

FRANCHISE DISCLOSURE DOCUMENT



ShelfGenie Franchise Systems, LLC
A Georgia limited liability company
5500 Interstate North Parkway,
Suite 250
Atlanta, GA 30328
Telephone (770) 955-4377
Email address: info@shelfgenie.com
www.shelfgenie.com

The franchise offered by ShelfGenie Franchise Systems, LLC is for the operation of a business that designs and installs customized solutions for new and existing cabinets, pantries and other structures identified by the trade name and service mark "SHELFGENIE". A separate franchise agreement must be entered into for each SHELFGENIE Business operated by a franchisee.

The total investment necessary to begin operation of a SHELFGENIE Business is from \$70,100 to \$125,250. This includes \$45,000 to \$47,745 that must be paid to franchisor and/or an affiliate.

If you enter into a Multi-unit Development Agreement, your investment for your Initial Franchise Agreement will be as described above. We will charge you a Development Fee equal to the sum of 80% of our Initial Franchise Fee multiplied by the number of SHELFGENIE Businesses required to be developed under your Multi-unit Development Agreement. You must pay the entire Development Fee when you sign the Multi-unit Development Agreement.

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

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 P. Allan Young at 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328 and 770-955-4377.

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, D.C. 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: March 28, 2013.

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 on Exhibit C 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 IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND/OR LITIGATION ONLY IN THE STATE AND COUNTY OR DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN THE STATE AND COUNTY OR DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE OF GEORGIA GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF THE FRANCHISE OWNERS DO NOT SATISFY OUR QUALIFICATIONS FOR FRANCHISEES, WE MAY REQUIRE THEIR SPOUSES TO SIGN PERSONAL GUARANTIES MAKING EACH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE. THESE GUARANTIES PLACE EACH FRANCHISE OWNER'S AND EACH SPOUSE'S PERSONAL ASSETS AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

The effective dates of this Disclosure Document in the states with franchise registration laws in which we have sought registration or exemption appear on the following page.

EFFECTIVE DATES

California Effective Date:	
Florida Exemption Date:	April 30, 2012
Hawaii Effective Date:	
Illinois Effective Date:	
Indiana Effective Date:	
Kentucky Exemption Date:	July 1, 2008
Maryland Effective Date:	
Michigan Effective Date:	April 5, 2013
Minnesota Effective Date:	
Nebraska Exemption Effective Date:	July 1, 2008
New York Effective Date:	
North Dakota Effective Date:	
Rhode Island Effective Date:	
South Dakota Effective Date:	
Texas Exemption Date:	April 30, 2008
Utah Exemption Date:	April 5, 2013
Virginia Effective Date:	
Washington Effective Date:	
Wisconsin Effective Date:	April 5, 2013

MICHIGAN ADDENDUM

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in a franchise document, 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 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. The subsection applies only if: (i) the term of the franchise is less than five 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 the 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 enforcement by the Attorney General.

* * * *

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisor must, at the request of the franchisee, arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

* * * *

Any questions regarding the notice should be directed to the Office of the Attorney General, Consumer Protection Division, G. Mennen Williams Building, 7th Floor, 525 West Ottawa St., Lansing, MI 48909, (517) 373-7117.

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EXHIBITS

- A. Franchise Agreement
- B. Multi-unit Development Agreement
- C. List of State Administrators
- D. Agents for Service of Process
- E. Operations Manual Tables of Contents (including Field Guide)
- F. General Release
- G. List of Franchisees
- H. Financial Statements
- I. Addenda Required by Certain States
- J. Receipt

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE AN ADDENDUM TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND ADDENDA, IF ANY, APPEAR IN EXHIBIT I.

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

The Franchisor is ShelfGenie Franchise Systems, LLC, a Georgia limited liability company. For ease of reference, ShelfGenie Franchise Systems, LLC will be referred to as “us,” “we,” “our”, or “**SHELFGENIE.**” When we use “you” or “your” in this Disclosure Document, it means the person, partnership, limited liability company or corporation who buys the Franchise. If you are a corporation, partnership, or limited liability company, this Disclosure Document also applies to your shareholders, partners, members and owners and their spouses. If you are an individual, this Disclosure Document also applies to your spouse under certain circumstances.

