
8944 Columbia Road
Loveland, Ohio 45140
(513) 697-7856

HMCSN, Inc.
5992 South SR 48
Maineville, OH 45039
(513) 494-0300

R & E Joint Venture, Inc.
7348 Fodor Road
New Albany, OH 43054
(614) 939-5055

Day Acres LLC
8179 Princeton-Glendale Road
Suite F2
West Chester, OH 45069

R2 Joint Venture Co.
528 Polaris Parkway
Westerville, OH 43082
(614) 899-7933

OREGON

Scott Forrester
 1250 Biddle Road, Ste. G
 Medford, OR 97504
 (541) 734-9247

PENNSYLVANIA

DeFERN Corporation
 3517 Washington Road
 McMurray, PA 15317
 (724) 942-1233

Todd Fennell
 12023 Perry Hwy
 Wexford, PA 15090
 (724) 940-2494

TEXAS

Granik-CCHG Corporation
 106 North Denton Tap, Suite 220
 Coppell, TX 75019
 (972) 471-7778

Michael Walthall
 7450 Oakmont Boulevard
 Ft. Worth, TX 76132
 (817) 370-1034

Norgua Ventures, L.C.
 6402 N. Bartlett Avenue
 Suite 2
 Laredo, TX 78041
 (956) 722-8800

Norgua Ventures, L.C.
 2715 E. DelMar Blvd., Unit B-1
 Laredo, TX 78041
 (956) 723-1000

UTAH

SR& B Enterprises, Inc.
 5424 W. 11000 North
 Highland, UT 84003
 (801) 763-2222

SR & B Enterprises, Inc.
 861 E. Gordon Ave.
 Layton, UT 84040
 (801) 444-7244

WYOMING

Sugarland Enterprises, Inc.
 1360 Sugarland Drive
 Sheridan, WY 82801
 (307) 674-6799

Franchise Agreement Signed But Store Not Yet Open**MARYLAND**

Zaidi's Enterprise LLC
 Frederick, MD

VIRGINIA

John and Mary Gray
 Chantilly, VA

* Those stores operated by a franchisee under an exclusive Development Agreement are indicated in this Exhibit I(a) by a single asterisk.

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EXHIBIT I(b)

LIST OF FRANCHISEES

GRANDFATHER PROGRAM

ARIZONA

The Farmer-Orth Agency, Inc.*
1838 E. Southern Avenue
Tempe, AZ 85282
(480) 838-0638

ARKANSAS

Grady Brantley
507 E. 1st Avenue
Crossett, AR 71635
(501) 364-6107

CALIFORNIA

The Executive Group, LLP
2210-I S. Shore Center
Alameda, CA 94501
(510) 523-6033

Jae Lee
1275 Solano Avenue
Albany, CA 94706
(510) 525-6117

Young Kang
2025 Alta Vista Drive
Bakersfield, CA 93305
(661) 325-5562

Clearwoods Dry Cleaning, Inc.*
5251 Mission Oaks Blvd.
Camarillo, CA 93010
(805) 482-8987

Clearwoods Dry Cleaning, Inc.*
4916 Verdugo Way
Camarillo, CA 93012
(805) 389-5215

US Dry Cleaning Inc.
840 Herndon Ave.
Suite 107
Clovis, CA 93612
(559) 298-6893

US Dry Cleaning Inc.
1187 North Willow Avenue
Suite 105
Clovis, CA 93612
(559) 298-4050

The Executive Group, LLP
822 Hartz Way
Danville, CA 94526
(925) 938-5000

US Dry Cleaning Inc.
786 W. Bullard Avenue
Fresno, CA 93704
(559) 439-3033

US Dry Cleaning Inc.
7718 N. First Street
Fresno, CA 93720
(559) 449-9932

US Dry Cleaning Inc.
5627 E. Kings Canyon Road
Suite 103
Fresno, CA 93727
(559) 251-7117

US Dry Cleaning Inc. 1071 Champlain
Drive
Fresno, CA 93720
(559) 433-9620

US Dry Cleaning Inc.
7089 North Marks
Ste. 107
Fresno, CA 93711
(559) 435-4499

US Dry Cleaning Inc. 1201 W.
Yosemite
Madera, CA 93637
(559) 673-1822

US Dry Cleaning Inc.
1818 R Street
Merced, CA 95340
(209) 722-2244

US Dry Cleaning Inc.
2828 G Street
Merced, CA 95340
(209) 723-6631

US Dry Cleaning Inc.
2221-A McHenry Avenue
Modesto, CA 95350
(209) 524-2785

The Boucher Group, Inc.
2401 E. Orangeburg
Modesto, CA 95355
(209) 527-0099

Quality Fabricare Services, Inc.*
1024-B Coast Village Road
Montecito, CA 93108
(805) 969-3880

Susan Storm
724 Lighthouse Avenue
Monterey, CA 93940
(831) 375-2380

Bob & Gigi, Inc.
3250 Grand Avenue
Oakland, CA 94610
(510) 452-3594

Quality Fabricare Services, Inc.*
3351 State Street
Santa Barbara, CA 93105
(805) 687-7800

Quality Fabricare Services, Inc.*
155 S. Turnpike Road
Santa Barbara, CA 93111
(805) 967-1555

