



FRANCHISE DISCLOSURE DOCUMENT

DEPARTMENT OF CORPORATIONS
RECEIVED LOS ANGELES OFFICE

APR 03 2012

NOVUS FRANCHISING, INC.
a Washington corporation
12800 Highway 13 South, Suite 500
Savage, MN 55378
(952) 944-8000
Email info@novusglass.com
www.novusglass.com
www.novusfranchising.com

The franchise offered is for the operation of a retail or mobile business that provides the public with high quality automotive glass, commercial and residential glass repair and replacement services, and certain other automotive after-market products and services under the name Novus. We also offer an affiliate license to existing automotive related business and non-automotive glass businesses that want to add Novus Glass Repair and Replacement products and services to the products and services they already offer. (In the case of an existing automobile and/or truck dealership business, this affiliate license is referred to as an "Auto Dealer License Agreement")

The total investment necessary to begin operation of a stand-alone retail location franchise ranges from \$51,275 to \$222,000. This includes \$24,575 to \$41,600 that must be paid to us or our affiliates. The total investment necessary to begin operation of a stand-alone mobile franchise ranges from \$45,775 to \$134,800. This includes \$25,075 to \$31,300 that must be paid to us or our affiliates. If you acquire a Novus "affiliate" license, the total investment necessary to begin operation will range from \$15,400 to \$72,600, including \$11,800 to \$23,900, that must be paid to us or our affiliates.

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

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 James F. Olson at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, telephone (952) 944-8000.

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

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

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

ISSUANCE DATE April 3, 2012 (See page entitled "State Specific Effective Dates" for state specific effective dates)

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 L for information about the franchisor, or about franchising in your state.

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

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

- (1) THE FRANCHISE AGREEMENT AND AFFILIATE AND AUTO DEALER LICENSE AGREEMENTS PERMIT YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN MINNESOTA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN MINNESOTA THAN IN YOUR OWN STATE.*
- (2) THE FRANCHISE AGREEMENT AND AFFILIATE AND AUTO DEALER LICENSE AGREEMENTS STATE THAT MINNESOTA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.*
- (3) THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

*See Disclosure Document and Franchise Agreement or Affiliate or Auto Dealer License Agreement for provisions that create exceptions to these clauses, or that may override this clause.

EFFECTIVE DATE (See page entitled "State Specific Effective Dates" for state specific effective dates.)



STATE SPECIFIC EFFECTIVE DATES

The effective dates of this Disclosure Document for the states of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin are listed below

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	_____, 2012
Hawaii	_____, 2012
Illinois	_____, 2012
Indiana	_____, 2012
Maryland	_____, 2012
Minnesota	_____, 2012
New York	_____, 2012
North Dakota	_____, 2012
Rhode Island	_____, 2012
South Dakota	_____, 2012
Virginia	_____, 2012
Washington	_____, 2012
Wisconsin	_____, 2012

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn Franchise, 525 West Ottawa Street, Lansing, Michigan 48909, telephone (517) 373-7117

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FRANCHISE DISCLOSURE DOCUMENT

1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Novus Franchising, Inc is referred to in this Franchise Disclosure Document as "Novus," "we" or "us" "You" means the person or entity that buys the franchise from Novus. Novus was incorporated under the laws of Washington in December 1993, under the name TAG Franchising, Inc, and its corporate name was changed to Novus Franchising, Inc on December 13, 1993, when it acquired the assets of the former Novus Franchising, Inc. Our offices are located at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, and our telephone number is (952) 944-8000. We do business under the names "Novus", and "Novus Franchising," and "Novus Glass". Our agent for service of process in this state is disclosed in the State Agency Exhibit (Exhibit L) attached to this Disclosure Document.

Since December 1993, Novus has operated and franchised retail and mobile businesses that provide the public with high quality automotive, commercial and residential glass repair and replacement services and other glass related products and services under the names "Novus Windshield Repair," "Novus Autoglass Repair and Replacement[®]," and "Novus Glass[®]." In 2007, we began offering a co-branded or "affiliate" Novus Glass Repair and Replacement license to existing automotive related businesses and non-automotive glass businesses. These arrangements are referred to in this Disclosure Document as an "affiliate license." In the summer of 2011, we also began offering a similar form of affiliate license exclusively to automobile and/or truck dealerships. The products and services that will be offered by affiliate licensees are similar to those offered by our Glass Repair and Replacement franchisees and therefore, unless otherwise indicated, disclosures in this Disclosure Document that discuss the "Glass Repair and Replacement" franchise also apply to the affiliate licenses. In 2010, we also began allowing some of our franchisees to become a certified dealer of our affiliate, Speedy Auto Glass, Inc, a Washington corporation ("Speedy Auto Glass"), and to include a tagline, "Speedy Glass Certified Dealer" to identify their business. This identifier is only available in certain markets where Speedy Auto Glass does not operate, and does not have any licensees who operate.

From October 1999 to December 2002, we offered the Novus[®] "Auto Care Center" franchise, which provides automotive glass repair and replacement services and automotive paint restoration and paintless dent repair services. We sold 15 Auto Care Center franchises.

We anticipate that beginning in the spring of 2012, we will be offering an "associate" license agreement for the operation of a business offering protection and restoration services under the Novus name. These licensees will offer protective film and/or chemical products to protect and restore automobiles, motorcycles, sailboats, power boats and other surfaces. These protection and restoration service license agreements are described in a separate disclosure document. As of the date of this Disclosure Document, we have not signed any of these agreements.

The "Glass Repair and Replacement" franchise provides glass repair and replacement products and services, while the "Glass Repair" franchise provides repair (but not replacement) products and services. Existing franchisees who own a Glass Repair franchise have the right to reacquire their Glass Repair franchise when the term of their original franchise agreement expires, but we do not offer any new "Glass Repair" franchises or affiliate licenses. Certain existing franchisees who own a Glass Repair franchise are currently operating under a franchise agreement that allows them to offer glass replacement services and products as a separate business and not as part of the Novus[®] Glass Repair franchise. This option will not be offered to new franchisees or franchisees not currently operating a separate glass replacement business.

As of December 31, 2011, Novus had 236 Glass Repair or Glass Repair and Replacement franchises (including 1 affiliate licensees), and 10 company-owned businesses in the United States. Except as described above, Novus has not offered franchises in any other line of business.

We have no predecessors from whom we acquired a major portion of our assets in the last 10 years. We have 2 "parent" companies. We are a wholly owned subsidiary of Trans America Glass, Inc ("TAG"), a

Washington corporation, and TAG is a wholly owned subsidiary of TCG International, Inc (“TCGI”), a Canadian corporation. The principal address of both TAG and TCGI is Unit A, 4242 Phillips Avenue, Burnaby, British Columbia V5A 2X2, Canada.

We have 2 affiliates that sell products or services to our franchisees. TCGI, our parent company, operates www.windshields.com, a glass repair and replacement referral service (see Item 6). Novus Inc, a Washington corporation with the same address as ours, is an affiliate of ours that (a) sells resins to us that we resell to our franchisees, and (b) develops and leases windshield repair equipment to Novus® franchisees.

Shat R Proof Corp, a Washington corporation (“Shat R Proof”), is located at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, and is another affiliate of ours. While it does not sell any products or services to our franchisees, it is a distributor of chemicals, equipment and other products that are used for glass restoration, scratch removal, glass repair, and glass replacement. Shat R Proof distributes a line of these products to us for our distribution under the Novus® brand name. Shat R Proof also distributes paint restoration products and other products under the name “SRP Paint Restoration Systems” and under other brand names through distributors, licensees, dealerships, corporate locations, franchises, and subdistributors.

We have several affiliates that offer franchises under the Novus trademark (in other countries). TCGI licenses the Master Franchise in Canada under the Novus name. TCGI does not operate any Novus Glass Repair and Replacement businesses, and it does not offer franchises in any other line of business. TCGI began offering franchise licenses under the Novus name in 1993 and has 1 licensee, the Master Franchisee for the Novus brand in Canada. In May 2012, that master licensee will cease operating as a master licensee for Novus in Canada, and our affiliate, Windshield Doctor Canada Ltd (“Windshield Doctor”) began offering franchises in Canada in January 2012. Windshield Doctor shares its offices with TAG and TCGI. It was formed in 1993. It has never operated any glass repair/ replacement businesses. It offered franchises for these businesses between 1993 and 2005, and began doing so again in January 2012. It has never offered franchises in any other line of business.

TCGI (Jersey) Ltd is the Master Franchisor for the Novus brand outside the United States and Canada, where it offers franchises for Novus Glass Repair and Replacement, and Novus Scratch Removal businesses. Its principal address is the same as ours. It began offering franchises in 1993, and as of December 31, 2011, it had 36 international licensees. It does not offer franchises in any other business, and it does not operate any Novus Glass Repair or Novus Scratch Removal businesses. Finally, under the Novus brand, TCG Australia Pty Ltd is the Master Franchisee for the Novus Glass Repair and Replacement and for Novus Scratch Removal businesses in Queensland, New South Wales, Australian Capital Territory, Victoria, South Australia and Tasmania, Australia. Their principal address is Level 1, Unit 2, 605 Kingsford Smith Drive, Hamilton, Queensland 4007, Australia. They began offering franchises in Australia in 2000, and currently have 76 franchisees and 6 authorized agents. They operate 1 Novus Glass Repair and Replacement in Australia, which they began operating before our affiliate acquired the business in 2002. They do not offer franchises in any other line of business.

One of our parent companies, TAG, indirectly owns 50% of a company called Automotive Service Franchising, LLC, which franchises air bag system repair services under the Airbag Services trademark. Those businesses also offer interior automotive repair on steering columns, ignition systems, electrical repairs, computer components, stereos, vehicle leasing, locks and door panels. Automotive Service Franchising, LLC’s principal address is 13013 NE 20th Street #1, Bellevue, Washington 98005. They began offering franchises in 1994, and as of December 31, 2011, they had 14 franchises. Automotive Service Franchising, LLC also began operating company-owned Airbag Services businesses in 1992, and as of December 31, 2011, owned 2 such businesses. They do not offer franchises in any other line of business.

Speedy Glass Franchising Systems, Inc, a Washington corporation (“Speedy Franchising”), and Speedy Auto Glass are located at 9655 S E 36th Street, Unit 103, Mercer Island, Washington 98040, and are affiliates of Novus. Speedy Auto Glass owns and operates automotive, commercial and residential glass

repair and replacement businesses under the names "Speedy Auto Glass," "Speedy Glass," "Speedy Auto & Window Glass," and "Speedy Glass Auto, Residential & Commercial" Before 1993, Speedy Franchising franchised automotive and residential and commercial flat glass repair and replacement businesses under the same or similar names, but Speedy Franchising no longer offers or sells franchises apart from (a) 4 existing Speedy franchises operating in the State of Washington, and (b) a relationship with Ziebart International, Incorporated ("Ziebart") under which Ziebart may offer and sell Speedy franchises to Ziebart corporate owned and franchised businesses under a "co-brand" arrangement In addition, Speedy Auto Glass (a) has a trademark license agreement with Skyborne, LLC, a third party who operates a Speedy Auto Glass business in the State of Washington, and (b) operates add-on Novus[®] businesses under a co-brand license arrangement with us However, as of the date of this Disclosure Document, Speedy Franchising and Speedy Auto Glass do not offer franchises in any line of business, and we have no other affiliates (other than Automotive Service Franchising, LLC) that offer franchises under other names or marks

The Glass Repair and Replacement franchise that we offer may be operated from either a fixed retail location or on a mobile basis A fixed retail location franchise provides Glass Repair and Replacement services to customers on a full-time basis during normal business hours from the franchised location and, in addition, has the right to provide these services to customers from specially equipped vehicles A mobile franchise provides these services from specially equipped vehicles and does not maintain a retail location An affiliate licensee offers products and services only at the retail location of its existing business

Companies other than Novus market products that compete directly with the Novus[®] businesses described in this Disclosure Document You will compete in your business with other national and regional systems, both company-owned and franchised, and with independent businesses, some of which offer only the services you will offer, and some of which offer other automotive or glass services in addition to the services you will be offering

The products and services offered by Novus[®] businesses are used by the general public and businesses for the repair and replacement of automotive, commercial and residential glass, and other glass related products and services that we approve Potential customers include individual automobile owners, automobile dealerships, automobile rental agencies, trucking companies, fleet owners, automotive body shops, commercial building owners, residential homeowners, and insurance companies Sales of products and services by Novus[®] businesses tend to vary on a seasonal basis, and are generally lower during the winter months in northern areas

There are state laws in effect in a number of states that are specific to the after-market automotive industry, and/or to glass repair or replacement services In some states you must be licensed to perform windshield repair and replacement services Some states have laws restricting the rebates, gifts or incentives you can give to customers For additional information about these laws, and to determine whether these laws exist in your state, contact your state Attorney General's office There are also federal laws that prohibit certain activities on the part of motor vehicle repair businesses, including actions that would defraud consumers or render parts of their vehicle inoperative In addition, you must comply with federal, state and local environmental, occupational safety and health, and related laws and regulations that apply to the handling, storage, use, and application of the resins and chemicals you use in your Novus[®] business

2. BUSINESS EXPERIENCE

A Allan Skidmore - Chief Executive Officer, Director

Mr Skidmore has been Chief Executive Officer and a Director of Novus since December 1993. He joined TCGI in 1967, and is currently the Co-Executive Chairman and Chief Executive Officer of TCGI Mr Skidmore also holds various offices with affiliates of ours, including the positions of President and Director of Speedy Auto Glass

Thomas E Skidmore - Vice President, Director

Mr Skidmore has been Vice President and a Director of Novus since December 1993. He joined TCGI in 1968, and is currently the Co-Executive Chairman and Chief Executive Officer of TCGI. Mr Skidmore also holds various offices with affiliates of ours, including the position of Vice President and Director of Speedy Auto Glass, and President of Glentel Inc., a wireless communications business located in Burnaby, British Columbia.

Garry Skidmore - Executive Vice President

Mr Skidmore has been Executive Vice President of Novus and of Novus, Inc., and President of Windshield Doctor Canada, Inc., since October 2011. Since November 2005, he has been Executive Vice President of TCGI, and in 2006, he assumed responsibility for the operations of the company-owned Novus' businesses, and the affiliate licenses. He also oversees Speedy Auto Glass' operations. Mr Skidmore has been an employee of TCGI since 1994.

L Michael Darby - Chief Financial Officer and Treasurer

Mr Darby has been Chief Financial Officer of Novus since November 2005 and of TCGI since June 2007. From June 2005 until November 2005, he was General Manager of Apollo Sign & Millwork, Ltd (a subsidiary of TCGI) in Burnaby, BC. From August 2002 until June 2005, Mr Darby was Director, Financial Planning, & Supply Chain Management, of TCGI (Autostock Division).

Keith A Beveridge - Senior Vice President

Mr Beveridge has been Senior Vice President of Novus since September 2005. From April 1997 until September 2005, he was Vice President and General Manager of Novus.

Erika Tse - Vice President, Corporate Counsel and Secretary

Ms Tse has been Vice President, Corporate Counsel and Secretary for Novus since December 2005.

David Osland - Vice President of Marketing and Product Development

Mr Osland has been Vice President of Marketing and Product Development for Novus since March 2006. From August 2005 to March 2006, he was Director of Marketing for Novus Inc. From February 2002 to August 2005, Mr Osland was Product Manager for Novus Inc.

Ted D Andersen - Vice President Franchise Sales and Development

Mr. Andersen has been our Vice President of Franchise Sales and Development since April 2010. Between August 2007 and April 2010, he was our Eastern Regional Manager. From September 2005 to July 2007, he was area manager for Pilkington NA, Brookfield, Wisconsin.

James F Olson - Director of Franchise Development

Mr Olson has been employed by Novus and its predecessor (a company from whom we acquired our assets in 1993) since 1980. He has been our Director of Franchise Development since September 2005. Between October 1999 and March 2012, he was also Director of Brand Awareness and National Accounts.