SHELFGENIE was formed on November 29, 2007. SHELFGENIE only does business under the name “ShelfGenie Franchise Systems, LLC”. SHELFGENIE has no predecessor. SHELFGENIE has a right, through a license with Cabinet Essentials Group L.L.C. (“**CEG**”), to use the trade name and service mark “SHELFGENIE”. SHELFGENIE’s principal business address is 5500 Interstate North Parkway, Suite 250, Atlanta, Georgia 30328 and its agents for service of process are listed in Exhibit D to this Disclosure Document.

Parent and Affiliates

CEG is a Virginia limited liability company. CEG is the sole member of SHELFGENIE and is the sole member of Manufacturing (as defined below), Cabinet Essentials Atlanta LLC (“**CEA**”), Cabinet Essentials of Chicago LLC (“**CEC**”), Shelf Conversions of Greater Richmond, LLC (“**SCGR**”) and Customer Management Group, LLC (“**CMG**”). CEG, Manufacturing, CEA, CEC, SCGR, and CMG do not grant any franchises. CEG’s principal business address is 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328. CEG owns the service mark “SHELFGENIE” and on February 5, 2008, granted a world-wide, non-exclusive, perpetual license to SHELFGENIE to use that trade name and service mark.

In April 2007, CEG purchased the membership interests of G-O Manufacturing, L.L.C. (“**G-O Predecessor**”), a Virginia limited liability company formed in July 2001, from a group of members. In September 2007, G-O Predecessor merged into a new Virginia limited liability company. This new Virginia limited liability company was considered the survivor and took on the name of the original entity “G-O Manufacturing, L.L.C.” (“**Manufacturing**”). Manufacturing is a fully owned subsidiary of CEG and an affiliate of SHELFGENIE. Manufacturing does business under the name “G-O Manufacturing L.L.C.” and “SimpleShelf.” Manufacturing’s principal business address is 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328. Manufacturing makes and distributes customized shelving solutions and other products. Manufacturing also sells some of these products on its SimpleShelf.com website (“**SSWebsite**”). See Item 12 regarding the SSWebsite. Manufacturing’s products include customized shelving solutions and other products (including the Glide-Out™ Family of Products and accessories) that will be used by our franchisees (“**Core Products**”). Each of our franchisees will be required to enter into a supply agreement with Manufacturing. Manufacturing does not grant any franchises, although it is permitted to sell certain products (including the Core Products) directly to dealers.

CEC is a Virginia limited liability company. CEC is an affiliate of SHELFGENIE that operates a business similar to those that will be operated by franchisees of SHELFGENIE. CEC has no predecessor. CEC’s principal business address is 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328.

CEA is a Georgia limited liability company. CEA is an affiliate of SHELFGENIE that operates a business similar to those that will be operated by franchisees of SHELFGENIE. CEA has no predecessor. CEA’s principal business address is 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328.

SCGR is a Virginia limited liability company. SCGR is an affiliate of SHELFGENIE that operates a business similar to those that will be operated by franchisees of SHELFGENIE. SCGR has no predecessor. SCGR's principal business address is 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328.

CMG is a Virginia limited liability company. CMG is an affiliate of SHELFGENIE that operates a Business Support Center ("**Call Center**") for SHELFGENIE. CMG has no predecessor. CMG's principal address is 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328.

The Franchise

The franchise being offered is for a mobile business that markets, designs, sells and installs customized solutions for new and existing cabinets identified by the trade name and service mark "SHELFGENIE". You will use a vehicle approved by us in the operation of your SHELFGENIE Business. Each SHELFGENIE Business will be operated in accordance with the terms and conditions of the Franchise Agreement which you will be required to sign if you qualify as a franchisee and decide to become one of our franchisees. A copy of the Franchise Agreement is attached as Exhibit A to this Disclosure Document. A separate Franchise Agreement must be entered into for each SHELFGENIE Business you operate. We do not currently operate any SHELFGENIE Businesses but we may do so in the future. CEC and CEA operate a business similar to SHELFGENIE Businesses. CEC began operating a business similar to a SHELFGENIE Business in August 2006 and CEA began in January 2007.