Hamid & Maryam Pirouz &
Hossein Pirouz
1122 Wilshire Blvd.
Santa Monica, CA 90401
(310) 393-1010

Anthony Hargraves
2788 Cochran Street
Simi Valley, CA 93065
(805) 583-4433

Thakoral Jamnadas
4555 N. Pershing Avenue #2
Stockton, CA 95207
(209) 474-1665

Charles Patel
5756 Pacific Ave. Suite 1
Stockton, CA 95207
(209) 477-4321

US Dry Cleaning Inc.
2842 Geer Road
Turlock, CA 95382
(209) 632-7270

Clearwoods Dry Cleaning Inc.*
7826 Telegraph Road
Ventura, CA 93003
(805) 659-1144

Gary and Rebecca Coppola*
717 W. Main Street
Visalia, CA 93291
(559) 732-6254

GEORGIA

Suresh and Bharti Parmar*
1205 Collier Road
Atlanta, GA 30318
(404) 351-2732

IDAHO

Winkle Group, Inc.*
1503 W. Washington Street
Boise, ID 83702
(208) 343-8091
Winkle Group, Inc.*
3335 N. Five Mile Road
Boise, ID 83713
(208) 323-9569

Winkle Group, Inc.*
6566 S. Federal Way
Boise, ID 83716
(208) 323-9569

Winkle Group, Inc.*
116 E. Myrtle
Boise, ID 83702
(208) 385-7322

Winkle Group, Inc.*
7150 W. State Street
Boise, ID 83703
(208) 853-1206

Winkle Group, Inc.*
10406 Overland Avenue
Boise, ID 83709
(208) 322-8614

Winkle Group, Inc.*
13601 McMillan, Ste. 100
Boise, ID 83713
(208) 938-9000

Winkle Group, Inc.*
991 E. Parkcenter Blvd.
Boise, ID 83706
(208) 387-0235

CJ McNeiece Enterprises, Inc.
903 Blaine Street
Caldwell, ID 83605
(208) 459-1971

Winkle Group, Inc.*
1890 E. Fairview Avenue
Meridian, ID 83642
(208) 888-4820

Winkle Group, Inc.*
1760 W. Cherry Lane
Unit 140
Meridian, ID 83646
(208) 577-2995

CJ McNeiece Enterprises, Inc.
513 12th Avenue
Nampa, ID 83651
(208) 465-7222

KENTUCKY

James R. and John W. Bartley
290 N. Hubbards Lane
Louisville, KY 40207
(502) 897-1131

MASSACHUSETTS

Jae Ri Han and Il Kyo Han
75 High Street
Danvers, MA 01923
(978) 777-7211

MICHIGAN

Plassman & Sons**
7210 Allen Road
Allen Park, MI 48101
(313) 388-0710

Watkins Management Company**
1946 Packard Street
Ann Arbor, MI 48104
(734) 747-7124

Watkins Management Company**
2733 Plymouth Road
Ann Arbor, MI 48105
(734) 998-1055

Watkins Management Company**
2381 West Stadium
Ann Arbor, MI 48104
(734) 662-3500

OHM of Battle Creek LLC
1400 Columbia Avenue East
Suite 1
Battle Creek, MI 49014
(269) 965-1788

Chong Kim
43227 Woodward Avenue
Bloomfield Hills, MI 48302
(248) 335-5311

Watkins Management Company**
33989 S. Woodward
Birmingham, MI 48009
(248) 645-1040

Chong Kim
141 East 14 Mile Road
Clawson, MI 48017
(248) 588-1878

Plassman & Sons**
24601 Ford Road
Dearborn Heights, MI 48127
(313) 274-0610

Plassman & Sons**
28620 Telegraph Street
Flat Rock, MI 48134
(734) 782-5005

Watkins Management Company**
17450 Mack Avenue
Grosse Pointe, MI 48230
(313) 884-6890

Watkins Management Company**
19200 Mack Avenue
Grosse Pointe Farms, MI 48236
(313) 886-9530

Heritage Management Co., LLC *
3330 S. MLK, Jr. Blvd.
Lansing, MI 48910
(517) 393-5642

Plassman & Sons**
2934 Fort Street
Lincoln Park, MI 48146
(313) 388-2170

Plassman & Sons**
845 S. Monroe
Monroe, MI 48161
(734) 241-3365

Watkins Management Company**
26473 Gratiot Avenue
Roseville, MI 48066
(586) 776-0041

Watkins Management Company**
1015 S. Main Street
Royal Oak, MI 48067
(248) 398-0664

Ljiljana Zdravkovski
29326 Northwestern Highway
Southfield, MI 48034
(248) 357-3011

Plassman & Sons**
13231 Eureka Road
Southgate, MI 48195
(734) 283-1811

Plassman & Sons**
2204 West Road
Trenton, MI 48183
(734) 675-1266

Watkins Management Company**
1307 Washtenaw
Ypsilanti, MI 48197
(313) 572-9770

MINNESOTA

Meletta, Inc.
10516 France Avenue South
Bloomington, MN 55431
(952) 884-9890

J. Markus Kanning
4164 Pilot Knob Road
Eagan, MN 55122
(651) 452-5128

J. Markus Kanning
7910 Eden Road
Eden Prairie, MN 55344
(952) 942-5313

Meletta, Inc.
5661 Duluth Street
Golden Valley, MN 55422
(763) 554-1683

J. Markus Kanning
7830 Cahill Avenue
Inver Grove Heights, MN 55076
(651) 455-3599

RR Cleaners Inc.
17593 Glasgow Avenue
Lakeville, MN 55044
(952) 431-643

MK Enterprises of MN, LLC
5559 Xerxes Avenue South
Minneapolis, MN 55410
(612) 922-2449