Jay L Bickford - Director of Training and Development

Mr Bickford has been with Novus since 1996. He has been our Director of Training and Development since May 2001. In April 2010, Mr Bickford also assumed the management of our National Accounts Development Program and our Preferred Provider Vendor Programs. Mr Bickford's principal duties include classroom, factory, and field training and instruction, developing training materials, publishing newsletters, articles, and updates and revisions to our Operations Manual, providing telephone support for franchisees, and assisting in product testing and development.

Jeffrey O Robinson – Director – Western Region, Director of Brand Awareness and National Accounts

Mr Robinson was named Director of our Western Region in April 2010 In March 2012, he was also made responsible for our brand awareness and national accounts Between July 2008 and March 2010, he served as our Director of Operations Between January 2005 and June 2008, he was our Western Regional Manager

Mary Nakamura Nelson – Marketing Manager

Ms Nelson has been our Marketing Manager since March 2004

Adam Petersen – Franchise Development Coordinator

Mr Petersen has been our Franchise Development Coordinator since April 2010 Before joining Novus, he was a Sales Representative at Mail South, Inc in Helena, Alabama from April 2009 to April 2010, at Quirk Enterprises Inc in Eagan, Minnesota from March 2008 to March 2009, and at University Directories in Chapel Hill, North Carolina from May 2007 to August 2007 Between August 2003 and May 2009, he was a student at University of Wisconsin–Menomonie in Menomonie, Wisconsin

3. LITIGATION

Concluded Litigation

On November 1, 2002, Novus filed a Complaint against William A Batley and Novus Windshield Repair Company of Washington, LLC (collectively, “Batley”), Novus Franchising, Inc v William A Batley, United States District Court, District of Washington, Civil Action No C02-2236, alleging claims for declaratory relief, breach of contract, injunctive relief, trademark infringement, audit/accounting, and unjust enrichment These claims arose out of Batley’s unauthorized use of the Novus® name, Marks and Business System in the operation of a windshield replacement business In response to the Complaint, Batley filed an Answer on November 27, 2002 Batley denied our claims, and brought counterclaims against us for violation of the duty of good faith and fair business, unfair methods of competition, and unfair and deceptive trade practices On June 12, 2003, the Court issued an Order dismissing our claims against Batley On July 17, 2003, the Court issued another Order, clarifying the previous Order, holding that Batley is not a windshield replacement franchisee On October 20, 2003, the Court issued an Order dismissing Batley’s counterclaims without prejudice

On or about February 26, 2003, Batley filed a Complaint entitled William A Batley et al v Novus Inc et al in the Superior Court of the State of Washington for King County, Case No 03-2-19462-OSEA Batley alleged that Novus, Novus Inc, Speedy Auto Glass, Speedy Franchising, and others violated Washington antitrust laws in the 1993 acquisition of NFI by TAG and that we attempted to monopolize glass repair and replacement services in Washington Batley was seeking damages and injunctive relief to undo the 1993 acquisition or require the Speedy entities to close stores and franchises and refrain from opening new stores On May 6, 2003, this case was stayed by Order of the Court On October 27, 2003, the Court issued an Order lifting the stay and Batley was permitted to amend his Complaint to add to his claims the counterclaims he had been alleged in the federal case described in the previous paragraph Without any admission of liability, the parties entered into a settlement agreement on April 27, 2004 The settlement agreement (i) required that Novus pay Batley \$125,000 over a four year period, and (ii) included full, mutual and final releases of the parties

Litigation We Initiated in 2011

Actions for Enforcement of Noncompete Provisions and/or Trademark Infringement

Novus Franchising, Inc v Jeffrey L Livengood and Betty A Livengood, United States District Court, District of Minnesota, No 11-CV-01651 (MJD/TNL) filed June 24, 2011

Other than these actions, no litigation is required to be disclosed in this Item

4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

5. INITIAL FEES

Initial Franchise or License Fee

The amount of the Initial Franchise Fee for a stand-alone Glass Repair and Replacement franchise (whether a mobile unit or a retail location) is \$10,000. If you currently own a stand-alone Glass Repair and Replacement franchise, you also have the right to acquire additional Glass Repair and Replacement franchises, for an Initial Franchise Fee of \$7,500 for each additional franchise. If you are an active member of the United States military, or have been honorably discharged from the United States military within the last 3 years, and if you pay the Initial Franchise Fee in full without us having to finance it, we will reduce the fee to \$7,000. If you are reacquiring your Glass Repair and Replacement franchise, you do not pay any Initial Franchise Fee to us, but you must pay a Re-Franchise Fee of \$2,500 for the first franchise, and \$1,500 for all additional Novus[®] businesses you re-franchise at the same time.

The Glass Repair only franchise is only offered to you if you are reacquiring your existing Glass Repair only franchise. In that situation, you do not pay any Initial Franchise Fee to us, but you must pay a Re-Franchise Fee of \$2,500 for the first franchise, and \$1,500 for all additional Novus[®] businesses you re-franchise at the same time.

If you are acquiring an affiliate license, there is an initial license fee of \$4,500, unless it is for an auto dealership in which case the Initial License Fee is \$2,500. If at the end of the initial term of the license, you want to reacquire your license, you must pay a Re-License Fee of \$2,500 for each affiliate license (including auto dealer license) you are reacquiring.

The Initial Franchise Fee or Initial License Fee is payable in full to us at the time you sign the Franchise Agreement or Auto Dealer or Affiliate License Agreement. Except as described below, these fees are not refundable.

For a stand-alone franchise, if you, your manager, and/or your employees do not successfully complete the initial training program (see Item 11) within 60 days from the date of the Franchise Agreement, and before the date you are scheduled to open the business, then we may terminate your Franchise Agreement. For a stand-alone franchise, if you intend to operate out of a fixed location and do not locate a suitable site for your business within 90 days from the date of the Franchise Agreement, and you do not choose to begin operating as a mobile business, then you and Novus each will have the right to cancel your Franchise Agreement. If either of us exercises the right to cancel your Franchise Agreement, we will refund your Initial Franchise Fee, less the greater of \$2,500 or the actual expenses we incurred in approving you as a Novus[®] franchisee and in performing our obligations under the Franchise Agreement. This refund does not apply in the case of the termination of an Affiliate or Auto Dealer License Agreement.

Initial Training and Testing Fees

You must pay us the applicable Initial Training Fees at the earlier of when you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement or the first day that you or your employees attend training.

For a stand-alone Glass Repair and Replacement franchise (whether a mobile unit or retail location), the fee for the Initial Training Programs for up to 2 people is \$8,000 and is nonrefundable. This covers our Initial Training Program, Initial Glass Repair Training and Initial Glass Replacement Training. If you want us to train additional people at the same time, there is a charge for each additional person of \$1,000 for the Initial Training Program, and \$1,500 for the Initial Glass Replacement Training. If (1) your principal owner/operator is an experienced master auto glass technician certified by the Auto Glass Safety Council ("AGSC") (or other certifying organization acceptable to us) who passes our glass

replacement test, or (ii) you employ a full-time experienced and certified master auto glass technician who passes our glass replacement test, and stays in your employ full-time continually for 1 year following the opening of your business, then we will waive the requirement that you take the glass replacement training, and we will give you a credit that you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you. The credit will be for \$3,000, less a testing fee of \$750, and any travel and other out-of-pocket costs we incur in providing the test outside our offices.

The Initial Training Fee for a stand-alone Glass Repair franchise (whether a mobile unit or a retail location) is \$4,000 and covers both the Initial Training Program and the Initial Glass Repair Training. This fee is nonrefundable.

Affiliate licensees are not required to attend our Initial Training Program or pay any fees for that program. However, affiliate licensees must complete our Initial Glass Repair Training, which we will provide for 2 persons either at your business location or another location we designate. You must pay us a non-refundable training fee of \$3,000 for the Initial Glass Repair Training, plus if we conduct the training at your location, you must pay us our out-of-pocket costs for travel and living expenses in providing the training. (If you choose to take the training at our offices, you will not have to pay our out-of-pocket costs.) If you choose to offer Glass Replacement services, unless you are an experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us) who passes our glass replacement test or unless at the time you open your Novus business you employ a full-time experienced and certified master auto glass technician who passes our glass replacement test, you will be required to complete our Initial Glass Replacement Training and pay the training fee of \$4,000 for that training. This training is offered at a Novus regional training location that we will designate and you will be required to pay all your expenses in attending the training. Affiliate licensees that have someone on staff who is an experienced and certified master auto glass technician may have that person take our glass replacement test for a fee of \$750 per test. We will offer the test at your retail location if you provide the vehicle and glass for the test and pay our out-of-pocket costs for travel and living expenses in providing the test. If you or your employee takes the test at our offices, you will not have to provide the vehicle or glass or pay our expenses.

Initial Equipment Package

You must purchase and lease certain equipment, tools, supplies, and promotional materials from us or from Novus Inc. when you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement. First, there is the Initial Equipment Package for equipment related to glass repair. You can lease that equipment over the initial term of your franchise. The lease payment is \$45 a month, for the 10-year term of the franchise agreement (or \$50 per month for the 5-year term of the Affiliate or Auto Dealer License Agreement). In the alternative, you can pay us \$2,000 as a prepayment of all the lease payments due under this lease. If you elect to prepay us, the \$2,000 payment must be paid to us at the earlier of when you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement or the first day that you or your employees attend training. If you are signing a Franchise Agreement as part of a transfer or re-franchise, and you trade in the classic bridges that you purchased, then we will discount this initial payment by \$200 or, if you pay monthly, we will waive the first 6 months of payments. Second, there is an Accompanying Equipment Package for additional glass repair tools, supplies and equipment. The cost of this package ranges between \$2,275-\$3,000 for a stand-alone franchise and \$1,500 for an affiliate license. Payment for the Initial Equipment Package and the Accompanying Equipment Package is nonrefundable.

Initial Software Package

You must license your software program from a vendor we approve. At this time, the Quest Point-of-Sale ("POS") software package is the only program we have approved and we will license it to you. To license this software for the first year, you will pay \$1,000 to us at the time you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement, which includes the license fee for the first year and the set-up fee for this software. After the first year, the license fee is \$80 per month. If you are

currently at the end of the initial term of the Franchise Agreement, and you want to re-franchise, you will not pay us a new setup fee or first year license fee, and will continue to pay the monthly fee for the software license

If you are an affiliate licensee and you have your own financial software but it does not connect to Quest, you must pay us an additional \$300 for software to make that connection

Franchise or License Identification Package

You must purchase a Franchise Identification Package or License Identification Package from us when you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement. The basic Identification Package will cost approximately \$1,000 for an affiliate licensee, and approximately \$1,500 for a franchisee operating a stand-alone retail or mobile franchise. This is for a basic package that includes vehicle graphics for 1 vehicle, 3 uniforms, and basic initial printing. If your initial operations require a larger package, these costs will be higher. We anticipate the maximum cost for these packages will be \$4,000. Payment for the Identification Package is nonrefundable.

New Signage Package

You must either purchase your signage from us when you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement, or, within 30 days after that date, you must show us proof that you purchased the signage from a supplier we have approved. The cost of purchasing signage from us is between \$4,000 and \$10,000 for a stand-alone franchisee and between \$500 and \$5,000 for an affiliate licensee. Payment for the signage is nonrefundable.

Initial Marketing Start-Up Package

For stand-alone Novus businesses (i.e. all but affiliate licenses), we will prepare an initial marketing start-up package for you. It will include an initial direct mail marketing campaign, an initial fleet and commercial account prospect list, and a local area search marketing program. As part of this package, we will also establish a home page for you on our website. In addition, we will pay your first year participation in a referral website in which we require you to participate, www.windshields.com. The cost for this package is \$3,000, which you must pay us when you sign your Franchise Agreement. There will also be a monthly hosting fee for your home page (See Item 6 for additional information on the hosting fee and the referral website fees). We will provide you 1 free email account with your home page. If you want additional email accounts, you must pay us an additional \$25 for each one. These fees are nonrefundable.

For affiliate licensees, we will establish a website for the business on a Novus® glass website that we designate. We will also provide 1 free email account with that home page. You must pay us an initial set-up fee of \$300 to establish this home page when you sign your Affiliate or Auto Dealer License Agreement. These fees are nonrefundable.

Call Center Set-Up

You must pay us an initial set-up fee of \$299 to participate in our call center. You pay this fee at the time you sign your Franchise Agreement, and it is nonrefundable. There will also be a monthly hosting fee (see Item 6). (Participation in the call center is optional for an affiliate licensee.)

See Item 10 for information about financing these initial fees.

6. OTHER FEES

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Royalty Fees	Typically, 8% of Gross Revenues from glass repair products and services, from glass replacement products and services, and from any other products and services you sell under the Novus® name, or the "Minimum Monthly Royalty Fees," whichever is greater See notes (2) - (3))	These fees are generally due on the 10th day of each month for the preceding month However, for an affiliate license, the Minimum Monthly Royalty Fee is due on the 1st of each month, and any additional Royalty Fee is due on the 15th day of the month based on Gross Revenues the preceding month	See notes (3) - (5) In addition, if you want to use the identifier, Speedy Glass Certified Dealer, and if we allow you to do so, you pay an additional royalty of 2% of Gross Revenues from glass replacement products and services
Local Advertising	A minimum of 4% of Gross Revenues (payable to local advertising suppliers)	As negotiated with local advertising suppliers	This is a minimum amount you must spend in your own market to promote your Novus business You do not have to pay it to us, unless you fail to spend the money See note (6)
Reimbursement of Audit Costs	Dependent upon the costs we incur in conducting an audit of your business records	Within 5 days of receipt of an invoice indicating the amount owed	You only have to reimburse us for audit costs if an audit shows that you understated your Gross Revenues by more than \$500 in any 12-month period
State, Regional and National Meetings	\$0- to \$500 for each person attending	Upon registration to attend meeting See note (7)	You must attend at least 1 national, regional or state meeting each year In addition to the registration fee you pay us, you must pay your travel, lodging, and food expenses
Novus On-Line University Training Fees	\$3-\$5 per course	At the time the course is taken	These are optional courses available through our website You pay this fee only if you take the course
Other Training	\$0-\$4,000	At the time of training	See note (10)
Electronic Data Interchange	\$ 75 per transaction	Monthly	This is a transaction fee associated with the use of the Quest point-of-sale and/or software packages See note (11)

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Image Fee	Up to \$500 per month	On the first day of each month	If you fail to install approved Novus signage in the month you open your business, you must pay us a \$500 monthly fee until the signage is installed. In addition, if you do not meet our other brand identity standards (such as building signage, vehicle signage, uniforms), and do not correct your noncompliance within 10 days after notice, we may charge you an additional image fee, of up to \$500 a month, until you comply.
Call Center Fee	\$25 per month administrative fee, \$15 referral fee on in-bound windshield repairs calls and \$25 referral fee on in-bound glass replacement calls	As incurred	If you are a stand-alone franchise, you must participate in the call center for the first 3 months you are open. After that (and for affiliate licensees), your participation is optional, you may continue using the call service 24/7, or for daily after-hour service, or for weekend or ad hoc service.
Affiliate License Conversion Fee	\$5,000	Upon exercise of the option to convert an affiliate license to a stand-alone repair and replacement franchise	See note (12)
Fixed / Mobile Conversion Fee	\$1,500	Before conversion of a mobile franchise to a retail location, or conversion of a retail location to a mobile franchise	See note (13)
Transfer Fee	\$3,000	Before transfer of franchise	In addition, the transferee will pay us our then-current training fee. The transferee may also have to purchase a portion or all of the Franchise Identification Package, to ensure that the transferee's franchise identification meets our then-current Franchise Identification Package standards and specifications.