If you qualify, you will be granted a non-exclusive license to use the "SHELFGENIE" trade name and service mark, the logos adopted for that name and mark and any other trade names, service marks, trademarks and logos as we may now or in the future require you to use in connection with your SHELFGENIE Business (collectively, the "**Proprietary Marks**").

SHELFGENIE, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system relating to the management and operation of a business that markets, sells and installs products customized and built around homeowners' needs to convert new or existing shelving in kitchen cabinets, pantries, bathroom cabinets, closets and other structures into moving shelving solutions, including the Core Products, under the Proprietary Marks (the "**System**"). The distinguishing characteristics of the System include, but are not limited to the following: uniform standards and procedures for business operations; training in operations and management; advertising and promotional programs; customer development and service techniques; centralized business support center; web based proprietary business system and other technical assistance, all of which may be changed, improved or otherwise developed by us from time to time.

You may also sign a Multi-unit Development Agreement, a copy of which is attached as Exhibit B, to open multiple SHELFGENIE Businesses. A separate Franchise Agreement must be signed for each SHELFGENIE Business you commit to develop under the Multi-unit Development Agreement.

SHELFGENIE has offered franchises for SHELFGENIE Businesses since May 2008. Neither SHELFGENIE nor its owners have ever offered franchises in any other line of business. Manufacturing, CEG, CEA, CMG and CEC do not offer franchises. Prior to May 2008, Manufacturing signed certain dealer agreements for dealerships operating under the name "Shelf Conversions". These dealerships distributed goods similar to those offered by our franchisees. Manufacturing no longer offers dealerships in the United States and, as of the date of this Disclosure Document, Manufacturing has no active dealership agreements in the United States. Manufacturing's dealers did not receive all the benefits of a franchisee owner of a SHELFGENIE Business offered under this franchise disclosure document and were not subject to all the same restrictions and obligations. Manufacturing has distributed its goods through dealers since the original G-O Predecessor was merged into Manufacturing, L.L.C. in September 2007. G-O Predecessor sold its goods through dealers from June 2003 to September 2007 (when it was merged into Manufacturing).

Regulatory Matters

It is your obligation to comply with all laws and regulations which are currently in existence and which may later be adopted. Franchisees will be subject to local, city, county and state regulations and local, city, county and state licensing regulations for the operation of businesses generally. There may also be local, city, county, and state business, home improvement and/or contractor licenses that you need to obtain to operate your SHELFGENIE Business in your Assigned Territory (defined below). You should research the required licenses that apply to your SHELFGENIE Business and consult with your legal counsel to determine the applicability of licensing and other laws and regulations applicable to the operation of your SHELFGENIE Business.

You must comply with all zoning or other laws or regulations regarding the parking of commercial vehicles in residential areas and operating businesses from residences. If you plan to use independent contractors instead of employees, you will need to consult with legal counsel on independent contractor classification issues. You are also required to consult with your own legal counsel or accountant regarding your obligations to collect sales or use tax and the practices or systems you must have in place for this purpose.

Competition

The general market will primarily include owners of existing homes. The market is established but is still developing as more and more individuals come to desire organizational solutions such as moving shelving. There are numerous direct and indirect competitors in this market. Your competitors will include (a) other regional and local chains, which provide similar services, (b) kits provided at hardware stores for the do-it-yourself homeowners, (c) other businesses operated or franchised by us which do not use any of the Proprietary Marks (if we choose to open any in the future), and (d) other businesses or franchises operated or franchised by us using the Proprietary Marks, but only outside of your Assigned Territory. We believe that competition will continue in this industry.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and Co-Founder: Paige Allan ("Allan") Young Jr.

Allan has been the Chief Executive Officer of SHELFGENIE since its formation on November 29, 2007. Since April 2007, Allan has been the Chief Executive Officer of Cabinet Essentials Group, LLC. From November 2006 through March 2007, Allan was the Vice President of Strategic Development for G-O Predecessor. Since January 2007, Allan has also served as Chief Executive Officer of Customer Management Group, LLC. Since August 2006, Allan has been the Chief Executive Officer of Cabinet Essentials Group, L.L.C. Since August 2006, Allan has been the Chief Executive Officer of Cabinet Essentials of Chicago, L.L.C. Since March, 2006, Allan has also served as Chief Executive Officer of Shelf Conversions of Greater Richmond LLC. Since December 2006, Allan has served as Chief Executive Officer of Cabinet Essentials Atlanta, LLC. Allan serves in his present capacity in Atlanta, Georgia.