Encephalon, LLC
7109 North 10th Street
Oakdale, MN 55128
(651) 735-6511

MK Enterprises of MN, LLC
698 W. County Road B
Roseville, MN 55113
(651) 488-0387

MK Enterprises of MN, LLC
1407 W. Larpenteur Street
St. Paul, MN 55113
(651) 646-6411

Harrington Cleaners, LLC
1238 South Roberts Street
West St. Paul, MN 55118
(651) 457-0283

MISSISSIPPI

Gregg Kennedy
1196 W. Main Street
Tupelo, MS 38801
(662) 842-4252

Gregg Kennedy
603 W. Main Street
Tupelo, MS 38804
(662) 891-4063

NEW MEXICO

Wirtco, Inc.**
5809 Juan Tabo Blvd. NE
Albuquerque, NM 87111
(505) 299-3335

Wirtco, Inc.**
2801 Rodeo Road
Santa Fe, NM 87501
(505) 473-4396

Wirtco, Inc.**
1091 St. Francis Drive
Santa Fe, NM 87501
(505) 982-8603

Wirtco, Inc.**
400 North Guadalupe
Santa Fe, NM 87501
(505) 988-2455

Wirtco, Inc.**
913 Old Pecos Trail
Santa Fe, NM 87501
(505) 982-9259

NORTH CAROLINA

Shree Rang, Inc.
143 E. Franklin Blvd.
Gastonia, NC 28052
(704) 864-9625

NORTH DAKOTA

Julian and Andersen, LLC
121 First Street West
Jamestown, ND 58401
(701) 252-5961

OHIO

Hira Stores, LLC
3357 Navarre Avenue
Oregon, OH 43616
(419) 693-0061

PENNSYLVANIA

Soo and Mihye Joo
128 E. Baltimore Pike
Media, PA 19063
(215) 565-7999

SOUTH CAROLINA

Royce Whitesides
107 West End
Chester, SC 29706
(803) 581-3560

TENNESSEE

Peak Enterprises Inc.
55 N. Walnut Street
Cookeville, TN 38501
(931) 526-5227

Peak Enterprises Inc.
377 Foutch Drive
Cookeville, TN 38501
(931) 526-4687

TEXAS

Gerald Stavelly**
10242 Midway Road
Dallas, TX 75229
(214) 352-3789

Mar-Tex, Inc.*
4422 Lovers Lane
Dallas, TX 75225
(214) 361-4168

Gerald Stavelly**
2900 MacArthur Blvd.
Irving, TX 75060
(972) 255-2382

Gerald Stavelly**
2329 W. Shady Grove
Irving, TX 75060
(972) 986-5824

Gerald Stavelly**
2030 Grauwlyer
Irving, TX 75061
(972) 790-5252

Alikhan Khoja
2205 West 15th Street
Plano, TX 75075
(214) 867-1292

VIRGINIA

Avery Mills, Jr.*
2415 Virginia Avenue
Collinsville, VA 24078
(276) 647-3164

Mark Mills*
2225 Riverside Drive
Danville, VA 24541
(434) 792-4080

Mark Mills*
115 N Market Street
Danville, VA 24541
(434) 792-2362

Mark Mills*
865 Piney Forest Drive
Danville, VA 24540
(434) 836-0167

Avery Mills, Jr.*
745 East Church
Martinsville, VA 24112
(276) 683-2970

Avery Mills, Jr.*
2100 Rives Road
Martinsville, VA 24112
(276) 632-5305

WISCONSIN

OHM of Elm Grove, Inc.
13405 Watertown Plank Road
Elm Grove, WI 53122
(414) 782-0665

OHM Holdings, Inc.
397 Fall Road
Grafton, WI 53024
(262) 377-2269

G. B. Cleaner Corporation*
1233 South Military Avenue
Green Bay, WI 53404
(920) 494-1602

OHM of Hartland, Inc.
418 Merton Avenue
Hartland, WI 53029
(262) 367-4508

OHM Holdings, Inc.
N95 W18397 County Line Road
Menomonee Falls, WI 53051
(262) 251-7979

OHM Holdings, Inc.
11106 North Port Washington Rd.
Mequon, WI 53092
(262) 241-3535

OHM of Elm Grove, Inc.
233 West Layton Avenue
Milwaukee, WI 53207
(414) 747-1077

OHM Hampton Inc.
285 East Hampton Avenue
Milwaukee, WI 53217
(414) 964-4747

Wendy Bacon
1420 Calhoun Road
New Berlin, WI 53151
(262) 784-8432

Charles Cass*
1300 Brown Street
Oconomowoc, WI 53066
(262) 560-9981

OHM Oconomowoc, Inc.*
1035 West Summit
Whitman Park
Oconomowoc, WI 53066
(262) 567-4813