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Re-Franchise or Re-License Fee	\$3,000 See note (8)	Upon exercise of the option to re-franchise (or in the case of an affiliate license, the option to re-license)	The term of the Franchise Agreement is 10 years, and the term of the Affiliate and Auto Dealer License Agreement is 5 years. You have an option to re-franchise or re-license (see Article 3 of the Franchise Agreement and Affiliate and Auto Dealer License Agreement)
APR Modification Fee	\$1,500	Within 10 days of when we approve a change to the APR	You pay this fee only if you request a change or modification to your APR after our initial determination (Not applicable to affiliate licenses)
Lease Payments See note (9)	\$45 per month for a stand-alone franchisee and \$50 per month for an affiliate licensee	On the first day of each month	For lease of windshield repair equipment (2 repair bridges and 1 "Crack Mouse [®] ")
Monthly Point-of-Sale Software Package License Fees	\$80 per month (but \$50 per month for Glass Repair only franchises)	On the tenth day of each month	For license of the point-of-sale software package (see Items 5, 8 and 11)
Web Page Hosting Fees See note (11)	Currently, \$0 - \$50 per month	As incurred	
Windshields.com Participation Fees	Currently, \$250 a year, plus \$5 per telephone call that lasts for more than 40 seconds	As incurred	You must participate in a referral website, www.windshields.com , which is operated by TCGI. However, you do not have to pay these fees if you are designated as a Speedy Glass Certified Dealer. See note (14)
Interest Charges	1 1/2% per month interest or the maximum legal rate allowable in the state where your business is located, whichever is less	On demand	Interest charges apply to past due payments of monthly Royalty Fees and other payments due to us
Supplier Approval	Actual cost we incur	On demand	You must reimburse us for all costs that we incur to determine the quality of the products and services you submit for approval

- (1) Except where indicated, each fee is payable to and collected by Novus and all fees are nonrefundable. None of these fees are imposed by a cooperative. They are uniformly imposed on our franchisees, except that franchisees signing earlier franchise agreements may have lower fees for some of these items.

- (2) If you have a stand-alone Glass Repair and Replacement franchise, the percentage royalty fee begins the date you begin operating your business, but the Minimum Monthly Royalty Fee does not begin until the 7th month after you sign the Franchise Agreement (unless this is a re-franchise or conversion of an existing business, and then the minimum begins immediately) The Minimum Monthly Royalty Fee for a stand-alone Glass Repair and Replacement franchise will begin at \$250, and will increase to \$500 in the 25th month after you begin operating your business If you have an affiliate license or a Glass Repair only franchise, the percentage royalty fee also begins the date you begin operating your business, and the Minimum Monthly Royalty Fee begins the second month after you sign your Agreement For a Glass Repair only franchise, the Minimum Monthly Royalty Fee is \$300 For an Auto Dealer License, the Minimum Monthly Royalty Fee is \$250, unless you (i) have taken the Initial Glass Replacement Training or (ii) you or a full time employee are certified by the AGSC (or other certifying organization acceptable to us) and have passed our glass replacement test or (iii) you are offering glass replacement products or services, and then the Minimum Royalty Fee is \$350 For all other affiliate licenses, the Minimum Monthly Royalty Fee is \$350 If you convert an existing independent glass replacement and repair business to a Novus® Glass Repair and Replacement franchise, or if you are an existing Novus® franchisee who does not provide glass replacement services under the Novus® name, and you enter into a new Glass Repair and Replacement Franchise Agreement with us, then you will pay us the monthly Royalty Fees described in the chart above, except you will pay us monthly Royalty Fees of 3% of your Gross Revenues from the sale of glass replacement products and services up to your monthly "Base Revenues," and 8% on Gross Revenues above the Base Revenues Your monthly Base Revenues are defined as your gross income from glass replacement services and glass sales (excluding glass repair revenues) on a monthly basis for the preceding 12 months from the date of your Franchise Agreement Beginning on the date you sign the Franchise Agreement, you will pay us the greater of the monthly Royalty Fee based on your Gross Revenues or the Minimum Monthly Royalty Fees of \$500
- (3) The term "Gross Revenues" means your total gross dollar sales from all products and services that are received, billed or generated by, in, or from your Novus® franchise from all cash, credit, and charge sales made to your customers and clients, excluding any sales, use or gross receipts tax imposed by any federal, state, municipal, or governmental authority directly upon sales (see Article 1 of the Franchise Agreement or Affiliate or Auto Dealer License Agreement) In the case of an affiliate license, Gross Revenues relate only to products and services that you sell to customers or clients of the business using any of our Marks, regardless whether we have approved your sale of those products and services
- (4) Unless we agree otherwise, you must authorize your bank to deposit the amount of your Royalty Fees from your bank account directly into our bank account on a monthly basis by direct transfer of funds
- (5) Certain existing franchisees may not be required to pay Royalty Fees on scratch removal services These existing franchisees signed an addendum to their current franchise agreement that allowed them to purchase the scratch removal equipment and not pay Royalty Fees on the scratch removal portion of their business This addendum was offered for a limited amount of time If these franchisees elect to renew their franchise agreements, they will be allowed to continue operating under similar terms
- (6) For stand-alone franchises, if there are 2 or more franchisees or licensees in your Area of Primary Responsibility ("APR"), we may require you to become a member of a local advertising group Your advertising payments to a local advertising group will apply toward your 4% local advertising requirement In the case of an affiliate license, you must spend at least 4% of your Gross Revenues each calendar quarter for local advertising and to promote your Business but we do not assign you an APR

- (7) If you do not register for or attend our meetings as required, we will bill you for the convention fee for our annual or bi-annual meeting and you must pay it within 10 days after you receive our invoice
- (8) If you re-franchise more than one Novus® franchise at the same time, the fee will be \$3,000 for the first one, and \$2,000 for all the others (This does not apply to an auto dealer license)
- (9) You may elect to pay a lump sum amount of \$2,000 for this equipment, which will prepay the lease payments for the full initial term of the lease. We will not refund prepaid lease payments if the lease is terminated early. If you are an existing Novus franchisee, are re-franchising your Novus® business, and are using what is known as the "classic" repair bridges, you must upgrade to our most current model repair bridges (currently known as the "Millennium" repair bridge), by paying us a lump sum amount of \$1,800 for this equipment, which will prepay the lease payments for the full 10-year term of the lease. However, if you have classic bridges that you turn in to us, then we will discount this initial payment by \$200, and if you pay monthly, we will waive the first 6 months of payments (We also offer this option on a transfer of a franchise). If you lose any of this equipment, or it is stolen or destroyed, you must pay us a Lost Equipment Fee for each piece of equipment that is lost, stolen or destroyed. The current fee is \$750. In addition, if the equipment is damaged, you must pay us to repair the equipment
- (10) As indicated in Item 5, we provide initial glass replacement and glass repair training when you begin operating the business. If you lose a trained employee and a new one must be trained, the fee will be \$4,000 for each training. If you have an employee who is taking the glass replacement training and that employee does not complete the initial glass replacement training within the times we require, you must then pay an additional \$500 for this training. An affiliate licensee must complete our glass repair training and pay a \$3,000 fee for that program

If you are an affiliate licensee and you choose to offer glass replacement services, you must either be an auto glass technician certified by the AGSC (or other certifying organization acceptable to us) who passes our glass replacement test or have a full-time employee who is an experienced and certified master auto glass technician who has passed our test. If neither you nor a full-time employee is certified and passes our test, you must pay us a fee of \$4,000 for the initial glass replacement training. If you elect to test out of this training, you must pay us a fee of \$750 for the glass replacement test. If you choose to take the test at your location, you also must provide the vehicle and glass and pay our out-of-pocket expenses for providing the test, but if you take the test at our offices, then you do not have to provide the vehicle and glass and do not have to pay our expenses

Flat glass training is a one-week training course we offer for franchisees interested in offering flat glass products and services in their business. The fee for that program is \$3,000

We also offer webinars for a fee of up to \$300 per webinar (See Item 11 for additional detail on these training programs). Apart from these training programs, we periodically offer other training courses to franchisees and licensees for new products and services. The fees for these programs are determined at the time the training is offered

- (11) If you decide to add any information to your web page that is not contained in our standard template, the programming costs will be \$100/hour for the first 2 hours and \$65/hour for each additional hour
- (12) If you have an affiliate license and have operated in the Novus® system for more than 1 year, and are not in default under your license agreement, you may convert to a Novus® Glass Repair and Replacement franchise if you otherwise meet our standards to do so. Before you convert your

business, you must sign a new Glass Repair and Replacement Franchise Agreement on our then-current form, and pay a \$5,000 conversion fee to us when you sign the new agreement, but we will waive the payment of the Initial Franchise Fee and any new initial training fees unless you do not have someone on your staff who has met the requirements for glass replacement training or who is certified by the AGSC (or other certifying organization acceptable to us) as a master auto glass technician and who has passed our glass replacement test, in which case, someone on your staff must attend and successfully complete the glass replacement training program and you must pay us the \$4,000 training fee for that program

- (13) If you want to convert an existing mobile franchise to a fixed retail location or vice-versa, and you otherwise meet our standards to do so, you must pay us a \$1,500 conversion fee and sign a new Glass Repair and Replacement Franchise Agreement on our then-current form. We will then waive the payment of the Initial Franchise Fee and any new initial training fee. An affiliate license cannot be converted to a mobile franchise.
- (14) Except for affiliate licensees, we pay the first year's annual fee for you as part of the Initial Marketing Start-Up Package we provide (see Item 5).

7. ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT
LEASED RETAIL LOCATION FRANCHISE**

Type of Expenditure*	Amount		Method of Payment	When Due	To Whom Owed
	(Low	- High)			
Initial Franchise Fee ⁽¹⁾	\$10,000	\$10,000	Lump Sum	Upon Signing	Novus
Initial Training Fee ⁽²⁾	\$8,000	\$8,000	Lump Sum	Upon Signing	Novus
Salaries and Expenses For 2 Persons to Attend Required Training ⁽³⁾	\$4,200	\$9,000	Lump Sum	On Pay Days and When Incurred	Persons Attending Training
First Month's Rent ⁽⁴⁾	\$1,000	\$4,200	Lump Sum	Before Start	Landlord
Leasehold Improvements/Redecoration ⁽⁵⁾	\$0	\$40,000	Lump Sum	Before Start	Suppliers
Furniture and Fixtures	\$0	\$25,000	As Incurred	Before Start	Suppliers
Equipment ⁽⁶⁾	\$2,275	\$5,000	Lump Sum	Upon Signing	Novus
Tools, Supplies, and Promotional Materials ⁽⁷⁾	\$1,000	\$4,000	As Incurred	Upon Signing	Other Suppliers
Exterior Building Signage	\$2,500	\$10,000	Lump Sum	Upon Signing (or Within 30 Days After Signing) ⁽⁸⁾	Novus or Other Supplier ⁽⁸⁾
Vehicle ⁽⁹⁾	\$0	\$50,000	Lump Sum	Before Start	Supplier
Inventory ⁽¹⁰⁾	\$0	\$5,000	Lump Sum	Before Start	Novus or Suppliers
Software Package ⁽¹¹⁾	\$1,000	\$1,000	Lump Sum	Before Start	Novus
Computer Hardware and Other Software ⁽¹²⁾	\$0	\$2,500	Lump Sum	Before Start	Suppliers

Type of Expenditure*	Amount		Method of Payment	When Due	To Whom Owed
	(Low	- High)			
Franchise Identification Package ⁽¹³⁾	\$1,500	\$4,000	Lump Sum	Upon Signing	Novus
Initial Advertising Campaign Expenditures	\$0	\$10,000	As incurred	Initial 3 Months	Suppliers
Insurance Premiums	\$1,500	\$5,000	Lump Sum	Before Start	Insurance Company
Professional Fees	\$0	\$3,000	As Incurred	As Incurred	Supplier
Security Deposits	\$0	\$3,000	Lump Sum	Before Start	Landlord
Initial Marketing Start-Up Package ⁽¹⁴⁾	\$3,000	\$3,000	Lump Sum	Upon Signing	Novus
Call Center Setup Fee	\$300	\$300	Lump Sum	Upon Signing	Novus
Additional Funds (3 Months) ⁽¹⁵⁾⁽¹⁶⁾	\$15,000	\$20,000	As Incurred	Initial 3 Months	Suppliers, Employees
Total ⁽¹⁵⁾	\$51,275	\$222,000			

MOBILE FRANCHISE

Type of Expenditure*	Amount		Method of Payment	When Due	To Whom Owed
	(Low	- High)			
Initial Franchise Fee ⁽¹⁾	\$10,000	\$10,000	Lump Sum	Upon Signing	Novus
Initial Training Fee ⁽²⁾	\$8,000	\$8,000	Lump Sum	Upon Signing	Novus
Salaries and Expenses For 2 Persons Attending the Required Training ⁽³⁾	\$4,200	\$9,000	Lump Sum	On Pay Days and When Incurred	Persons Attending Training
Equipment ⁽⁶⁾	\$2,275	\$5,000	Lump Sum	Upon Signing	Novus
Tools, Supplies and Promotional Materials ⁽⁷⁾	\$1,000	\$4,000	As Incurred	Upon Signing	Other Suppliers
Vehicle ⁽⁹⁾	\$0	\$50,000	Lump Sum	Before Start	Supplier
Inventory ⁽¹⁰⁾	\$0	\$5,000	Lump Sum	Before Start	Novus or Suppliers
Software Package ⁽¹¹⁾	\$1,000	\$1,000	Lump Sum	Before Start	Novus
Computer Hardware and Other Software ⁽¹²⁾	\$0	\$2,500	Lump Sum	Before Start	Suppliers
Franchise Identification Package	\$1,500	\$4,000	Lump Sum	Upon Signing	Novus
Initial Advertising Campaign Expenditures	\$2,000	\$10,000	As incurred	Initial 3 Months	Suppliers
Insurance Premiums	\$2,500	\$5,000	Lump Sum	Before Start	Insurance Company
Professional Fees	\$0	\$3,000	As Incurred	As Incurred	Supplier

Type of Expenditure*	Amount		Method of Payment	When Due	To Whom Owed
	(Low	- High)			
Initial Marketing Start-Up Package	\$3,000	\$3,000	Lump Sum	Upon Signing	Novus
Call Center Setup Fee	\$300	\$300	Lump Sum	Upon Signing	Novus
Additional Funds for Three Months ⁽¹³⁾⁽¹⁴⁾	\$10,000	\$15,000	As Incurred	Initial 3 Months	Suppliers, Employees
Total ⁽¹⁵⁾	\$45,775	\$134,800			

We offer financing for a portion of the initial investment to all stand-alone franchisees who meet our credit standards. You must make a down payment of \$14,000, and we will finance up to \$14,075 of your initial costs, including your Initial Franchise Fee, the Initial Training Fee for up to 2 people, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, \$1,500 of the Franchise Identification Package, the Initial Marketing Start-Up Package, the call center set-up fee, and your software package. (However, we offer a one-time \$300 "Discovery Day Travel Credit" that we pay to any of our franchisees who attended our initial Discovery Day before buying their franchise, and you can use this credit against the down payment.) To evidence this loan, you will be required to sign a promissory note requiring you to pay interest at a fixed annual rate of 8%. The note will include an initial 6 month period during which you will not make any payments, after which you will be required to make monthly payments of principal and interest of \$357.59 over a 4-year period.

You or another person acceptable to us will also be required to guarantee the promissory note, sign a security agreement granting us a security interest in the assets of your business, and sign any other documents that we may require to evidence this security interest.

See Item 10 for additional information related to this financing, and the terms of the promissory notes and other documents.