Chief Operating Officer: Trudy M. Edenfield

Trudy has been the Chief Operating Officer of SHELFGENIE since September 2012. From January 2012 to September 2012, Trudy was the Director of Finance & Administration of SHELFGENIE and from June 2011 to January 2012 she was the Controller of SHELFGENIE. From November 2010 to June of 2011, Trudy worked as an independent finance and management consultant in Cumming, Georgia. Trudy served as Controller of Compass Real Estate Group, LLC (Compass Investment Group) in Alpharetta, Georgia from August 2006 to October 2012. Trudy serves in her present capacity in Atlanta, Georgia.

Director of Marketing and Communications: Courtney J. Carrasco

Courtney became the Director of Marketing of SHELFGENIE in November 2009 and, in June 2012, Courtney's title changed to Director of Marketing and Communications. From January 2004 through November 2009, Courtney was self-employed as a Marketing Consultant in Alpharetta, Georgia. Courtney serves in her present capacity in Atlanta, Georgia.

Director of Manufacturing Operations for G-O Manufacturing, L.L.C.: Brooke Remington

Brooke has been the Director of Manufacturing Operations of Manufacturing since June 2012. From June 2010 to June 2012, Brooke was the Operations Manager of Manufacturing. From July 2007 to June 2010, Brooke was the Operations Assistant of Manufacturing. Brooke serves in her present capacity in Richmond, Virginia.

Board of Managers: Barry J. Falcon

Since November 2007, Barry has served as a member of SHELFGENIE's Board of Managers. From November 2007 to April 2013, Barry was President of SHELFGENIE. From January 2007 to April 2013, Barry was President of Customer Management Group, LLC. From August 2006 to April 2013, Barry was President of Cabinet Essentials of Chicago, L.L.C. From December 2006 to April 2013, Barry was President of Cabinet Essentials Atlanta, LLC. Since November 2006, Barry has been the Managing Partner of Team Falcon, LLC in Marietta, Georgia. From August 2006 to April 2013, Barry was President of Cabinet Essentials Group, L.L.C. From March 2006 to April 2013, Barry was President of Shelf Conversions of Greater Richmond, LLC. From July 2007 to April 2013, Barry was President of Manufacturing. Barry serves in his present capacity in Atlanta, Georgia.

Board of Managers: Douglas Jensen

Since November 2007, Douglas has served as a member of SHELFGENIE's Board of Managers. Since March 2002, Douglas has served as President and Chief Executive Officer for Spring Bank Pharmaceuticals, Inc., in Milford, Massachusetts. Douglas serves in his present capacity in Milford, Massachusetts.

Board of Managers: Andrew Kerwin

Since November 2007, Andrew has served as a member of SHELFGENIE's Board of Managers. Since April 2013, Andrew has been a Sales Consultant for Romanoff Flooring in Smyrna, Georgia. From November 2012 to January 2013, Andrew served as a Sales Consultant for Paramount Homebuilders in Ashland, Virginia. From February 2012 to November 2012, Andrew was a Home Sales Consultant for Home Depot At Home Services in Marietta, Georgia. From January 2003 to July 2011, Andrew was the Sales Trainer for Manufacturing in Marietta, Georgia. Andrew serves in his present capacity in Ashland, Virginia.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

Our Chief Operating Officer, Trudy Edenfield, was the Vice President for Air Right Heating and Air Conditioning, LLC ("ARHAC") from December 2007 to March 2009. On March 30, 2009, ARHAC filed a

voluntary petition to liquidate under Chapter 7 of the U.S. Bankruptcy Code. On May 22, 2009, the bankruptcy court issued an order of relief. ARHAC sold its assets and was dissolved. (U.S. Bankruptcy Court, Northern District of Georgia, Case No. 09-21272-reb).