OHM Holdings, Inc.
1320 Pabst Farms
Oconomowoc, WI 53066
(414) 247-1023

OHM Pewaukee Inc.
1405 W. Capitol Drive
Suite B
Pewaukee, WI 53072
(262) 695-1661

BMP Cleaners Inc.
2801 Durand Avenue
Racine, WI 53403
(262) 554-8113

BMP Cleaners Inc.
301 Main Street
Racine, WI 53403
(262) 632-2585

BMP Cleaners Inc.
4606 West Washington Avenue
Racine, WI 53403
(262) 632-2699

OHM Holdings, Inc.
3596 North Oakland
Shorewood, WI 53211
(414) 963-0363

BMP Cleaners Inc.
8615 Durand Avenue
Sturtevant, WI 53177
(262) 886-9161

OHM Holdings, Inc.
108 East Freistadt Road
Thiensville, WI 53092
(262) 242-1030

OHM Holdings, Inc.
821-11 Meadowbrook Road
Waukesha, WI 53186
(262) 542-4987

OHM Wauwatosa Inc.
6737 Milwaukee Avenue
Wauwatosa, WI 53213
(414) 771-3331

OHM of Lincoln, Inc.
2262 South 108th Street
West Allis, WI 53214
(414) 545-8688

WYOMING

Anthony Allen and Molly Voris
828 Cy Avenue
Casper, WY 82601
(307) 235-5114

Multi-Store Development Agreement

*Those stores operated by a franchisee under a non-exclusive Development Agreement are indicated in this Exhibit I(b) by a single asterisk.

**Those stores operated by a franchisee under an exclusive Development Agreement are indicated in this Exhibit I(b) by a double asterisk.

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Exhibit J

Franchisees Who Have Left the System (1)

CALIFORNIA

Ki Hong Cho†
Moraga, CA
(925) 228-5929

R & C Cleaning Inc.
Poway, CA
(858) 792-9100

Anthony Hargraves*†(2)
Simi Valley, CA
(805) 583-4033

Amanda Witko†**
San Diego, CA
(619) 466-6584

FLORIDA

Domadia Enterprises LLC**
Orlando, FL
(407) 888-2166

MICHIGAN

Plassman & Sons*†(2)
Lincoln Park, MI
(313) 386-2292

Ki Yeul Lee†
Novi, MI
(248)349-6631

MINNESOTA

RR Cleaners Inc.* †(2)
Apple Valley, MN
(651) 452-3400

Chatham Corporation†**
Minneapolis, MN 55409
(612) 720-9921

O'Bresky Cleaners, Inc.***(2)
Minneapolis, MN
(763) 553-9616

OHIO

Fairway Enterprises, Inc.(3)
Brunswick, OH
(330) 220-1545

SOUTH CAROLINA

Greg Bruner†
Orangeburg, SC
(803) 536-0550

UTAH

SR & B Enterprises, Inc.* (2)
Layton, UT
(801) 698-1815

TEXAS

L & S Interest LLC (2)
Austin, TX
(512) 266-2086

P-Quad Enterprises Inc.
Pearland, TX
(281) 538-2796

VERMONT

Jay Bern Inc. †
Bennington, VT
(802) 442-8085

WISCONSIN

O.H.M. of Delafield, Inc. *†(2)
Delafield, WI
(262) 781-9710

Jomblee, Inc. †
Wauwatosa, WI
(414) 774-2050

VIRGIN ISLANDS

L'Henri Inc. †
St. Thomas, VI
(809) 774-5452

MULTI-STORE DEVELOPMENT AGREEMENTS NOT RENEWED

NONE

*Indicates a Franchisee with Multiple Stores which still has one or more stores in the System.

**Indicates a transfer to a new franchisee

† Indicates the Franchisee was under the Grandfather Program

(1) Franchisees who have left the System during the period of 1/1/13 through 12/31/13 are listed. If the last business phone number of a former franchisee is unknown, the last known home phone number of the former franchisee is provided.

(2) 1 stores of franchisee left system.

(3) 2 stores of franchisee left system.

Some grandfathered franchisees, who pay franchise fees annually, may not have communicated with MFI within 10 weeks of the issuance date of this disclosure document. See Exhibit I(b) for the names, addresses and business telephone numbers of Martinizing Stores operated by grandfathered franchisees.

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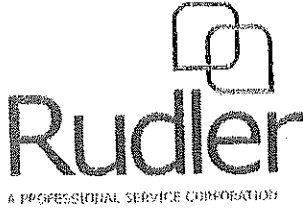


EXHIBIT K

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Martin Franchises, Inc.
Cincinnati, Ohio

We have audited the accompanying financial statements of Martin Franchises, Inc. (an S-Corporation), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2013 financial statements referred to above present fairly, in all material respects, the financial position of Martin Franchises, Inc. as of December 31, 2013, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements as of December 31, 2012 and 2011 were audited by MelBrook PLLC, who merged with Rudler, PSC as of July 1, 2013, whose report dated February 19, 2013 and February 29, 2012, expressed an unmodified opinion on those statements.