AFFILIATE DEALER LICENSE

Type of Expenditure*	Amount		Method of Payment	When Due	To Whom Owed
	(Low	- High)			
Initial License Fee ⁽¹⁾	\$2,500	\$2,500	Lump Sum	Upon Signing	Novus
Initial Training Fees ⁽²⁾	\$3,000	\$7,000	Lump Sum	Upon Signing	Novus
Salaries and Expenses For 2 Persons Attending the Required Training ⁽³⁾	\$2,100	\$8,000	Lump Sum	On Pay Days and When Incurred	Persons Attending Training
Equipment ⁽⁶⁾	\$1,500	\$5,000	Lump Sum	Upon Signing	Novus and other Suppliers
Tools, Supplies and Promotional Materials	\$1,000	\$4,000	Lump Sum	Upon Signing	Other Suppliers
Inventory ⁽¹⁰⁾	\$0	\$5,000	Lump Sum	Before Start	Novus or Suppliers
Software Package ⁽¹¹⁾	\$1,000	\$1,000	Lump Sum	Before Start	Novus
Computer Hardware and Other Software ⁽¹¹⁾⁽¹²⁾	\$0	\$2,500	Lump Sum	Before Start	Novus and Suppliers
License Identification Package	\$1,000	\$1,000	Lump Sum	Upon Signing	Novus
Building Signage	\$500	\$5,000	Lump Sum	Within 30 Days After Signing	Novus or Other Suppliers

Type of Expenditure*	Amount		Method of Payment	When Due	To Whom Owed
	(Low	- High)			
Initial Advertising Campaign Expenditures	\$2,000	\$10,000	As incurred	Initial 3 Months	Suppliers
Insurance Premiums	\$0	\$5,000	Lump Sum	Before Start	Insurance Company
Professional Fees	\$0	\$3,000	As Incurred	As Incurred	Supplier
Web Page Setup	\$300	\$300	Lump Sum	Upon Signing	Novus
Call Center Setup Fee	\$0	\$300	Lump Sum	Upon Signing	Novus
Additional Funds for Three Months ⁽¹⁵⁾⁽¹⁶⁾	\$500	\$10,000	As Incurred	Initial 3 Months	Suppliers, Employees
Total ⁽¹⁷⁾	\$ 15,400	\$ 72,600			

We do not offer financing for any portion of an affiliate licensee's initial investment

Notes to Charts

* None of these payments are refundable They are rounded to the nearest \$100

- (1) See Item 5 for additional information For stand-alone franchises, we reduce this fee to \$7,000 if you are an active military personnel, or were honorably discharged from the military in the last 3 years, provided you do not need us to finance the fee Existing stand-alone franchisees purchasing an additional franchise pay an Initial Franchise Fee of \$5,000 The Glass Repair only franchise is offered to you only if you are reacquiring your existing franchise, and because you are in business at the time you reacquire your franchise, you should own or lease all of the assets and vehicles necessary to operate the Glass Repair only franchise
- (2) You pay an \$8,000 training fee for initial glass repair and glass replacement training This fee allows 2 people to take the training at the same time (We will train additional people at the same time, at a reduced cost, but we have assumed that you would not need this training and therefore we have not included any additional training in our estimates) See Item 5 However, if you are an affiliate licensee (i) you will pay a training fee of \$3,000 for glass repair training, (ii) if you are not a certified master auto glass technician that has not passed our glass replacement test and you do not have a full-time employee who is a certified master auto glass technician who has passed our test and you want to add glass replacement services, then you must pay an additional \$4,000 training fee for glass replacement training If you are an affiliate that wants to offer glass replacement services, and you or your employee are certified and want to take our glass replacement test, you must pay us a fee of \$750 for the test If we conduct the test at your retail location, then you must also provide the vehicle and the glass, and pay our out-of-pocket costs for travel and living expenses in providing the test, but if you take the test at our offices, you will not need to pay us these expenses or provide the vehicle or glass for the test
- (3) These are the estimated salaries, fringe benefits, travel, auto rental, food, and lodging expenses for 1 to 2 people to attend our required training programs You must send a minimum of 1 person to each glass repair training and glass replacement training The expenses are lower for an affiliate licensee because the training is shorter, and if you either are or have on staff an experienced master auto glass technician certified by the AGSC (or other organization acceptable to us) who passes our glass replacement test, or you do not initially offer glass replacement products and services, you will not need to initially take this training The expenses all franchisees and licensees actually incur could also be higher than our estimate depending on the distance the employee travels, the mode of transportation, your expense reimbursement policy,

time of year, failure to purchase airline tickets in advance, hotel selection, and location of your business

- (4) You must either lease or purchase your fixed retail location, which will range from 1,500 to 5,000 square feet in size. If you purchase your fixed retail location, then the cost of the real estate and building will vary depending on the market, location, size, and other economic factors. Rental rates vary considerably and depend on geographic location, size, location, market conditions, and other economic factors. We estimate that your monthly rent will range from \$5 to \$20 per square foot per year in most areas of the United States. Thus, the rent for a 2,500 square foot building will be between approximately \$1,000 and \$4,200 per month. The amounts in the table reflect the rent for the first month based on these estimates.
- (5) You will need to make leasehold improvements to your building. Depending on the terms of your lease, some or all of these costs may become part of your monthly lease payment. If you are converting your existing business to a Novus® business, your costs will usually be less than the amounts set forth in the above tables because you will (a) have acquired some of the furniture, fixture, and equipment, (b) not be required, in most cases, to make extensive leasehold improvements to the existing premises, and (c) already own vehicles.
- (6) The low estimate for a stand-alone franchise assumes you lease the glass repair equipment and do not prepay your lease. The high end assumes you pay us \$2,000 as a prepayment of the lease payments (see Item 5). The remainder of the costs in this estimate is for additional glass repair tools, supplies and equipment (also described in Item 5).
- (7) This includes certain glass replacement equipment that you will need to purchase for glass replacement services.
- (8) You must purchase your signage from us when you sign your Franchise Agreement, unless you have made arrangements to purchase it from another supplier we approve, in which case you must show us a paid receipt from that supplier within 30 days after you sign the Franchise Agreement.
- (9) The stated amount is per vehicle. You must purchase or lease 1 white vehicle (new or used) that complies with our standards and specifications. If you are converting your existing business to a Novus® franchise or license and have existing facilities, then you may already have a vehicle that complies with our standards.
- (10) This is for the initial supply of windshields and other automotive glass, adhesives, clips, and other materials needed to operate the franchise for 1 month. The estimate assumes close proximity to wholesale facilities to serve the franchise or licensed business, which lowers the required inventory.
- (11) You will need the Quest point-of-sale software and accounting software for use in your business. The package we currently recommend has an initial cost for the first year of \$1,000 (which includes a \$250 set-up fee), and monthly update fees after the first year of \$80 per month.
- (12) You must lease or purchase computer equipment designated or approved by Novus to operate your point-of-sale and accounting software. The cost of your computer equipment will be between \$800 and \$1,500. You must also have a laptop computer with an integrated wireless data card. The cost of this computer is likely to be \$700 - \$1,000. Your actual cost for computer hardware will be lower or there may be no expenditure required if, before you acquire the franchise, you lease or own computer hardware that meets our requirements. For an affiliate licensee that already has sufficient computer equipment, you may not need to incur this cost, however if your financial software does not connect with Quest, you will need to purchase additional software from us at a cost of \$300 to make that connection.
- (13) The basic Identification Package, costing \$1,500, includes vehicle graphics for 1 vehicle, 3 uniforms, and basic initial printing. If your initial operations require a larger package, these costs will be higher. (See Item 5.)

- (14) We will prepare an initial marketing start-up package for you, which will include an initial direct mail marketing campaign, an initial fleet and commercial account prospect list, and a local area search marketing program. As part of this package, we will also establish a home page for you on our website, and provide you with 1 free email account. We will also pay your first year participation in www.windshields.com (See Item 5)
- (15) You may attend a one-day information and orientation meeting (which we call "Discovery Day") at our offices in Minneapolis, Minnesota. There is no fee for this meeting, but you must pay your travel costs and other expenses for attending. The additional funds estimate includes these costs. The indicated amounts represent a 3 month estimate of operational costs that are not itemized above and include employees' salaries and fringe benefits, uniform cleaning, telephone expenses, lease payments for repair equipment, legal and accounting expenses, general operating costs, the set-up fee to establish your home page on our website, and the cost of a background check you must pay for before we will grant you a franchise, and other miscellaneous expenses. We have relied on our experience in the glass repair and replacement industry in formulating these estimates. Your actual requirements will vary depending on the sales generated by your business during the initial stages of operation, the size of your franchise, your overhead costs, number of employees, and other economic factors. Your personal living expenses are not included in these estimates, since they are entirely within your control.
- (16) These estimates represent your total initial investment to begin operations, and do not include any interest costs or principal repayments. We recommend that you have enough cash available before starting your business to meet your initial investment and working capital requirements. If you must obtain financing for some or all of your capital needs, then your initial cash requirements will be reduced accordingly, however, your future monthly cash needs will increase by the amount necessary to pay the interest costs and principal repayments required under the terms of your financing arrangement.
- (17) All fees and payments are nonrefundable unless negotiated differently with a supplier.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment (including computer hardware and software), insurance, fixtures, supplies, inventory and other items you purchase for use or sale in your Novus[®] business must meet our specifications. Those specifications may include standards for delivery, performance, design, appearance and quality. We will issue the specifications to you before you begin operating. These specifications may be included in our Operations Manual and other manuals, or they may be separately issued. As we develop additional specifications or modify existing specifications, we will separately deliver them to you. While we do not have specifications for local advertising you create to promote your business, we do require that you obtain our prior approval to the use of any advertising materials you prepare and before establishing certain websites and social media sites, profiles and accounts relating to us, your Novus[®] business or the Novus[®] system.

The items you purchase in accordance with our specifications will represent approximately 90% of the total purchases you will make to begin operations. Once you begin operating, the items you purchase that must meet our specifications will represent approximately 45% of your total annual expenses. (If you obtain an affiliate license to operate a Novus[®] business as part of an existing business, these percentages will reflect the percentages of the purchases for the Novus[®] business, and not of your entire business.)

As indicated in Item 5 of this Disclosure Document, there are certain items you must purchase from us when you begin operating your business. They include initial training, your Initial Equipment Package, your initial software package, your Identification Package, and (except for affiliate licenses), an Initial Marketing Start-up Package, establishment of a home page for you on our website and initial call center services. (For an affiliate license, instead of purchasing an Initial Marketing Start-up Package, you will

pay us for establishing a website for your business on a Novus[®] glass website that we designate) Also, if you have not made arrangements to purchase your building signage from another supplier we approve, then you must purchase your exterior building signage from us Except for the exterior building signage for which we may approve a local supplier in your area, we are the only approved suppliers of these items In addition, we are the only approved supplier for resins, and an affiliate of ours is the only approved supplier for windshield repair bridges and certain other equipment used for windshield repair We reserve the right to designate additional products or services for which we or our affiliates may be approved suppliers, or the only approved suppliers

We have approved certain suppliers of products and services to be used by our franchisees and will provide you with a list of these approved suppliers Except for any items we designate as being available only from specific designated sources, you may submit a written request to us for the right to purchase equipment and products of equal quality, performance, and standards from other suppliers whose products and services meet our standards and specifications We will charge you a fee for supplier approval requests and will not unreasonably withhold approval of these requests The current minimum fee is \$250 We may do product quality testing, including tests for stress, heat, cold, and other factors, before we give our approval We do not have written criteria we use for approving suppliers We will typically tell you whether we approve a supplier within 30 days of receiving all the information we request, but the time could be longer if we must test alternate products and services If your request for approval is denied, we will provide a written explanation of the reasons for the denial In some circumstances, we may require the supplier to sign a supply agreement We may, at any time, revoke approval of a supplier by giving written notice to you and the supplier Although affiliate licensees must purchase certain products and services from our designated suppliers, we do not approve suppliers of other products or services used or sold by affiliate licensees or provide affiliate licensees with lists of approved suppliers

We will frequently negotiate purchase arrangements and favorable pricing arrangements with outside suppliers We currently have a buying program that provides rebates to us and to our franchisees from participating suppliers The rebates we receive range from 0% to 6% of the price you pay for products or services you order through the buying program In our last fiscal year, we set aside one-fourth of the rebates we received from products and services ordered by members of the buying program (2% of the price they paid) that they can use in the next year to reimburse them for 50% of any approved marketing they spend on their business We may change or eliminate this program at any time We also have another rebate arrangement with suppliers, where they will pay us up to 5% of the price you pay for products or services you order from them, but which we contribute to pay for Marketing Expenditures (see Item 11 regarding Advertising) In addition, in some cases, prices charged by suppliers to company-owned businesses operated by Novus may be less than prices they charge to our franchisees and licensees, based on volume, credit, administrative costs or other factors

We do earn a profit from your purchases by charging prices that exceed our cost to purchase these products and from supplier rebates Our total revenues from products and services purchased by our United States franchisees in 2011 were \$346,394, or approximately 15.2% of our total 2011 revenues of \$2,283,423 Our affiliates, Novus Inc and TCGI (through its operation of windshields.com), also sell or lease items to our franchisees Novus Inc's total revenues from the sale or lease of items to our franchisees in the United States during 2011 were \$79,655 TCGI's total revenues from the sale or lease of items to our franchisees in the United States in 2011 were \$9,555

Under Article 14 of the Franchise Agreement and Affiliate or Auto Dealer License Agreement, you must carry specified minimum insurance coverages Your insurance policies must name Novus as an additional insured and you must provide us proof of insurance coverage before we will ship your windshield repair equipment and supplies to you The estimated cost of the insurance coverage is described in Item 7 of this Disclosure Document

One of our officers owns shares of stock in Dow Chemical Co (less than 0.001% of Dow's outstanding shares) Dow manufactures certain products you may purchase None of our officers own any interest in

any of our other suppliers, other than in our affiliates, Novus Inc , TCGI (windshields com), and Shat R Proof Corp

9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement (or affiliate or auto dealer license agreements) 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	Article in Franchise Agreement* and other agreements	Item in Disclosure Document
a Site selection and acquisition/lease	Articles 9 and 13 – Franchise Agreement Articles 9 and 13 –Affiliate Agreement	Items 7 and 11
b Pre-opening purchases/leases	Articles 8, 9 and 13 – Franchise Agreement Articles 8, 9 and 13 – Affiliate Agreement Section 1 - Equipment Lease Software Sublicense	Items 5, 7 and 8
c Site development and other pre-opening requirements	Article 9 – Franchise Agreement Article 9 – Affiliate Agreement	Items 6, 7 and 11
d Initial and ongoing training	Article 10 – Franchise Agreement Article 10 – Affiliate Agreement	Items 5, 7 and 11
e Opening	Articles 2 and 11 – Franchise Agreement Articles 2 and 11 – Affiliate Agreement	Items 7, 11 and 12
f Fees	Articles 2 6, 3, 4 7, 5, 6, 10 4, 10 7, 13 4, and 17 2 – Franchise Agreement Articles 3 2, 3 3, 5, 6, 10, 13 and 16 2 –Affiliate Agreement Section 3 - Equipment Lease Section 6 - Software Sublicense Sections 3 and 4 – Speedy Glass Certified Dealer Addendum	Items 5, 6 and 7
g Compliance with standards and policies/Operating Manual	Articles 7 and 13 – Franchise Agreement Articles 7 and 13 – Affiliate Agreement Sections 1 and 2 – Speedy Glass Certified Dealer Addendum	Items 8, 11, 14 and 16

* In the case of an affiliate license, the principal agreement is an “Affiliate License Agreement,” although for an affiliate who is an automobile or truck dealer, the principal agreement is an “Auto Dealer License Agreement,” rather than a franchise agreement Both the Affiliate License Agreement and the Auto Dealer License Agreement are referenced in this section as an “Affiliate Agreement ”