On March 30, 2009, Trudy Edenfield filed a voluntary petition under Chapter 7 of the U.S. Bankruptcy Code. Ms. Edenfield's debts were discharged on July 21, 2009. (U.S. Bankruptcy Court, Northern District of Georgia, Case No. 09-21271-reb).

Other than these actions, no bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay a \$45,000 lump sum initial franchise fee for a SHELFGENIE Business (the "**Initial Franchise Fee**"). However, if you qualify for the VetFran program sponsored by the International Franchise Association, the Initial Franchise Fee you pay for your first SHELFGENIE Business shall be reduced by 15%. If you qualify for the VetFran program, were honorably discharged and have a disability that was incurred or aggravated in the line of duty in the active military, then the Initial Franchise Fee you pay for your first SHELFGENIE Business shall be reduced by 25%. The Initial Franchise Fee is due at the time you sign the Franchise Agreement.

In very limited circumstances, we may grant a franchise for a SHELFGENIE Business with a modified Assigned Territory that includes less than 250,000 houses or households (see Item 12). We may reduce the Initial Franchise Fee for a SHELFGENIE Business with a modified Assigned Territory. Currently, we only intend to use a modified Assigned Territory in a rural area or other area where the population does not support having a standard Assigned Territory. We will not enter into a Multi-unit Development Agreement for the development of SHELFGENIE Businesses with modified Assigned Territories.

The Initial Franchise Fee offsets the expenses we incur to market to, research, award, provide assistance and train franchisees. During our last fiscal year, we did not reduce or waive the Initial Franchise Fee described in this Item 5, except in connection with the VetFran program. The Initial Franchise Fee is fully earned by us when paid.

In addition, before opening your SHELFGENIE Business, you may, but are currently not required to, purchase from us or our affiliate spare parts or demonstration materials for presentations for approximately \$250. You are also required to license certain software or technology from us under the Software Agreement. The initial technology fee is \$1,000. However, at this time we are waiving this fee. You may, but are not required to, purchase certain stationary, forms, labels and similar materials from us. If you purchase a package of these materials from us before opening, it will cost approximately \$500.

You may purchase a Tool Kit from our Affiliate. The Tool Kit consists of the tools necessary to complete an installation except for hardware items. The current cost of the Tool Kit is \$1,195.

Our current policy is to charge an initial franchise fee equal to 80% of our then current Initial Franchise Fee for exiting franchisees that are approved by us as a franchisee for an additional SHELFGENIE Business. You must meet our qualifications for this policy and our policy is subject to change in the future. Each SHELFGENIE Business shall be governed by its own Franchise Agreement. Approval as a franchisee for your first SHELFGENIE Business does not guarantee that you will be approved as a franchisee for an additional SHELFGENIE Business.

Before we will enter into a Multi-unit Development Agreement with you, you must have enter into at least one Franchise Agreement with us and paid the full Initial Franchise Fee for the SHELFGENIE Business that will be operated under that Franchise Agreement. If you enter into a Multi-unit Development agreement after signing at least one Franchise Agreement, the Development Fee will be

equal to the number of SHELFGENIE Businesses you agree to open under the Multi-unit Development Agreement multiplied by 80% of the Initial Franchise Fee disclosed in the disclosure document provided to you with the Multi-unit Development Agreement you sign. If you enter into a Multi-unit Development Agreement under this Disclosure Document, then the Development Fee would be the number of SHELFGENIE Businesses you agreed to develop under the Multi-unit Development Agreement multiplied by \$36,000. For example, if after you entered into your first Franchise Agreement (under which you paid the full Initial Franchise Fee) you entered into a Multi-unit Development Agreement to develop 4 SHELFGENIE Businesses under the Multi-unit Development Agreement, the Development Fee due under the Multi-unit Development Agreement would be \$144,000. As discussed in Item 1, a separate Franchise Agreement must be signed for each SHELFGENIE Business you commit to develop under the Multi-unit Development Agreement but no Initial Franchise Fee will be due because of the payment of the Development Fee. The VetFran discount only applies to the Initial Franchise Fee for the first Franchise Agreement you sign and it does apply to any SHELFGENIE Businesses developed under a Multi-unit Development Agreement.