Rudler, PSC
Fort Wright, Kentucky
February 27, 2014

MARTIN FRANCHISES INC.
BALANCE SHEETS
December 31, 2013 and December 31, 2012

	December 31, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 420,281	\$ 470,001
Accounts receivable, less allowance for doubtful accounts of \$306,932 and \$237,011 in 2013 and 2012, respectively	343,780	332,687
Inventory	25,024	26,077
Other current assets	41,628	78,646
Notes receivable- current portion	7,416	22,621
Total Current Assets	838,129	930,032
PROPERTY AND EQUIPMENT		
Office equipment	121,669	184,501
Vehicles	9,700	0
Website	23,904	23,904
Leasehold improvements	11,626	11,703
Less-accumulated depreciation	(104,856)	(189,869)
Net Property and Equipment	62,043	30,239
OTHER ASSETS		
Accounts receivable - affiliates	64,750	15,660
Trademarks, net of amortization	10,711	0
Security deposit	2,607	0
Notes receivable, less current portion	0	6,355
Total Other Assets	78,068	22,015
Total Assets	\$ 978,240	\$ 982,286

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	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 36,035	\$ 63,976
Accrued liabilities	49,210	83,371
Customer deposits	<u>81,000</u>	<u>43,480</u>
Total Current Liabilities	<u>166,245</u>	<u>190,827</u>
SHAREHOLDER'S EQUITY		
Capital stock, no par value, 1,500 shares authorized, 1,000 shares issued and outstanding	1,500	1,500
Additional paid-in capital	1,350,888	1,350,888
Accumulated deficit	<u>(540,393)</u>	<u>(560,929)</u>
Total Shareholder's Equity	<u>811,995</u>	<u>791,459</u>
Total Liabilities and Shareholder's Equity	<u>\$ 978,240</u>	<u>\$ 982,286</u>

The accompanying notes are an integral part of these financial statements.

MARTIN FRANCHISES INC.
STATEMENTS OF OPERATIONS
For the three years ended December 31, 2013

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
FRANCHISE REVENUES			
Continuing fees	\$ 1,105,943	1,148,447	1,241,618
Initial fees	<u>47,000</u>	<u>62,500</u>	<u>111,000</u>
Total Franchise Revenue	1,152,943	1,210,947	1,352,618
EQUIPMENT SALES			
	<u>102,537</u>	<u>337,649</u>	<u>376,777</u>
Total Revenues	<u>1,255,480</u>	<u>1,548,596</u>	<u>1,729,395</u>
COSTS AND EXPENSES			
Cost of equipment sales	103,123	280,838	314,047
Selling, general and administrative	1,082,110	1,139,030	1,110,698
Fees to independent referral consultants	<u>33,500</u>	<u>0</u>	<u>107,750</u>
Total Cost and Expenses	<u>1,218,733</u>	<u>1,419,868</u>	<u>1,532,495</u>
Income From Operations	<u>36,747</u>	<u>128,728</u>	<u>196,900</u>
OTHER INCOME (EXPENSE)			
Other income (expense)	(16,771)	(19,295)	(16,520)
Interest expense	0	(874)	(538)
Interest income	<u>560</u>	<u>0</u>	<u>0</u>
Total Other Income (Expense)	<u>(16,211)</u>	<u>(20,169)</u>	<u>(17,058)</u>
NET INCOME	<u>\$ 20,536</u>	<u>108,559</u>	<u>179,842</u>

The accompanying are an integral part of these financial statements.

MARTIN FRANCHISES INC.
STATEMENTS OF SHAREHOLDER'S EQUITY
For the three years ended December 31, 2013

	<u>Capital Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Shareholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at January 1, 2011	<u>1,000</u>	\$ <u>1,500</u>	<u>1,350,888</u>	<u>(437,446)</u>	<u>914,942</u>
Distributions				(180,000)	(180,000)
Net income				<u>179,842</u>	<u>179,842</u>
Balance at December 31, 2011	1,000	1,500	1,350,888	(437,604)	914,784
Distributions				(231,884)	(231,884)
Net income				<u>108,559</u>	<u>108,559</u>
Balance at December 31, 2012	1,000	1,500	1,350,888	(560,929)	791,459
Net income				<u>20,536</u>	<u>20,536</u>
Balance at December 31, 2013	<u>1,000</u>	\$ <u>1,500</u>	<u>1,350,888</u>	<u>(540,393)</u>	<u>811,995</u>

The accompanying notes are an integral part of these financial statements.

MARTIN FRANCHISES INC.
STATEMENTS OF CASH FLOWS
For the three years ended December 31, 2013