Obligation	Article in Franchise Agreement* and other agreements	Item in Disclosure Document
h Trademarks and proprietary information	Articles 4 and 7 – Franchise Agreement Articles 4 and 7 – Affiliate Agreement Section 8 G – Equipment Lease Sections 12 and 13 – Software Sublicense Section 1 – Speedy Glass Certified Dealer Addendum	Items 13 and 14
i Restrictions on products/services offered	Article 8 and 13 – Franchise Agreement Article 8 and 13 – Affiliate Agreement	Items 8, 12 and 16
j Warranty and customer service requirements	Articles 2 4, 13 3 and 13 9 – Franchise Agreement Articles 2 2, 13 3 and 13 9 – Affiliate Agreement Section 5 – Equipment Lease Section 14 – Software Sublicense	Items 11 and 12
k Territorial development and sales quotas	Article 2 3 and 2 6 – Franchise Agreement Not applicable – Affiliate Agreement	Item 12
l Ongoing product/service purchases	Article 8 – Franchise Agreement Article 8 – Affiliate Agreement Section 1 – Equipment Lease Software Sublicense	Item 8
m Maintenance, appearance and remodeling requirements	Articles 13 7, 13 8 and 13 12 – Franchise Agreement Articles 13 7, 13 8 and 13 12 – Affiliate Agreement Sections 8 D and 11 – Equipment Lease Section 9 – Software Sublicense	Item 11
n Insurance	Article 14 – Franchise Agreement Article 14 – Affiliate Agreement Section 8 H - Equipment Lease	Items 6 and 8
o Advertising	Articles 11 2 and 13 5 – Franchise Agreement Articles 11 2 and 13 5 – Affiliate Agreement	Items 6, 7 and 11
p Indemnification	Article 23 – Franchise Agreement Article 22 – Affiliate Agreement Sections 4 and 13 – Equipment Lease Sections 17 and 24 – Software Sublicense	Item 6
q Owner's participation/management/staffing	Articles 10 and 13 17 – Franchise Agreement Articles 10 and 13 8 – Affiliate Agreement	Items 11 and 15
r Records/reports	Article 15 – Franchise Agreement Article 15 – Affiliate Agreement	Item 6
s Inspections/audits	Article 15 – Franchise Agreement Article 15 – Affiliate Agreement	Item 6

Obligation	Article in Franchise Agreement* and other agreements	Item in Disclosure Document
t Transfer	Article 17 – Franchise Agreement Article 16 – Affiliate Agreement Section 19 – Equipment Lease Section 18 – Software Sublicense	Item 17
u Renewal	Article 3 2 – Franchise Agreement Article 3 2 – Affiliate Agreement Section 5 – Speedy Glass Certified Dealer Addendum	Item 17
v Post-termination obligations	Articles 20, 21 3, 23 and 24 10 – Franchise Agreement Articles 19, 20 3, 22 and 23 10 – Affiliate Agreement Section 14 - Equipment Lease Section 21 – Software Sublicense Section 3 - Renewal Addendum Section 6 – Speedy Glass Certified Dealer Addendum	Item 17
w Non-competition covenants	Article 21 – Franchise Agreement Article 20 – Affiliate Agreement	Items 15 and 17
x Dispute resolution	Articles 18 and 24 – Franchise Agreement Articles 17 and 23 – Affiliate Agreement Section 29 – Software Sublicense	Item 17
y Other Guaranty of franchisee obligations ⁽¹⁾	Personal Guaranty (which follows the Franchise Agreement and the Affiliate Agreement)	Item 22

- (1) Each individual who is an owner of any business entity that is the franchisee must sign a personal guaranty of all the obligations of the franchisee. This guaranty also includes an agreement to be bound personally by all provisions of the Franchise Agreement and any other agreement between us and you, or between you and any of our affiliates, including the confidentiality and noncompete provisions of the Franchise Agreement. The personal guaranty is attached to the Franchise Agreement.

10. FINANCING

Depending on your net worth, available collateral, credit history and other credit factors, if you are a stand-alone Glass Repair and Replacement franchisee, we may finance a portion of your initial investment. However, this financing is only offered to stand-alone franchisees who meet Novus' credit standards.

If you are offered financing, we will finance the minimum initial payments you make to us. You must make a down payment of \$14,000, and we will finance up to \$14,075 of your initial costs, including your Initial Franchise Fee, your Initial Training Fee for up to 2 people, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, the \$1,500 of the Franchise Identification Package, \$3,000 for the Initial Start-Up Package, the call center set-up fee, and your software package. The loan will be evidenced by a Promissory Note (the "Note"), a copy of which is attached as E-1 to this

Disclosure Document The Note requires you to pay interest on the principal balance at a fixed annual rate of 8 0% The Note includes an initial 6 month period during which you will not make any payments, after which you will be required to make monthly payments of principal and interest of \$357 59 on the Note over a 4 year period

You may prepay the Note, in whole or in part, without penalty The payments you make under the Note include the lease of certain glass repair equipment under an equipment lease with Novus Inc , an affiliate of ours, which is described in more detail below All payments must be made either by an automatic electronic funds transfer (EFT) or an automatic monthly credit card payment You or another person acceptable to us must guarantee the Note You must also sign a Security Agreement (Exhibit E-2 to this Disclosure Document) granting us a security interest in the assets of your business At our request, you must sign all necessary financing statements and other documents and pay the costs of filing the financing statements or other documents

You will be in default under either the Note if (a) you fail to make any payment under the Note when due or upon demand as provided for in the Note, (b) you become insolvent or file for bankruptcy, (c) you default under the Security Agreement, (d) an event occurs which gives us the right to terminate the Franchise Agreement, or (e) upon the death of the guarantor or a breach by the guarantor of the terms of the guaranty You and any guarantors of the Note waive presentment, demand for payment, notice of dishonor, notice of protest, protest, and all other notices or demands in connection with the delivery, acceptance or performance of, or default under the Note If you default on the Note, you must pay the full balance owing to us as well as our costs of collection, attorneys' fees and court costs

In addition, Novus Inc , an affiliate of ours, will lease certain equipment to both stand-alone Glass Repair and Replacement franchisees and to affiliate licensees

SUMMARY OF FINANCING OFFERED

Item Financed - Source	Amount Financed	Down Payment	Term	Monthly Lease Payment	Pre-Pay Penal	Security Required	Liability Upon Default	Loss of Legal Right on Default
Windshield Repair Equipment - Novus Inc ⁽¹⁾	Value of Equipment	None	10 years for a stand-alone franchisee and 5 years for an affiliate licensee	\$45 for a stand-alone franchisee and \$50 for an affiliate licensee	None	Novus Inc retains title to the leased equipment	Surrender of equipment, payment of Novus Inc 's costs and expenses	Defenses are not waived

- (1) Novus Inc will lease certain glass repair equipment to you, as described in Item 6 above The equipment lease (Exhibit F to this Disclosure Document) will generally be for a term of 10 years (5 years for an affiliate licensee) to coincide with the term of the Franchise Agreement (or Affiliate or Auto Dealer License Agreement) Lease payments for the 2 windshield repair bridges and the Crack Mouse[®] equipment are \$45 per month (\$50 for an affiliate licensee), or you may prepay \$2,000 for the full 10-year term of the lease (see Item 6, Note 10) If you are an existing Novus franchisee, are re-franchising your Novus[®] business, and are using what is known as the "classic" repair bridges, you must upgrade to our most current model repair bridges (currently known as the "Millennium" repair bridge), by paying us a lump sum amount of \$1,800 for this equipment, which will prepay the lease payments for the full 10-year term of the lease, or if you choose to pay monthly, we will waive the first 6 months of lease payments If you are a stand-alone franchisee and choose to finance a portion of your initial investment with us as described above, we will prepay the lease payments for the equipment lease for a term of 10 years This pre-payment is already included in the figures set forth above In all cases, you will have no right or title to the equipment other than that contained in the lease agreement and you will not own the equipment at

the end of the lease Novus Inc will not refund prepaid lease payments if the equipment lease is terminated early, and you will remain responsible for any balance due under your equipment lease You also grant us a security interest in the equipment, and must sign all necessary financing statements and other documents to evidence this security interest You will be in default if you fail to make required payments, breach the equipment lease, become insolvent or file for bankruptcy, or breach your Franchise Agreement or Affiliate or Auto Dealer License Agreement with Novus If you default, Novus Inc may terminate the equipment lease, recover the leased equipment, and recover its damages, costs and attorneys' fees The equipment lease does not require you to waive any defenses

Novus and Novus Inc reserve the right to sell, assign, or discount to any third party, in whole or in part, any note, contract, lease or other instrument you sign If Novus or Novus Inc were to do so, you would lose any defenses against the lender as a result of the sale or assignment of your obligations Novus and Novus Inc do not guaranty your notes, leases or other obligations

11. NOVUS' OBLIGATIONS

Except as listed below, we are not required to provide you with any assistance

11.1 Services Provided by Novus Before Opening of Business.

If you operate from a retail location, then we have the right to review the proposed location or area in which you will conduct business before you open your business at that location or area We do not select or approve your site (see Article 9 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements) We do not negotiate the purchase or lease of a site, and we do not own premises and lease them to you

We will provide an initial training program for up to 2 people (see Article 10 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements) (If you want to send additional people to the training program, you may do so at an additional cost See Item 5 for additional information) For a Glass Repair or Glass Repair and Replacement franchise, either you or your manager must attend and successfully complete the training to our satisfaction within 60 days after you sign the Franchise Agreement, and before you begin operating your Novus[®] business and for Glass Repair and Replacement franchisees, the glass replacement training must be taken within 60 days after you complete the windshield repair training The initial training for a Glass Repair or Glass Repair and Replacement franchise covers business and operational methods, promotional techniques, glass repair, other services, service techniques, and related methods of developing your business, and is designed to assist you in beginning the operations for your Novus[®] franchise We also provide glass repair training for up to 2 people for an affiliate license For an affiliate licensee who wants to offer glass replacement services, we recommend that the affiliate licensee initially hire an employee who is an experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us) who passes the test we offer for glass replacement services (See Item 5) However, if neither a principal officer/operator nor a full-time employee meets these requirements, then the affiliate licensee must have an employee attend and successfully complete our initial glass replacement training before offering glass replacement services The fee for this training for an affiliate licensee is \$4,000

We offer the initial training sessions every month, or as frequently as is necessary to train new franchisees or licensees before they open their business You must pay all costs of transportation, food and lodging for the people who attend the training on your behalf, but we may furnish some meals The following tables summarize the initial training you will receive when you purchase a Glass Repair or a Glass Repair and Replacement franchise or affiliate license

TRAINING PROGRAM

FRANCHISE

Subject	Hours of Classroom Training	Hours of on the Job Training	Location (Note 4)
Business Operations ⁽¹⁾	5	0	Our office in Minneapolis, Minnesota
Sales Skills Training ⁽¹⁾	5	0	Our office in Minneapolis, Minnesota
Business Management ⁽¹⁾	5	0	Our office in Minneapolis, Minnesota
Advertising and Marketing ⁽²⁾	4	0	Our office in Minneapolis, Minnesota
Glass Repair Training ⁽¹⁾	22	3	Our office in Minneapolis, Minnesota
Glass Replacement Training ⁽³⁾	8	72	Regional Training Center (Morven, NC, Sheridan, WY, Atmore, AL, St George, UT, Charleston, SC, or Burien, WA) or our office in Minneapolis, Minnesota

TRAINING PROGRAM

AFFILIATE LICENSE

Subject	Hours of Classroom Training	Hours of on the Job Training	Location (Note 1)
Glass Repair Training ^{(2) (3)}	21 ⁽⁴⁾	3 ⁽⁴⁾	Your retail location or another location which we designate
Glass Replacement Training ⁽⁵⁾	8	72	Regional Training Center (Morven, NC, Sheridan, WY, Atmore, AL, St George, UT, Charleston, SC, or Burien, WA) or our office in Minneapolis, Minnesota

- (1) We may designate another location for any of our training programs at any time
- (2) Jay Bickford provides most of this training. Mr Bickford owned and operated his own Novus Repair franchise for 5 years before becoming a Novus employee. He has nearly 25 years overall experience in Novus business operations, and has been our Director of Training and Development since 2001. He also manages our National Accounts Development and Preferred Provider Vendor programs.
- (3) Advertising and Marketing is taught by Mary Nelson as part of the Glass Repair Training. Ms Nelson has nearly 22 years experience in this area, the last 16 of which have been in advertising and marketing positions for various franchisors, including the last 8 years with us.
- (4) We may substitute on-the-job training for some of this classroom training. If we do, the additional on-the-job training would likely be at your retail location.
- (5) The glass replacement training is provided by Greg Dirks, Mark Pixley, Wesley Wenger, Chuck Payne, Ron Dubiel, Jay Bickford and Marc Levin. Mr Dirks has 18 years of experience in glass replacement, and has been a Novus[®] franchisee since 2002. Mr Pixley's experience in glass replacement has been as a Novus[®] franchisee since 1986. Mr Wenger's experience in glass replacement has been as a Novus[®] franchisee since 1999. Mr Payne has over 20 years of experience in glass replacement, and has been in the Novus[®] system since 1992. Mr Dubiel has been a Novus[®] franchisee since 2008. Mr Levin runs one of our corporate stores in Burien, Washington, and has over 5 years experience in the glass replacement business.

If you acquire a Glass Repair and Replacement franchise, you must have at least 1 full-time employee (who may be you or the manager) who performs glass repair and replacement services (If you acquire an affiliate license, we do not impose this requirement until you begin performing glass replacement services) Unless you are an experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us), or have a full-time employee who is so certified, and you or your employee passes our glass replacement test as described below, you or an employee must attend and successfully complete the initial glass replacement training, which will be conducted over a period of approximately 5 days All Regional Training Centers are operated by Novus or experienced Novus® franchisees who own and operate Glass Repair and Replacement franchises and who use a training curriculum we develop The purpose of the glass replacement training is to teach the fundamentals of glass replacement You will not become an expert in glass replacement, but you will be taught basic techniques and methods and will be provided with criteria for hiring experienced glass replacement installers We recommend you initially hire an experienced glass replacement installer In addition, the Regional Training Center will provide you with continued support to increase your level of expertise in glass replacement for 60 days following the training

If you acquire a Glass Repair and Replacement franchise, we will (i) waive the initial glass replacement training requirement (but not any portion of the Initial Training Fee) if the principal owner/operator is an experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us) who passes our glass replacement test, and (ii) we will provide you with a credit which you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you Alternatively, we will defer the glass replacement training requirement (but not any portion of the Initial Training Fee) if, by the time you open, you employ a full-time experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us) who passes our glass replacement test If that person stays in your employ full-time continuously for 1 year following the opening of your business, we will then waive the glass replacement training requirement and provide you with a credit which you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you The credit will be \$3,000, less a testing fee of \$750 and any out-of-pocket costs we incur if we provide the test at your retail location

We will waive the glass replacement training requirement for an affiliate licensee who does not offer glass replacement services, or if the principal owner/operator is an experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us) and passes our glass replacement test Alternatively, we will defer the glass replacement training requirement if, by the time you open, you have a full-time experienced master auto glass technician certified by the AGSC (or other certifying organization acceptable to us) who passes our glass replacement test on staff If that person stays in your employ full-time continuously for 1 year following the opening of your business, we will then waive the glass replacement training requirement

We also offer an optional Flat Glass Training program that you can take before you begin operating, or after you have started operating It is a one-week training program that we offer in Arizona The fee that you must pay for this program is \$3,000 It will be offered approximately monthly (or less often if not needed or requested) This training will not make you an accomplished flat glass installer, but it will provide a management overview to you, with basic instruction on hands-on flat glass handling and installation

You must pay salaries and fringe benefits and all costs of transportation, food and lodging for you, your manager, and all of your other employees who attend any of the training programs

The instructional materials for the initial training program are made up of our Operations Manual, our Original Equipment Manufacturers' Installation Materials, and other miscellaneous supplemental materials we provide to you We will provide you with a copy of our current Operations Manual, our Original Equipment Manufacturers' Installation Materials, and opening materials at the time of training

or will provide you access to a secure website that contains these items (see Article 7.1 of the Franchise Agreement and Affiliate and Auto Dealer License Agreement). Our standard Operations Manual contains 520 pages. If applicable to your franchise, we will also provide you with a copy of the Auto Glass Repair and Replacement Technical Manual, which contains approximately 64 pages. Copies of the tables of contents of the Operations Manual and the Auto Glass Repair and Replacement Technical Manual are attached as Exhibit I to this Disclosure Document. The Operations Manual for the affiliate license contains approximately 237 pages. The table of contents for this manual is also included in Exhibit I to this Disclosure Document. If you sign a Speedy Glass Certified Dealer Addendum, we will also loan you a Certified Speedy Dealer Manual. That manual contains 24 pages. The table of contents for that manual is also included in Exhibit I to this Disclosure Document.