The Development Fee offsets the expenses we incur to market to, research, and award developers and the opportunity cost to us of keeping territories off of the market. The Development Fee is fully earned by us when paid. In very limited circumstances depending on the development schedule and the number of SHELFGENIE Businesses being developed, we may structure payment of the Development Fee over a certain period of time for a franchisee that signs a Multi-unit Development Agreement. Our offering of Multi-unit Development Agreements and the terms of those offers discussed in this Disclosure Document only apply (i) during the period that we use this Disclosure Document or (ii) if you sign a Multi-unit Development Agreement with such terms. We reserve the right to change our offering in the future.

All fees disclosed in this Item 5 are non-refundable to you.

ITEM 6

OTHER FEES

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	5% of Gross Revenues ² ; However, we are evaluating increasing the Royalty Fee to 6% of Gross Revenues for all Franchise Agreements signed on or after June 1, 2012.	Due on Wednesday of each week for the previous week by ACH draft. 50% of the Royalty Fee for a sale is payable via an ACH transaction the week following the week in which that sales agreement is uploaded into our business system and the remaining 50% will be paid by ACH the week following the week in which the installation occurred. If installation is not complete within 30 days of product shipment by Manufacturing, we may collect the balance due via ACH. Any installations not completed by franchisee must be reported to franchisor and a refund requested.	Payable every Wednesday during the term of the Franchise Agreement as well as the Wednesday immediately following the expiration or termination of the term of the Franchise Agreement.

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Marketing Contribution	2% of Gross Revenues	Due on Wednesday of each week for the previous week by ACH draft. 50% of the Marketing Contribution for a sale is payable via an ACH transaction the week following the week in which that sales agreement is uploaded into our business system and the remaining 50% will be paid by ACH the week following the week in which the installation occurred. If installation is not complete within 30 days of product shipment by Manufacturing, we may collect the balance due via ACH. Any installations not completed by franchisee must be reported to franchisor and a refund requested.	The Marketing Contribution (defined in Item 11) is used for creative development and is administered by us. ³
Local Advertising	During the first year, you must spend a minimum of \$5,000 per month (on a rolling 3-month average). During the second year, you must spend a minimum of \$2,500 per month (on a rolling 3-month average). There is no minimum local advertising in the third year or beyond. If we grant a franchise for a SHELFGENIE Business with a modified Assigned Territory, we may reduce this monthly minimum local advertising expenditure for the SHELFGENIE Business with the modified Assigned Territory.	As incurred	This is the minimum amount which you will be required to pay to third party suppliers every month on local advertising (including direct mail, home shows, promotions, newspaper advertisements, magazine advertisements, Yellow Pages listings, internet web sites, etc.). All advertising needs to be preapproved by us. You must submit receipts upon request. “Rolling 3-month average” means the 3-month average of the month then ended and the 2 preceding months.

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Business Services Fee	Currently the Business Services Fee is \$50 per sales appointment executed (i.e. attended or booked without being cancelled in accordance with the Operations Manual). We may change this fee no more than once a year.	Due on Wednesday of each week for the previous week by ACH draft	We provide centralized call service, booking and other business services. If you cannot make a booked appointment, you must cancel with the Business Support Center at least 2 hours prior to the appointment in order to not be charged the fee.
Product Purchases from Affiliates	Based on a price list (which may be changed upon 30 days notice) under the Manufacturing Agreement. ⁴ During the first year, there are no minimum product purchase requirements. During the second year and each subsequent year, you must purchase a minimum of \$5,000 per month (on a rolling 3- month average) in Core Products from Manufacturing. If we grant a franchise for a SHELFGENIE Business with a modified Assigned Territory, we may reduce this minimum product purchase requirement for the SHELFGENIE Business with the modified Assigned Territory.	As incurred. Payment by ACH draft with 30% paid as a down payment when the product is ordered and ACH draft net 30 day terms once the product is shipped.	Payment must include cost of goods, packaging, shipping, handling and taxes, if applicable. In some cases, you will pay freight companies directly for shipping.
Media Placement	At your option, you may have us handle the placement of media for the SHELFGENIE Business. For each placement of media we handle, you must pay us the gross publication cost plus our then-current media placement service fee (" Media Placement Service Fee ")	As incurred. Payment by ACH draft.	Our then-current Media Placement Service Fee is currently 11% to 12% of the gross publication cost.