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 20,536	108,559	179,842
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	11,787	12,213	5,739
Loss on disposal of equipment	0	31	0
Write-off of notes receivable	9,907	0	0
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(11,093)	55,746	27,176
Inventories	1,053	10,463	(6,264)
Other current assets	37,018	12,221	129,962
Accounts receivable-affiliates	(49,090)	108,836	95,583
Security deposit	(2,607)	0	0
Increase (decrease) in:			
Accounts payable	(27,941)	(33,772)	41,789
Customer deposits	37,520	1,480	(163,000)
Accrued expenses	(34,161)	8,831	8,897
Net Cash Flows From Operating Activities	<u>(7,071)</u>	<u>284,608</u>	<u>319,724</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(42,402)	(16,451)	(60,302)
Purchase of trademarks	(11,902)	0	0
Issuance of notes receivable	0	(25,425)	(35,409)
Collections on notes receivable	11,655	10,400	30,379
Net Cash Flows From Investing Activities	<u>(42,649)</u>	<u>(31,476)</u>	<u>(65,332)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	0	0	47,515
Repayments of long-term debt	0	(45,293)	(2,222)
Distributions	0	(193,501)	(180,000)
Net Cash Flows From Financing Activities	<u>0</u>	<u>(238,794)</u>	<u>(134,707)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(49,720)	14,338	119,685
Cash and Cash Equivalents at Beginning of Year	<u>470,001</u>	<u>455,663</u>	<u>335,978</u>
Cash and Cash Equivalents at End of Year	<u>\$ 420,281</u>	<u>470,001</u>	<u>455,663</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for interest	\$ 0	874	538
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:			
Distribution of asset to sole shareholder	0	38,383	0

The accompanying notes are an integral part of these financial statements.

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Martin Franchises Inc. (the "Company") is a Delaware corporation, incorporated on May 1, 1978. The Company is engaged in the business of granting franchises for the operation of retail dry cleaning establishments and sells machinery, equipment, accessories, supplies, furnishings, merchandising material, promotional items and services to franchisees to be used in the operation of these establishments. At December 31, 2013, 2012 and 2011, the Company had 422, 415 and 459 franchised stores, respectively, of which approximately 45% in 2013, 49% in 2012 and 50% in 2011 were located in the United States with the remainder located in other countries throughout the world.

It is the policy of the Company to employ U.S. generally accepted accounting principles in the preparation of its financial statements. The following is a summary of the Company's significant accounting policies.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all time deposits, and other highly liquid investments purchased with original maturities of three months or less, to be cash equivalents.

Trade Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices dated over 90 days old are considered delinquent. Management is provided the ability to accrue interest on past due accounts based on various franchise agreements currently in use. Management does not presently accrue interest on past due accounts nor does management assign delinquent account receivables to a nonaccrual status. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

If management determines based on significant weaknesses in the creditworthiness of the account and or management determines that the collection of the account is highly questionable and improbable, then management will charge-off the carrying value of the account receivable.

Notes Receivables and Credit Policies

Notes receivable are uncollateralized customer obligations due under terms requiring payment within a specific period of time. Notes receivable are stated at the amount agreed to by the customer. Customers who are over 90 days delinquent in making the agreed upon payments on their note are considered delinquent. Management is provided the ability to accrue interest on past due notes based on the term of the promissory note agreement. Management does not presently accrue interest on past due accounts nor does management assign delinquent notes receivable to a nonaccrual status. Payments of notes

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

receivable are allocated to the specific payment period identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid balance.

The carrying amount of the notes receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all notes receivable balances that exceed 90 days from payment due date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. If management determines based on significant weaknesses in the creditworthiness of the account and or management determines that the collection of the account is highly questionable and improbable, then management will charge off the carrying value of the note receivable.

Inventory

Inventory, which consists of store furnishings, promotional items and equipment held for sale to franchisees, is stated at the lower of cost or market, with cost determined on the first-in first-out (FIFO) basis.

Depreciation

Office equipment, vehicles, furniture, website and leasehold improvements are stated at cost, net of accumulated depreciation. Lease obligations transferring substantially all the benefits and risks incident to ownership of property are considered capital leases and are accounted for as the acquisition of an asset and the incurrence of a long-term obligation. Depreciation is recorded on the straight-line basis over estimated useful lives of three to seven years.

Franchise Revenue Recognition

The initial franchise fees are recorded as customer deposits when received and are recognized as revenue when the initial service requirements are completed and the franchised store has opened. Initial services associated with the issuance of franchise agreements include location review, store layout and equipment specifications, franchisee training and provision of operating manuals. The costs of such services are expensed as incurred.

The franchise program was revised during 1987 for franchisees in the United States and in 1990 for Canadian franchisees. The "Royalty Program" requires a continuing fee, based upon a percentage of the franchisee's monthly sales.

In conjunction with the introduction of the Royalty Program, another program (the "Grandfather Program") was offered to franchisees existing prior to 1987. The Grandfather Program permitted such franchisees to: (1) continue remitting an annual license fee, as opposed to an amount based on a percentage of sales, which is due on the anniversary date of the original agreement, with revenue being recorded in the month billed; and (2) obtain the right for future development of additional stores under exclusive or non-exclusive area development agreements. During 2000 and 2006, the Company offered current Grandfather Franchisees the option to extend their agreement for either an additional term ending December 31, 2019 or for a term of one year with the possibility of renewal for one year terms by mutual agreement of the Company and the Grandfather Franchisee.

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fees to Independent Referral Consultants

The Company pays commissions to certain independent consultants for referrals of new franchisee candidates. The commission is paid to the independent consultant only after the franchise fee is collected by the Company from the candidate. The corresponding expense is recognized upon completion of initial service requirements and the franchised store has opened.

Recognition Revenue

The Company recognizes revenue for equipment sales when products are shipped.