After you and/or your manager have successfully completed the required initial training, we will, if this is your first Novus[®] franchise and it is not an affiliate license, make a representative available to you in your APR for up to 5 days. This assistance will typically be available to you between 2 and 4 months after you begin operating, and is designed to assist you in your initial business operations (see Article 11.1 of the Franchise Agreement). In addition, at your request, we will provide additional telephone advice on business development, employee requirements, implementing the Novus[®] Business System, and evaluating initial business operations during the first 60 days after you complete your training.

We also offer webinars for a fee of up to \$300 per webinar. The webinars are optional, and all fees and costs for your participation must be paid by you.

We provide approved opening advertising and/or promotional materials you can use for the opening of your Novus[®] business (see Article 11.2 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements).

Except as described above, we provide no other supervision, assistance or services to you before you open your Novus[®] business.

In the case of a stand-alone Glass Repair and Replacement franchise, we estimate that it will take from 3 weeks to 6 months from the time you sign the Franchise Agreement until you open your business. Your opening date will be affected by factors such as completing training, acquiring inventory and supplies, and, in the case of retail location franchises, locating and remodeling your business premises. In the case of an affiliate license, we estimate that it will take from 3 weeks to 3 months from the time you sign the Affiliate or Auto Dealer License Agreement until you open your Novus[®] business. This opening date will be affected by factors such as completing training, acquiring inventory and supplies, and remodeling your existing business premises.

11.2 Obligations of Novus During Operations of Business.

We will make available to you (a) equipment and products that you will purchase for your Novus[®] business, (b) approved training programs in Glass Repair and Replacement, (c) management and selling techniques, and (d) a representative available by telephone to assist you in implementing our business system (see Articles 8, 10, 11 and 12 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements).

Advertising

We do not require you to pay any monies to us for advertising. Each calendar year, we will make expenditures from our own funds for advertising, marketing, public relations and promotion of the glass replacement, glass repair, and other services and products that are sold under the Novus[®] Marks ("Marketing Expenditures") (see Article 12.2 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements). The minimum amount we will spend on Marketing Expenditures will be equal to (i) 2% of Gross Revenues on all glass repair products and services sold by our franchisees and on which we are paid royalties, and (ii) 3% of Gross Revenues on all glass replacement products and services, and all other products and services sold under the Novus[®] Marks, on which we are paid royalties by those of

our franchisees who are paying an 8% (or higher) royalty to us on such products and services. These same percentage contributions apply to all franchisees (except that in the case of franchisees who joined our network before April 1, 2010, the percentage applies to their glass replacement products and services and other products and services sold under the Novus® Marks only if they voluntarily agreed to pay 8% (or higher) royalties on those products and services). We will spend the same amounts from our company-owned outlets. The Gross Revenues will be determined by the Gross Revenues Reports submitted to us by our franchisees and licensees. Marketing Expenditures we make will be based on Gross Revenues and not on any Minimum Monthly Royalty Fee paid by you or any other franchisee or licensee. We have the right to determine how, where, and when the Marketing Expenditures will be spent and the amount that will be spent for media, production and other advertising concepts. We have the right to use the Marketing Expenditures to purchase and pay for product research and development, sales and marketing materials, advertising materials, ad slicks, brochures, radio and television commercials, services provided by advertising agencies, market research, media time and space advertising (including local, regional or national radio, television, newspaper, magazine and other print advertising), promotions, convention expenses, development and protection of our Marks, marketing, public relations, telemarketing, the establishment and maintenance of Internet sites promoting our brand, including social networking and social media sites, the cost of providing toll-free and other telephone services for the benefit of our franchisees, and other national, regional and local advertising and promotion that we deem appropriate. We also use the Marketing Expenditures to pay for long distance telephone charges, office rental, furniture, fixtures, equipment, leasehold improvements, salaries and fringe benefits, travel costs, office supplies and other administrative costs we incur in connection with these advertising activities. We also have the right to spend the Marketing Expenditures for advertising, marketing and promoting glass replacement services, glass repair services, and other services, in any combination, way, and/or manner that we deem appropriate, even if you do not offer some of these products or services in your business.

We work with a national advertising company to develop our advertising. We also have an advisory council that advises us on the Marketing Expenditures. The council is comprised of 7 franchisees who are selected by our franchisees, by region (except for 1 "at large" franchisee member, who is still selected by franchisees, but not by region). The council serves in an advisory capacity and we have the right to change or dissolve the council at any time.

We do not use any Marketing Expenditures primarily to help us sell franchises. We have no obligation to spend any portion of the Marketing Expenditures in your APR or for your business. If you request it, we will provide you with a report of the Marketing Expenditures that we have made within 120 days after the end of each calendar year, however, we do not audit the Marketing Expenditures.

We will develop and sell sales, marketing and advertising materials to you that you can use to advertise your Novus® business in your market (see Articles 11.2 and 13.5 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements). We may create those materials or use outside advertising agencies to create these materials. You may use advertising materials you develop, but you must first submit them to us and obtain our approval. You must spend 4% of your Gross Revenues for local advertising. If there are 2 or more Novus® franchisees or licensees in a local market, we may require you to join a local advertising cooperative, and your contributions to the cooperative will apply toward your 4% local advertising requirements. (This does not apply to affiliate licenses and to date, we have not formed any of these cooperatives.) We reserve the right to form, change, dissolve, or merge advertising cooperatives. If we require you to participate in an advertising cooperative, then we will determine the administrative responsibilities, governing documents and reporting procedures. You must at all times have access to the World Wide Web through an internet access provider and maintain an e-mail address on the World Wide Web. You will not establish a website or home page on the World Wide Web, or create any social networking and/or social media website, profile, or account for your business, or making reference to us, your Novus® business, or the Novus® system, without first getting our approval, and except in compliance with our internet policy or other policies, requirements and specifications we may establish.

Additional Training

We will occasionally offer additional or advanced training programs to improve the standards of services and products offered under the Novus[®] Business System, or to maintain the product and service consistency we require (see Article 10.7 of the Franchise Agreement and Article 10.4 of the Affiliate and Auto Dealer License Agreements). You, your manager and/or your employees must, at your expense, attend and successfully complete all additional or advanced training programs that apply to your franchise, and you must pay us our then-current training fee for this training.

Computer Systems

We will provide you a list of the computer equipment required for your Novus[®] business when you sign your Franchise Agreement or Affiliate or Auto Dealer License Agreement. You must own or purchase this computer hardware. You will also need to purchase point-of-sale software and accounting software that meets our requirements, and a high speed Internet connection. The cost to purchase computer equipment that meets our specifications is between \$800 and \$1,500. You must also purchase a laptop having an integrated wireless data card. If you do not already have one, the cost of the laptop is likely to be about \$1,000, and the cost of the wireless data card is up to \$100 per month. There is also a per transaction fee of \$75 per transaction associated with the point-of-sale software we recommend. If you are an affiliate licensee, you may already have point-of-sale and accounting software, however, if your financial software cannot connect to Quest, you will need to pay us \$300 for software to make that connection.

You must use our customized software in operating your business. We will license the software to you the first year for \$1,000, which includes a set-up fee, and all upgrades for the first year. In future years, the license fee is \$80 per month. You must obtain upgrades as we require, and there is no limitation on our right to require you to upgrade the hardware or software, but there is no additional cost for these upgrades, as the cost is included in the monthly license fee. If you are currently at the end of the initial term of your Franchise Agreement, and you re-franchise, you will not pay us a new setup fee or first year fee, but will continue to pay \$80 per month.

You must maintain and repair your computer system and upgrade all computer equipment and software, at your sole cost. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. We do not presently have independent access to the information on your computer system.

You must license and install all software programs we designate, including POS software and accounting software when these software programs become a part of the Business System. You will use your computer to access the Internet, to prepare correspondence related to your business, for billing and financial reporting, and to generate financial statements.

12. TERRITORY

We will designate an Area of Primary Responsibility ("APR") for your business (not applicable to auto dealer licenses). The APR is a geographically contiguous area generally consisting of one or more counties. (An auto dealer licensee operates solely from its specified retail location and does not have an APR.) We will determine your APR when you sign your Franchise Agreement. Your APR is non-exclusive and may be defined in a map or addendum attached to your Franchise Agreement. You may sell the products and services associated with your Novus[®] business anywhere in the APR, but you do not have the right to conduct business outside the APR or solicit business outside the APR.

In the case of a stand-alone Novus[®] franchise (but not an affiliate license), we will not establish another Novus[®] retail location franchise or license, or allow an existing Novus[®] retail location to relocate, within 2 miles of your retail location. However, we do have the right to place another Novus mobile franchise within 2 miles of your retail location. Therefore, you still may face competition from mobile franchisees, or from mobile units we own. We also do not prevent our franchisees from advertising their business in

any manner (including through channels of distribution like the Internet, catalog sales, telemarketing or other direct marketing), including within 2 miles of your retail location. However, all of your advertising, including your website, must be approved by us, and you may not establish any other website, web page, social media or social networking website, profile or account for your business, or making reference to us, your Novus® business, or the Novus® system without our approval. In addition, if you are purchasing a new stand-alone franchise from us, there may be 1 or more Novus® affiliate licensees located within 2 miles of your proposed location at the time you sign your Franchise Agreement, and they will be able to continue to operate.

We do not have a right to change your APR or 2-mile territory, even though the population of your territory may increase. However, you may, with our prior written approval, change your APR. If we approve a change in your APR, you must pay us an APR Modification Fee of \$1,500 within 10 days after you receive our written approval. In considering whether or not to grant our approval, we will take into account whether you have been in compliance with your Franchise Agreement, whether the new APR would conflict with any agreement we have with any other franchisee, or, in our opinion, infringe on a territory of another Novus® business, and your reason for wanting to change the APR.

If you operate a mobile franchise, or have an affiliate license (including for an auto dealer), you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Subject to the 2-mile limitation described above, it is currently our policy to establish up to the following number of stand-alone Novus® businesses in an APR, as determined from the most recent United States government census information:

<u>Number of Franchises</u>	<u>Population of APR</u>
1	0 - 119,999
2	120,000 - 179,999
3	180,000 - 399,999
4	400,000 - 499,999

For each additional 100,000 in population up to 2,000,000, we may establish 1 additional Novus® stand-alone business. If the population of the APR exceeds 2,000,000, we may establish 1 additional stand-alone franchise for each additional 200,000 in population. We do not have a policy that limits our ability to establish affiliate licensees in an APR.

You receive the right to operate only 1 Novus® business within your APR unless you purchase additional franchise or license rights, and you do not have an option, right of first refusal, or other similar right to acquire additional franchises. You may operate up to 4 vehicles for each mobile Glass Repair only franchise and each mobile Glass Repair and Replacement franchise you own in your APR. We do not limit the number of vehicles that may be operated by a franchisee or licensee operating from a retail location.

If at any time you determine that you do not want to provide services to a national or regional insurance company or other account in your APR that we develop, then we will have the right to service these accounts through another franchisee or licensee, a company owned Novus® business, affiliated or related companies, other service providers, and all other methods of service, without payment of any compensation to you. If you have a customer that requests any glass product or service that you do not offer at your business but that is offered at other Novus® businesses operating within your APR or within an adjacent APR, then you must refer that customer to another Novus® business before referring that customer elsewhere. If there is another Novus® business in your APR, then you must refer the customer to that business (or if there is more than one, then to the closest Novus® business to the customer's home or place of business). If there is not another Novus® business operating in your APR, you must refer the customer to another Novus® business operating within an APR that is adjacent to your APR (again, if there is more than one, then to the closest Novus® business to the customer's home or place of business).

If there are no other Novus[®] businesses located within these areas, then you may refer the customer to anyone you choose. You will not be paid for these referrals.

If you have a stand-alone Glass Repair and Replacement franchise, you must achieve Quarterly Minimum Gross Revenue requirements to maintain your franchise rights. The amount depends on whether or not you have a retail location, and the number of years you have been operating (see Article 2.6 of the Franchise Agreement). If you have a Glass Repair only franchise, you must achieve Annual Minimum Gross Revenue requirements of \$40,000 to maintain your franchise rights. If you do not meet the applicable minimum Gross Revenue requirements, we may terminate your Franchise Agreement.

Except as described above, we and our affiliates are not restricted in the distribution of products or services through channels of distribution (like the Internet, catalog sales, telemarketing or other direct marketing using the Novus[®] mark or any other marks), and are not restricted in the establishment of franchised, company-owned, or licensed outlets either within or outside your APR. We have no obligation to pay you any compensation for soliciting orders inside your APR or exclusive territory. We and our affiliates reserve the right to purchase, be purchased by, merge with or combine with competing businesses, wherever located. We and our affiliates also reserve the right to establish multi-area marketing programs (like Internet, shows and events, directories, and affinity, vendor or co-branding programs) that may require your participation, payment of commissions, and adherence to maximum pricing structures permitted by law, and may allow us and our related companies to solicit or sell to customers located in your APR.

Speedy Franchising and Speedy Auto Glass either own and operate businesses or have franchises using the name Speedy Auto Glass, Speedy Glass, Speedy Glass Auto, Residential & Commercial, and Speedy Auto & Window Glass stores (the "Speedy Stores"). The principal business address of Speedy Franchising and Speedy Auto Glass is 9655 SE 36th Street, Unit 103, Mercer Island, Washington 98040. Speedy Stores install and repair auto glass, sun roofs, residential and commercial flat glass, mirrors, insulated windows, shower doors, and related items, and perform automotive paint restoration products and services. Speedy corporate locations may have Novus[®] add-on franchises or licenses and offer Novus[®] products and services to their customers. Speedy Stores may be opened, located, and operated within the APR we grant to you (even if we grant you the right to be a Speedy Glass Certified Dealer), but we currently will not grant any of those stores the right to use Novus[®] products in their business if that would expressly contravene any exclusive territory we gave to a Novus[®] franchisee. Novus Inc. also sells resins and windshield repair equipment under other brand names to companies for use in their glass repair businesses, including Speedy. Another of our affiliates, Shat R Proof may sell or distribute glass adhesives, tools and other products to other glass repair and replacement companies in your territory, if those products do not have the Novus[®] trademark on them. All of these businesses could compete with you, and we do not address any conflicts you may have with these businesses over territories, customers or support. As of the date of this Disclosure Document, these are the only businesses that we or our affiliates operate or plan to operate that sell goods or services similar to those you will sell.

13. TRADEMARKS

You will have the right to use the trademarks, services marks, and logos we designate in writing (the "Marks"), subject to certain limitations specified in Articles 2 and 4 of the Franchise Agreement and Affiliate and Auto Dealer License Agreements. You may only use the Marks to promote and perform glass repair and glass repair and replacement in accordance with the Novus[®] Business System and under the limitations described in your Franchise Agreement or Affiliate or Auto Dealer License Agreement. If your Novus[®] business does not offer automotive glass replacement, you may not use any of the Marks that are for glass replacement only, and you may not offer or sell glass replacement or related services under any of the Marks.

We have the right to use and license the following principal trademarks that are registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO")

Mark	Registration Date	Registration Number
NOVUS (for plastic polish)	8-10-1976	1,045,704
NOVUS	9-18-1984	1,295,361
NOVUS	5-5-1987	1,438,701
NOVUS WINDSHIELD REPAIR and design	11-3-1992	1,729,876
NOVUS	4-9-1996	1,966,303
NOVUS AUTOGLASS REPAIR AND REPLACEMENT	4-2-1996	1,965,206
NOVUS AUTOGLASS	10-14-1997	2,105,684
NOVUS AUTO GLASS design	10-30-2007	3,326,179
NOVUS DING DEVIL design mark	7-7-1998	2,171,794
NOVUS GLASS	6-3-2008	3,441,544
NOVUS GLASS design mark	6-24-2008	3,455,533
NOVUS GLASS REPAIR & REPLACEMENT design mark	10-14-2008	3,518,346
NOVUS GLASS THE WINDSHIELD REPAIR EXPERTS design mark	5-20-2008	3,433,099
REPAIR FIRST, REPLACE WHEN NECESSARY	5-23-2000	2,351,127

A Supplemental Register certificate of registration was issued on July 17, 2007, for The Windshield Repair Experts design mark. The Supplemental Register certificate of registration does not have many of the same presumptive legal rights granted by a registration on the Principal Register, but does not prejudice our right to obtain a Principal Registration for this mark at a later time, and it does not limit our right to use the mark in commerce. As we do not have a Principal Register federal registration for this trademark, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Except as described above, there are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, or any opposition or cancellation proceedings which affect the use of the Marks in any state.

Originally, all of the above Marks were registered by TCGI. However, TCGI assigned to us all of their rights and interest in the Marks on December 31, 2007, so that we now have sole ownership of the Marks that we license to you.

Under an agreement with one of our affiliates, we also have the right to let our franchisees in certain markets use the Speedy Glass name and logo to refer to themselves as a Speedy Glass Certified Dealer. The Speedy Glass words were registered as a trademark by TCGI on the Principal Register of the USPTO on January 9, 2007, Registration No 3,197,059. The Speedy Glass name and design were registered as a trademark by TCGI on the Principal Register of the USPTO on August 7, 2007, Registration No 3,275,602.

You may only use the Marks in the manner we direct. If, in our judgment, you have infringed upon or demeaned the goodwill, uniformity or business standing associated with the Marks, we may require you

to discontinue use of the Marks. You agree not to contest our right to use the Marks and the goodwill associated with them.

We are not aware of any currently effective agreements that significantly limit our right to use or license the use of the Marks in any manner material to your business. We know of no rights held by others, nor any infringing uses that could materially affect your use of any of the Marks. You may not use all or a part of the "Novus[®]" name or any other Marks, or any similar name, word or symbol or variant, in a domain name, account name, profile or URL without our written consent.

The Franchise Agreement and Affiliate and Auto Dealer License Agreements obligate us to protect your right to use the Marks. We will be the sole judge as to whether a suit for infringement will be instituted. We will indemnify you from any damages you may incur resulting solely from your proper use of the Marks within the APR or in the case of an affiliate license from your business if you tender defense of the action to Novus under the requirements of your Franchise Agreement or Affiliate or Auto Dealer License Agreement.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

TCGI has received the following patents:

- (a) Patent No. 5,565,217 - dated 10-15-96 (Windshield Repair Apparatus)
- (b) Patent No. 5,643,610 - dated 7-1-97 (Windshield Repair Injector)
- (c) Patent No. 5,776,506 - dated 7-7-98 (Windshield Repair Apparatus Including Crack Repair Fixture and Method)
- (d) Patent No. 5,792,480 - dated 8-11-98 (Stopper for Windshield Repair Injector)
- (e) Patent No. D 398,495 - dated 9-22-98 (Design Patent - Windshield Crack Spreader Bar)
- (f) Patent No. D 398,496 - dated 9-22-98 (Design Patent - Slideable Crack Repair Fixture)
- (g) Patent No. D 400,218 - dated 10-27-98 (Design Patent - Ultraviolet Lamp)
- (h) Patent No. D 403,563 - dated 1-5-99 (Design Patent - Windshield Repair Bridge)
- (i) Patent No. D 406,029 - dated 2-23-99 (Design Patent - Windshield Repair Bridge)
- (j) Patent No. D 452,124 - dated 12-18-01 (Design Patent - Windshield Repair Bridge)
- (k) Patent No. 5,948,331 - dated 9-7-99 (Method of Windshield Repair)
- (l) Patent No. 5,952,012 - dated 9-14-99 (Windshield Repair Apparatus Including Bridge)
- (m) Patent No. 6,024,901 - dated 2-15-00 (Method for Windshield Break Repair)
- (n) Patent No. 6,042,353 - dated 3-28-00 (Windshield Repair Apparatus Including Crack Repair Fixture)
- (o) Patent No. 6,139,300 - dated 10-31-00 (Windshield Repair Apparatus Including Bridge and Injector Holder)
- (p) Patent No. 6,302,670 - dated 10-16-01 (Windshield Repair Apparatus)
- (q) Patent No. 7,131,752 - dated 11-7-06 (Articulating Crack Curing Lamp and Method)

There are no presently effective determinations of the USPTO, the Court of Appeals for the Federal Circuit, nor any pending infringement, opposition or cancellation proceedings, nor any material litigation involving these patents or copyrights, which is relevant to their use in this state or the state in which your business will be located. There are no currently effective agreements that significantly limit the rights of Novus to use or license the use of these patents in any manner material to your business. There are no pending patent applications that are material to the purchase of a franchise.

Novus has been granted a license by TCGI to use these patents in selling and servicing Novus[®] franchises and for providing Glass Repair and Replacement services (the "TCGI License Agreement"). You will

therefore have the right to use the patents in operating your business when you sign the Novus Inc Equipment Lease Agreement (see Exhibit F) The term of the TCGI License Agreement is perpetual, unless terminated by TCGI due to failure by Novus to cure a material breach of the TCGI License Agreement When the TCGI License Agreement terminates, we will not be authorized to use or license the patents However, if our rights to use the patents are terminated, TCGI will continue to honor your license to use the patents, if you are not in default under your Franchise Agreement or Affiliate or Auto Dealer License Agreement

TCGI also filed a mechanical patent application with the USPTO for an LED Curing Lamp and Method for use with windshield repairs on March 1, 2011, application number 13/038,173 The original inventors filed provisional patent applications for this invention on March 4, 2010 and on November 9, 2010, and assigned the applications, and all rights they have in the invention, to us This patent pending has been published as US-2011-0217482-A1

The Franchise Agreement and the Affiliate and Auto Dealer License Agreements obligate us to protect your rights to use the patented equipment and products and to protect you against claims of infringement or unfair competition relating to the patents TCGI will control any litigation relating to the patents, and TCGI is the sole judge as to whether a suit for infringement will be instituted We will indemnify you from any damages you may incur resulting solely from your proper use of the patented equipment or products, as a part of the Business System, if you tender defense of the action to us under the requirements of your Franchise Agreement or Affiliate or Auto Dealer License Agreement We know of no rights held by others that could materially affect your use of any of the patented equipment

TCGI and Novus have copyrighted advertising copy and designs, training films, workbooks, the Operations Manual and other manuals, and various other items relating to the operation of a Novus® business We do not know of any infringing uses that could materially affect your use of any copyrighted material we supply There are no presently effective determinations of the Copyright Office, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings, or any pending material litigation involving our copyrighted materials that are relevant to their use in any state There are no agreements currently in effect, which significantly limit our right to use or license the use of these copyrighted materials in any manner material to your business

The Operations Manual and other information relating to the operation of a Novus® business is proprietary to us and must be kept confidential by you and your employees You may not copy or alter any copyrighted or proprietary materials without our written consent, and you may not use any of these materials for purposes other than operating your Novus® business You must return the Operations Manual and all other copyrighted or proprietary materials to us when your Franchise Agreement or Affiliate or Auto Dealer License Agreement expires or is terminated

15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you acquire a Novus franchise, you must devote your full-time and best efforts, or have a manager devote his or her full-time and best efforts, to the operation of your Novus® business If the franchisee is an entity, like a corporation or limited liability company, the principal owners must also sign a personal guaranty of the obligations of the franchisee If you acquire an affiliate license, you must also devote your full-time and best efforts (or have a manager devote his or her full-time and best efforts to the business), but those full-time efforts can include the efforts you devote to your existing business You and your manager must attend and successfully complete any required initial training programs for your franchise as described in Item 11 before managing or operating your Novus® business Other than successful completion of training, we do not impose any hiring restrictions on your selection of a manager We do not require your manager to have any ownership interest in your business Your manager and employees must agree to maintain the confidentiality of our confidential and proprietary information and must agree not to reverse engineer any proprietary technology of ours or of our affiliates You must have at least 1 full-time employee (who may be you or your manager) who spends substantially

all of his or her working time either performing or marketing glass repair and glass replacement services. At least half of your employees must have successfully completed either our initial training program or our 3-day employee technical training program (except that if the principal owner/operator of the franchise is an experienced master auto glass specialist certified by the AGSC (or other certifying organization acceptable to us) who passes our glass replacement test, or employs such a person who remains in your employ for 1 year, we will waive the glass replacement training requirement, and in the case of an affiliate license, any master auto glass technicians that you employ who are certified by the AGSC (or other certifying organization acceptable to us) and who pass our glass replacement test will count toward meeting this obligation)

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may not operate any similar or competitive business during the term of your Franchise Agreement or Affiliate or Auto Dealer License Agreement. You may not use any other name, trade name, trademark or service mark other than the Marks in your Novus[®] business. You must sell all of the products and services associated with your Novus[®] business that we require, and we may add additional product or service requirements during the term of your Franchise Agreement or Affiliate or Auto Dealer License Agreement. There are no contractual limits on our right to add product or service requirements. You may not perform windshield repair or automotive glass replacement services outside of your APR or in the case of an affiliate license from anywhere other than your retail location, and you may not resell any Novus[®] resin products or windshield repair equipment to others. If you acquire a Glass Repair only franchise, and you receive inquiries concerning glass replacement services, you must provide the name(s) and telephone number(s) of any Novus Glass Repair and Replacement businesses in your APR or any other glass replacement business that we may approve in our sole discretion. If there are no Novus Repair and Replacement businesses in your APR, then you must provide to the person that made the inquiry the name and telephone number of the closest Novus Glass Repair and Replacement business to your APR (or another glass replacement business that we may approve in our sole discretion), unless there is not any such business located within 15 miles of the outer boundaries of your APR. In the case of an affiliate license, you must refer the person to the Novus business that is the closest to that person's home or business unless there is no Novus business within 50 miles of either the home or business of the person, in which case you can refer that person to anyone you choose.

Except as set forth above, you are not limited in the customers to whom you may sell your products and services.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
a Length of the franchise term	Article 3 1 – Franchise Agr Article 3 1 – Affiliate Agr Sec 2 - Equipment Lease Sec 8 - Software Sublicense Sec 5 – Speedy Glass Certified Dealer Addendum	10 Years – Franchise Agreement 5 Years – Affiliate Agreement
b Renewal or extension of the term	Article 3 2 – Franchise Agr Article 3 2 – Affiliate Agr	Under terms offered to other franchisees or licensees acquiring a similar type of franchise or license at the time you reacquire the franchise or license
c Requirements for you to renew or extend	Article 3 2 - Franchise Agr Article 3 2 – Affiliate Agr	Give 210 days' notice, satisfy all material requirements of your current Franchise Agreement, pay all amounts due to us, modernize your business, sign a new franchise agreement (which may contain materially different terms than your original Franchise Agreement), pay Re-Franchise Fee (referred to as a Re-License Fee for an affiliate license)

* In the case of an affiliate license, the principal agreement is an "Affiliate License Agreement," although for an affiliate who is an automobile or truck dealer, the principal agreement is called an "Auto Dealer License Agreement." Both the Affiliate License Agreement and the Auto Dealer License Agreement are referenced in this section as an "Affiliate Agreement."

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
d Termination by you	<p>Article 19 – Franchise Agr</p> <p>Article 18 2 Affiliate Agr</p> <p>Section 5 – Speedy Glass Certified Dealer Addendum</p>	<p>If we violate any material term of the Franchise Agreement or fail to pay any material uncontested obligations we owe you</p> <p>For an affiliate license, you also have the right to terminate if you sell your existing business to someone who does not want to continue the Novus business, or you sell your existing business to someone we do not approve, but you must then pay us an amount equal to 24 times the average monthly royalty fees you owed us for the previous 12 months</p> <p>If you have not received a reasonable level of business related to the rights granted to you in the Speedy Glass Certified Dealer Addendum, you may request our approval for termination of the Addendum by giving us notice 90-180 days before the 2-year anniversary of the date you signed the Addendum, or from each later anniversary We will review your request and give you notice of our decision within 30 days after our receipt of your notice and sufficient supporting documentation</p>
e Termination by Novus without cause	<p>Not Applicable – Franchise Agr</p> <p>Not Applicable -Affiliate Agr</p> <p>Sec 12 - Software Sublicense</p>	<p>Not applicable</p> <p>Not applicable</p> <p>If we lose our right to sublicense the Software, we can terminate the Software Sublicense</p>
f Termination by Novus with cause	<p>Articles 18 1 and 18 2 – Franchise Agr</p> <p>Articles 17 1 and 17 2 – Affiliate Agr</p> <p>Sec 16 – Equipment Lease</p> <p>Sec 21 – Software Sublicense</p>	<p>If you breach the Franchise Agreement, the Affiliate License Agreement, the Auto Dealer License Agreement, the Equipment Lease, or the Software Sublicense</p>

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
g "Cause" defined - curable defaults ⁽¹⁾	Articles 18 1 - Franchise Agr Articles 17 1 - Affiliate Agr Sec 15 - Equipment Lease Sec 20 - Software Sublicense	You will have 30 days to cure if you fail to successfully complete our training program, if applicable, fail to purchase or lease a retail location, fail to open your Novus [®] business within 6 months (or 3 months in the case of an affiliate license), violate any material provision of the Franchise Agreement or Affiliate or Auto Dealer License Agreement, fail to conform to the Novus [®] Business System, fail to pay any uncontested obligation to anyone, issue any check that is dishonored, fail to pay for items required to start your Novus [®] business, fail to file required tax returns, or are in breach under the Software Sublicense, except for payment of the License Fee For a stand-alone Glass Repair and Replacement franchise, you will have 90 days to cure your failure to meet any of our Quarterly Minimum Gross Revenues thresholds You will have 15 days to cure if you are delinquent in any payments to us You will have 10 days to cure if you are delinquent in payment of rent under the Equipment Lease
h "Cause" defined - non-curable defaults ⁽²⁾	Article 18 2 - Franchise Agr Article 17 2 - Affiliate Agr Sec 15 - Equipment Lease Sec 20 - Software Sublicense	If you are convicted of violating any law relating to your Novus [®] business or a felony, you are determined to be insolvent or are subject or voluntary or involuntary bankruptcy proceedings, you make an assignment for the benefit of creditors, you abandon your Novus [®] business, your conduct materially impairs our Marks or Business System and you fail to correct that conduct within 24 hours of written notice, for a Glass Repair only franchise, you fail to meet the Annual Minimum Gross Revenues, or you fail to comply with our request for an audit Under the Equipment Lease, you will not have the right to cure if you are insolvent or bankrupt, or if your Franchise Agreement or Affiliate or Auto Dealer License Agreement is terminated Under the Software Sublicense, you will have no right to cure if you are delinquent in payment of the License Fee, Maintenance Fee or other fee, you are insolvent or bankrupt, or if you are in breach of your Franchise Agreement or Affiliate or Auto Dealer License Agreement and do not cure the breach, or if the agreement is terminated

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
i Your obligations on termination or nonrenewal	Article 20 – Franchise Agr Article 19 - Affiliate Agr Sec 16 - Equipment Lease Sec 21 - Software Sublicense Sec 6 – Speedy Glass Certified Dealer Addendum	<p>You must cease using our Marks, alter your business location and vehicles to distinguish them from those used in Novus® businesses, pay what you owe us under your Franchise Agreement or Affiliate or Auto Dealer License Agreement, provide us with a customer list, and return all materials, whether printed, electronic or in another format, we provided you. We also may have the right to the telephone numbers, directory listings, domain names, and Internet home pages, websites and social networking or social media sites, profiles and accounts used in your Novus® business, however, in the case of an affiliate license, we do not have the right to your telephone number if it is the number that rings to a central number for your entire dealership. Under the Equipment Lease, you must return the equipment to Novus Inc and pay all amounts you owe them. Under the Software Sublicense, you must cease use of the Software, return the Software to us, and pay what you owe us under the Software Sublicense.</p> <p>Under the Speedy Glass Certified Dealer Addendum, you must cease use of the Speedy® mark, and return the Certified Speedy Dealer Manual and other printed materials including the Speedy® mark to us.</p>
j Our assignment of the contract	Article 17 – Franchise Agr Article 16 – Affiliate Agr Sec 17 - Software Sublicense	No restriction on our right to assign
k “Transfer” by you - definition	Article 17 – Franchise Agr Article 16 – Affiliate Agr Sec 18 - Software Sublicense	Sell, assign, trade, transfer, pledge, lease, sub-lease or otherwise dispose of your rights under the Franchise Agreement or Affiliate or Auto Dealer License Agreement, or of the business, or of any ownership interest by your owners. Sublicense, transfer, rent or lease the Software, except in an assignment of your Novus® business under the terms of your Franchise Agreement or Affiliate or Auto Dealer License Agreement.
l Our approval of transfer by you	Article 17 2 – Franchise Agr Article 16 2 – Affiliate ADL Agr Sec 19 - Equipment Lease Sec 18 - Software Sublicense	We have the right to approve any transfer made by you but will not unreasonably withhold our consent. We have the right to approve any transfer of the Equipment Lease or the Software Sublicense.