Master Franchise Agreements

The Company executes Master Franchise Agreements ("Agreements"), which grant franchisees the exclusive right, franchise and license to develop dry-cleaning businesses using the Company's trademark and methods in a foreign country, and to operate and sub-franchise stores in that country for a period of ten years. The Agreements specify, among other things, that the Company will provide the franchisees with technical training and "know-how," copies of store operating manuals and consultation services, in exchange for a specified fee. The amount realized on the execution of these Agreements is initially recorded as deferred revenue and is recognized as services are rendered. The Agreements specify that the Company will receive a percentage of the franchisee's fees and gross receipts over the term of the Agreements. The Company did not enter into any Master Franchise Agreements during 2013, 2012 or 2011.

Advertising Costs

The Company generally expenses advertising costs as incurred.

Trademarks

Intangible assets include trademarks that relate to franchise operations that will be amortized over a period of ten years.

The Company treats the costs incurred to renew or extend the term of a recognized intangible asset as professional fee expense.

Income Taxes

The Company has elected to be taxed as an S corporation under the Internal Revenue Code, effective December 22, 1986. As an S corporation, all federal and state income tax attributes of the Company "pass-through" to its shareholder.

The Company's tax filings are subject to audit by various taxing authorities. The Company's federal income tax returns for 2010, 2011 and 2012 remain open to examination by the Internal Revenue Service.

Sales Taxes

Sales, use and similar taxes assessed by governmental authorities on revenue-producing transactions are presented in the statement of operations on a net basis.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales.

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 2 - INVENTORY

Inventory was classified as follows at December 31:

	<u>2013</u>	<u>2012</u>
Promotional materials and supplies	\$ 22,223	\$ 21,034
Machinery and signage	2,801	5,043
Total Inventory	<u>\$ 25,024</u>	<u>\$ 26,077</u>

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company provided office space and administrative and management services to companies affiliated through common ownership during the years ended December 31, 2013, 2012 and 2011. The total of these services was \$85,851, \$90,626 and \$94,293 for the years ended December 31, 2013, 2012 and 2011, respectively. Accounts receivable from affiliates was \$64,750, \$15,660 and \$124,496 for the years ended December 31, 2013, 2012 and 2011, respectively.

NOTE 4 - NOTES RECEIVABLE

Notes receivable consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Note receivable from franchisee, written off in 2013.	\$ 0	\$ 9,908
Note receivable from franchisee, due in monthly installments of \$1,059 through June 2014	7,416	19,068
	<u>7,416</u>	<u>28,976</u>
Less: Current portion	7,416	22,621
Total notes receivable, due after one year	<u>\$ 0</u>	<u>\$ 6,355</u>

The Company's financing receivables on nonaccrual status consisted of at December 31:

	<u>2012</u>	<u>2013</u>
Financing Receivables on Nonaccrual Status:		
Notes receivable – franchisee	-0-	-0-

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 4 - NOTES RECEIVABLE (Continued)

Age Analysis of Past Due Financing Note Receivables

	<u>Days Past Due</u>			<u>Total Past Due</u>	<u>Current</u>	<u>Total Financing Receivables</u>
	<u>30-59 days</u>	<u>60-89 days</u>	<u>greater than 90</u>			
<u>December 31, 2013</u>						
Notes Receivable: Franchisees	-0-	-0-	-0-	-0-	7,416	7,416
<u>December 31, 2012</u>						
Notes Receivable: Franchisees	\$ 1,646	1,646	6,616	9,908	19,068	28,976

**Allowance for Credit Losses and Recorded Investment
In Financing Notes Receivable**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Beginning Balance	4,000	-0-
Charge Offs	4,000	-0-
Recoveries	-0-	-0-
Provisions	<u>-0-</u>	<u>4,000</u>
Ending Balance	-0-	4,000

The 2012 Allowance for Credit Losses of notes receivable was included in the allowance for trade accounts receivable.

NOTE 5 - INTANGIBLE ASSET

Intangible assets consist of the following at December 31:

	<u>2013</u>	
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>
Trademarks	\$ 11,901	1,190
		<u>10,711</u>

Amortization expense was \$1,190 for the year ended December 31, 2013. Amortization expense related to these intangible assets over the next five years will be \$1,190 per year.

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 6 - EMPLOYEE BENEFIT PLANS

Upon meeting certain eligibility criteria, Company employees can participate in the Martin Franchises Inc, and Affiliated Companies Profit Sharing 401(k) Plan (the "Plan"). In addition to allowing participants to contribute 4% to 15% of their earnings to a retirement trust, the Plan requires the Company to contribute a 50% matching contribution (up to a maximum of 2% of employee earnings in 2013, 2012, and 2011) for each employee's basic contribution. The Company's Board of Directors may, at its discretion, make an additional contribution. The expense associated with participation in the Plan for the years ended December 31, 2013, 2012, and 2011 totaled approximately \$6,423, \$9,694, and \$7,017, respectively.

NOTE 7 - LEASES

The Company signed a new lease for office space under an operating lease that extends to December 31, 2016.

Estimated future minimum lease payments under all operating leases having initial or remaining, noncancellable lease terms in excess of one year at December 31, 2013, were as follows:

Year ending December 31, 2014	\$ 35,516
Year ending December 31, 2015	35,516
Year ending December 31, 2016	35,516
Year ending December 31, 2017	3,177

Rent expense for all operating leases was \$112,994, \$113,646 and \$115,142 for the years ended December 31, 2013, 2012, and 2011, respectively.