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
m Conditions for our approval of transfer ⁽³⁾	Article 17 2 - Franchise Agreement Article 16 2 – Affiliate Agr Sec 19 - Equipment Lease Sec 18 - Software Sublicense	You pay all money you owe us, complete a written agreement satisfactory to us, transferee’s shareholders agree to be personally bound to the Franchise Agreement or Affiliate or Auto Dealer License Agreement, transferee meets our standards, transferee may not be involved in a competing business, transferee signs our current Franchise Agreement or Affiliate or Auto Dealer License Agreement, transferee completes training program, you pay the transfer fee, you sign a general release of all claims (subject to applicable law) You must have our prior written consent to the transfer of the Equipment Lease You must have our prior written consent to the Software Sublicense, you must destroy or return all copies of the Software you do not transfer, and the assignee must sign a current Software Sublicense or agree to the terms of your Software Sublicense
n Our right of first refusal to acquire your business	Article 16 – Franchise Agr Not applicable – Affiliate Agr	You must first offer the sale of your Novus [®] business to us before selling to anyone else (Not applicable to an affiliate license)
o Our option to purchase your business	Article 16 6 – Franchise Agr Sec 3 - Renewal Addendum Not applicable – Affiliate Agr	If you fail to operate your Novus [®] business in your APR or upon expiration or termination of your Franchise Agreement, we have the right to purchase the assets of your Novus [®] business from you (Not applicable to an affiliate license)
p Your death or disability	Articles 16 1 and 16 4 – Franchise Agr Not applicable – Affiliate Agr	Your Franchise Agreement auto dealer license may be transferred without payment of a transfer fee (Not applicable to an affiliate license)
q Noncompetition covenants during the term of the franchise	Article 21 2 – Franchise Agr Article 20 2 – Affiliate Agr	You may not participate in any business that competes with a Novus [®] business If you are operating as a Glass Repair only franchise, and you demonstrate to us that you were operating a glass replacement business before you signed the Franchise Agreement, then under certain circumstances you may continue to operate an auto glass replacement and/or installation business that is independent and not affiliated with Novus [®] (but that business may not conduct glass repairs)

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
r Noncompetition covenants after the franchise is terminated or expires	Article 21 3 – Franchise Agr Article 20 3 - Affiliate Agr	For 2 years after your Franchise Agreement terminates or expires, you may not participate in any business that is competitive with or similar to a Novus® glass business if the business in which you are involved is located or operates within your APR, an APR of another franchisee, or within 10 miles of any Novus® glass business In the case of an affiliate license, the restriction applies to any business that is located or operates within 10 miles of your retail location or within the service area we grant to any other Novus® glass franchise or within 10 miles of any business location of a Novus® glass franchisee If you are operating a Glass Repair only franchise, and you can demonstrate to us that you were operating a glass replacement business before you signed the Franchise Agreement, then you may continue to operate that business after your Franchise Agreement terminates or expires (but that business may not conduct glass repairs)
s Modification of the agreement	Article 24 15 – Franchise Agr Article 23 15 – Affiliate Agr Sec 17 - Equipment Lease Sec 22 and 23 - Software Sublicense	Any modification of the Franchise Agreement or Affiliate or Auto Dealer License Agreement must be in writing and signed by both you and Novus Any modification of the Equipment Lease must be consented to in writing by Novus Inc Any modification of the Software Sublicense must be signed by the party against whom enforcement is sought
t Integration/merger clauses	Article 24 12 – Franchise Agr Article 23 12 – Affiliate Agr Sec 22 - Software Sublicense	Only the terms of our signed agreements with you are binding (subject to state law) Any representations or promises made outside this Disclosure Document and those agreements may not be enforceable
u Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v Choice of forum ⁽⁴⁾	Article 24 8 – Franchise Agr Article 23 8 – Affiliate Agr Sec 29 - Software Sublicense	Except where state law requires otherwise, litigation under our agreements must be in Hennepin County, Minnesota
w Choice of law ⁽⁵⁾	Article 26 1 – Franchise Agr Article 25 1 – Affiliate Agr Sec 21 – Equipment Lease Sec 23 - Software Sublicense	Except where state law requires otherwise, your agreements with us are generally governed by Minnesota law

18. PUBLIC FIGURES

We do not use any public figure to promote our franchises or licenses

19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits us to provide information about the actual or potential financial performance of our 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) we provide the actual records of an existing outlet you are considering buying, or (2) we supplement the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Keith Beveridge at 12800 Highway 13, Suite 500, Savage, Minnesota 55378, telephone (952) 944-8000, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary for Years 2009 to 2011 (Notes 1 and 2)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2009	209	219	+10
	2010	219	225	+6
	2011	225	236	+11
Company- Owned	2009	9	9	+0
	2010	9	11	+2
	2011	11	10	-1
Total Outlets	2009	218	228	+10
	2010	228	236	+8
	2011	236	246	+10

- (1) All numbers are as of December 31 of each year
- (2) These franchise businesses include Glass Repair and Replacement franchises, Glass Repair only franchises, and affiliate licensees

Transfers of Outlets from Franchisee to New Owners (Other than the Franchisor) for Years 2009 to 2011 (Note 1)		
State	Year	Number of Transfers
Alabama	2009	0
	2010	1
	2011	0
Arizona	2009	1
	2010	0
	2011	3
Arkansas	2009	0
	2010	1
	2011	0
California	2009	0
	2010	1
	2011	1
Florida	2009	0
	2010	0
	2011	1
Georgia	2009	0
	2010	0
	2011	1
Iowa	2009	0
	2010	1
	2011	0
Kentucky	2009	0
	2010	0
	2011	1
Maine	2009	0
	2010	0
	2011	1
Minnesota	2009	0
	2010	3
	2011	0
Mississippi	2009	1
	2010	0
	2011	0
Missouri	2009	1
	2010	0
	2011	0
Montana	2009	1
	2010	0
	2011	0
Oregon	2009	1
	2010	1
	2011	0
Pennsylvania	2009	0
	2010	0
	2011	1

Transfers of Outlets from Franchisee to New Owners (Other than the Franchisor) for Years 2009 to 2011 (Note 1)		
State	Year	Number of Transfers
South Dakota	2009	0
	2010	1
	2011	0
Totals	2009	5
	2010	9
	2011	9

- (1) All numbers are as of December 31 of each year
- (2) During the fiscal year ended December 31, 2011, 1 franchisee with an APR in Arizona transferred its franchise agreement, and the APR was changed to California

Status of Franchised Outlets for Years 2009 to 2011 (Note 1)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Alabama	2009	3	1	0	1	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Alaska	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Arizona	2009	7	4	0	3	0	0	8
	2010	8	0	1	1	0	0	6
	2011	6	0	0	1	0	1	4
Arkansas	2009	7	2	1	0	0	0	8
	2010	8	0	0	0	0	0	8
	2011	8	0	0	0	0	0	8
California	2009	8	3	0	0	0	0	11
	2010	11	1	0	0	0	0	12
	2011	12	2	3	0	0	0	11
Colorado	2009	11	1	0	0	0	0	12
	2010	12	0	0	1	0	0	11
	2011	11	1	0	0	0	0	12
Connecticut	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Delaware	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Florida	2009	1	2	0	0	0	0	3
	2010	3	2	1	0	0	0	4
	2011	4	2	0	0	0	0	6

Status of Franchised Outlets for Years 2009 to 2011 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Georgia	2009	3	0	0	1	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3
Hawaii	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Idaho	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Illinois	2009	9	0	1	0	0	0	8
	2010	8	0	0	0	0	0	8
	2011	8	2	1	0	0	0	9
Indiana	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
	2011	4	0	1	0	0	0	3
Iowa	2009	4	1	0	0	0	0	5
	2010	5	0	1	0	0	0	4
	2011	4	2	0	0	0	0	6
Kansas	2009	3	1	0	0	0	0	4
	2010	4	0	0	2	0	0	2
	2011	2	0	0	0	0	0	2
Kentucky	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	2	0	0	0	0	4
Louisiana	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Maine	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
	2011	4	1	1	0	0	0	4
Maryland	2009	1	0	0	0	0	0	1
	2010	1	2	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Massachusetts	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Michigan	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
Minnesota	2009	7	1	0	0	0	0	8
	2010	8	2	0	0	0	0	10
	2011	10	1	1	0	0	0	10
Mississippi	2009	7	0	0	0	0	0	7
	2010	7	0	0	0	0	0	7
	2011	7	0	0	0	0	0	7

Status of Franchised Outlets for Years 2009 to 2011 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Missouri	2009	9	0	0	0	0	0	9
	2010	9	1	0	0	0	0	10
	2011	10	1	0	0	0	0	11
Montana	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	1	0	0	0	5
Nebraska	2009	8	0	0	0	0	0	8
	2010	8	0	0	0	0	0	8
	2011	8	0	0	0	0	0	8
Nevada	2009	5	0	0	0	0	0	5
	2010	5	0	0	0	0	0	5
	2011	5	0	0	0	0	0	5
New Hampshire	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
New Jersey	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
New Mexico	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
New York	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
North Carolina	2009	3	0	0	0	0	0	3
	2010	3	1	1	0	0	0	3
	2011	3	0	0	0	0	0	3
North Dakota	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Ohio	2009	2	1	0	0	0	0	3
	2010	3	1	0	0	0	0	4
	2011	4	1	0	0	0	0	5
Oklahoma	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Oregon	2009	5	0	0	0	0	0	5
	2010	5	1	0	1	0	0	5
	2011	5	0	0	0	0	0	5
Pennsylvania	2009	7	0	0	0	0	0	7
	2010	7	1	1	0	0	0	7
	2011	7	1	0	0	0	0	8
Rhode Island	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	1	0	0	0	0

Status of Franchised Outlets for Years 2009 to 2011 (Note 1)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
South Carolina	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3
South Dakota	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
	2011	4	1	0	0	0	0	5
Tennessee	2009	1	0	0	1	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Texas	2009	3	0	1	0	0	0	2
	2010	2	0	0	1	0	0	1
	2011	1	1	0	0	0	0	2
Utah	2009	10	0	0	0	0	0	10
	2010	10	0	0	0	0	0	10
	2011	10	0	0	0	0	0	10
Vermont	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Virginia	2009	4	1	0	0	0	0	5
	2010	5	1	0	0	0	0	6
	2011	6	0	1	0	0	0	5
Washington	2009	18	1	0	0	0	0	19
	2010	19	0	0	0	0	0	19
	2011	19	1	0	1	0	0	19
West Virginia	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Wisconsin	2009	11	0	0	1	0	0	10
	2010	10	0	0	1	0	0	9
	2011	9	1	0	0	0	0	10
Wyoming	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Totals (Note 2)	2009	209	20	3	7	0	0	219
	2010	219	18	5	7	0	0	225
	2011	225	24	10	2	0	1	236

- (1) All numbers are as of December 31 of each year
- (2) These franchise businesses include Glass Repair and Replacement franchises, Glass Repair only franchises affiliate licensees
- (3) During the fiscal year ended December 31, 2011, 1 franchisee with an APR in Arizona transferred its franchise agreement, and the APR was changed to California

Status of Company-Owned Outlets for the Years 2009 to 2011 (Note 1)							
State	Year	Outlets at Start of the Year	Outlets Opened During Year	Outlets Reacquired from Franchisee	Outlets Closed During Year	Outlets Sold to Franchisee	Outlets at Year End
Alaska	2009	2	0	0	0	0	2
	2010	2	0	0	0	0	2
	2011	2	0	0	0	0	2
Arizona	2009	2	0	0	0	0	2
	2010	2	0	0	0	0	2
	2011	2	0	0	0	0	2
Minnesota	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
	2011	1	0	0	0	0	1
Washington	2009	5	0	0	0	0	5
	2010	5	1	0	0	0	6
	2011	6	0	0	1	0	5
Totals	2009	9	0	0	0	0	9
	2010	9	2	0	0	0	11
	2011	11	0	0	1	0	10

(1) All numbers are as of December 31 of each year

Projected New Franchised Outlets as of January 1, 2012 (Note 1)			
State	Franchise Agreements Signed at End of Last Fiscal Year But Outlet Not Opened	Projected New Franchised Outlets in 2012	Projected New Company-owned (or Affiliate-owned) Outlets in 2012
Each individual state	0	0-2	0
Totals	0	15-30	0

(1) These are the franchises we presently expect to open in 2012 (including affiliate licensees) We continue to look for franchisees throughout the United States In total, we expect to have between 15 and 30 new franchisees in 2012

Exhibit B to this Disclosure Document is a list of the names, addresses and telephone numbers of all Novus® franchisees in the United States as of December 31, 2011 Exhibit C to this Disclosure Document is a list containing the name, last known home address and telephone number of every franchisee in the United States whose Novus® franchise has, within the one-year period immediately preceding December 31, 2011, been terminated, canceled, not renewed, or who has, during the same period, otherwise voluntarily or involuntarily ceased to do business pursuant to their franchise or license agreement, or who has not communicated with us during the 10-week period preceding the date of this Disclosure Document In 2011, 21 franchisees left our system (including through transfer of their franchises) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

Franchisees and/or former franchisees have signed confidentiality clauses with us in the last three years In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Novus You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We created an advisory council among our franchisees who contribute to an advertising fund to advise us on issues related to expenditures from that fund (see Item 11) The address and telephone number of this council is the same as ours This council does not have its own email address or website

21. FINANCIAL STATEMENTS

The audited financial statements of Novus as at December 31, 2011 and 2010 and for the fiscal years ended December 31, 2011, 2010 and 2009 are attached as Exhibit A to this Disclosure Document Also included in Exhibit A are our unaudited financial statements for the two months ended February 29, 2012

22. CONTRACTS

We use the following contracts or agreements in connection with the sale of the franchise described in this Disclosure Document

- Exhibit D-1 Novus Franchising, Inc Glass Repair and Replacement Franchise Agreement, Personal Guaranty and General Release
- Exhibit D-2 Novus Franchising, Inc Glass Repair Only Franchise Agreement, Personal Guaranty and General Release
- Exhibit D-3 Novus Franchising, Inc Glass Repair and Replacement Auto Dealer License Agreement, Personal Guaranty and General Release
- Exhibit D-4 Novus Franchising, Inc Glass Repair and Replacement Affiliate License Agreement, Personal Guaranty and General Release
- Exhibit D-5 Novus Franchising, Inc Renewal (Retirement) Addendum
- Exhibit E-1 Promissory Note and Guaranty
- Exhibit E-2 Security Agreement
- Exhibit F Novus Inc Equipment Lease Agreement
- Exhibit G Software Sublicense Agreement
- Exhibit H Speedy Glass Certified Dealer Addendum
- Exhibit J Assignment of Franchise Agreement (form currently used)

23. RECEIPTS

The last page of this Disclosure Document is a detachable acknowledgement of receipt