NOTE 8 - ADVERTISING COSTS

Advertising expense for the years ended December 31, 2013, 2012, and 2011 was approximately \$72,370, \$66,900 and \$80,606, respectively. Prepaid advertising was approximately \$4,500, \$5,700 and \$13,300 at December 31, 2013, 2012, and 2011, respectively.

NOTE 9 - FINANCIAL INSTRUMENTS

The Company's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and trade receivables.

Substantially all of the Company's cash balances at December 31, 2013 and 2012 were maintained at a regional bank in southwestern Ohio. At times, cash balances were in excess of federally insured limits. Other cash balances were maintained at a national bank in Canada.

The Company's trade receivables result from a broad customer base. Management performs ongoing credit evaluations of its customers' financial condition and does not believe significant credit risk exists at December 31, 2013.

MARTIN FRANCHISES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 10-COMMITMENTS AND CONTINGENCIES

The Company is a defendant in certain pending or threatened legal proceedings in the ordinary course of business. In the opinion of management, the ultimate liability, if any, of the Company from such proceedings will not have a material adverse effect on the financial position or results of operations of the Company.

NOTE 11-FOREIGN SALES

The Company's revenue from foreign sales was \$101,683, \$109,725 and \$115,906 for the years ended December 31, 2013, 2012, and 2011, respectively.

NOTE 12 -SUBSEQUENT EVENT REVIEW

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2013 through February 27, 2014, the date the financial statements were available to be issued, for purposes of recognition and disclosure in the financial statements.

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EXHIBIT L

STATE ADDENDUM

The provision in the Franchise Agreement permitting termination of the Franchise Agreement upon the bankruptcy of your franchised business may not be enforceable under Title 11, United States Code Section 101 et seq.

Some states have statutes, and may have court decisions, which may supersede provisions of the Franchise Agreement or the Development Agreement in your relationship with MFI, including the termination and renewal provisions of your franchise.

Some states have statutes, and may have court decisions, which may limit MFI's ability to restrict your activity after termination, expiration or nonrenewal of the Franchise Agreement.

Some states have statutes, and may have court decisions, which restrict or prohibit the imposition of liquidated damage provisions. The imposition of liquidated damages also is restricted by fair practice laws, contract law and some state and federal court decisions.

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EXHIBIT M

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 Martin Franchises 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 we give you this disclosure document at the earlier of the first personal meeting to discuss our franchise 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 requires that we 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 Martin Franchises 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Also see Exhibit A for our registered agents authorized to receive service of process.

The franchisor is Martin Franchises Inc. located at 2001 Ford Circle, Suite A, Milford, Ohio 45150. Its telephone number is (800) 827-0207.

The franchise sellers for this offering are: Kevin B. Kaeding, Jerald E. Lasser, Erin M. Welte, Michael D. Gates and Debra L. Desgrange, employees of Martin Franchises Inc., with principal address of 2001 Ford Circle, Suite A, Milford, Ohio 45150; telephone number (800) 827-0207.

The name, principal business address and telephone number of the independent contractor/referral consultant, if any, who referred you to Martin Franchises Inc. is: _____

Issuance Date: March 31, 2014

I received a disclosure document dated March 31, 2014, that included the following Exhibits:

- A. State Agencies/Agents for Service of Process
- B. Franchise Application
- C. Franchise Agreement, with:
 - C-1 Personal Guarantee
 - C-2 Schedule A
 - C-3 Franchised Location/ Defined Area Addendum
 - C-4 Pick-Up Store Addendum
 - C-5 State Addendum (if any)
 - C-6 Partial Refund Form
 - C-7 Martinizing Route Addendum
 - C-8 Route Delivery Area Addendum
 - C-9 General Release
- D. Confidentiality and Nondisclosure Agreement
- E. Site Acceptance Form
- F. Purchase Order and Sale Agreement
- G. Exclusive Multi-Store/Route Development Agreement, with Sample Development Schedule and State Addendum (if any).
- H. Operating Manuals Table of Contents
- I. List of Franchisees
- J. List of Former Franchisees
- K. Financial Statements
- L. State Addendum

Date of Delivery: _____
(Do not leave blank)

PROSPECTIVE FRANCHISEE:

If a business entity:

If an individual or individuals:

(Name of Business Entity)

(Signature)

By: _____
(Signature)

(Print Name)

Its: _____
(Print Title)

(Signature)

(Print Name)

(Print Name)

KEEP THIS COPY FOR YOUR RECORDS.

EXHIBIT M

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PROSPECTIVE FRANCHISEE:

If a business entity:

If an individual or individuals:

(Name of Business Entity)

(Signature)

By: _____
(Signature)

(Print Name)

Its: _____
(Print Title)

(Signature)

(Print Name)

(Print Name)

Please print the date of delivery, complete and sign this copy of the receipt and return it to Martin Franchises Inc. by mail at 2001 Ford Circle, Suite A, Milford, Ohio 45150, by fax to (513) 731-0818 or by e-mail to cleanup@martinizing.com.