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
SHELFGENIE Training Fee for Additional Attendees	Out-of-pocket expenses plus \$200 per additional person(s) per day	Payable within 10 days of receipt of invoice, but before attending training.	All out-of-pocket expenses incurred to attend training as well as a \$200 fee per person to have more than 2 people attend the SHELFGENIE Training.
Transfer Fee	50% of the then current Initial Franchise Fee, unless the transferee is a current franchisee that has been approved for an additional location, in which case the Transfer Fee will be 25% of the then current Initial Franchise Fee	Before consummation of the transfer	If broker fees or commissions are incurred, these must be paid by you or the transferee. This amount is in lieu of the Initial Franchise Fee.
Renewal Fee	\$3,500	Upon the execution of a successor Franchise Agreement	The initial term of your Franchise Agreement is 5 years, with 3 subsequent renewal options of 5 years each.
Indemnification	Varies under circumstances	As incurred	You must reimburse us for, or pay for our counsel to defend us against, claims caused by or related to your operation of your SHELFGENIE Business.
Additional Training	We reserve the right to charge you a reasonable fee for additional training; you will also pay out-of-pocket costs of attendance. Our fee is currently \$750 per day (plus expenses if at your location).	Upon request or as required	You will be required to pay a reasonable fee for additional training; you will also be required to pay all out-of-pocket expenses incurred to attend these training programs. Additional training may be required for up to 5 days each year.
Costs and Attorneys' Fees	Vary depending on nature of your default	As incurred	Payable upon your default or breach of your Franchise Agreement.
Late Charges and Collection Costs ⁵	The lesser of 18% per annum or the maximum rate of interest allowed by law	Payable upon receipt of invoice	Only payable if you fail to make payments to us when due.

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Taxes	Our cost	Payable within 10 days of receipt of invoice	You must pay us all taxes (except our income taxes) we pay for products or services we furnish to you, or on our collection of the Initial Franchise Fee, Royalty Fees, Business Services Fees, Marketing Contributions and other fees from you.
Returned Check or Insufficient Funds for Electronic Transfer	\$100 per occurrence	As incurred	Payable upon a returned check or the failure to keep enough funds in your operating or specified account for SHELFGENIE to make its pre-authorized withdrawals.
Technology Fees	These costs are under the Software Agreement. At this time, there is a \$1,000 initial fee for the software and an ongoing fee of \$250 per month, plus \$100 per month for each additional user over 3 users. We may change the monthly fees. We are currently waiving these fees for franchisees in good standing (i.e. franchisee's that pay fees timely and are not in default under their Franchise Agreement), but we reserve the right to discontinue, at any point, waiving the ongoing fees and start charging the ongoing fees in the future.	As incurred	Payable upon demand by SHELFGENIE or its affiliate. SHELFGENIE and its affiliates reserve the right to charge you upfront and ongoing fees for technology licensing and support which they are charged by their third party vendor to add and keep you as a user on their system. Or, you may be required to pay these fees directly to the vendor.
Audit	Our cost for an audit of your books and records. We estimate this cost at \$1,000 per day, plus travel expenses.	Payable upon receipt of invoice	Triggered by an understatement of any reported amount in any report to us of 2% or more of Gross Revenues. ⁶

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Advertising Cooperative	Up to 2% of Gross Revenues (unless otherwise determined by the members of the cooperative.	As determined by officers of the Advertising Cooperative	See Item 11 for discussion about Advertising Cooperatives.
National Business Meeting or Annual Convention	Reasonable fee under the circumstances, if any	Payable upon receipt of invoice	We require you to attend a national business meeting or annual conference, you may have to pay a reasonable fee, which we expect will not be more than \$1,000 per person but this does not include your travel or lodging.

Explanatory Notes:

1. Unless otherwise noted, all fees are uniformly imposed by and payable to us. All fees are non-refundable. However, we have increased the Royalty Fee over the period since we started franchising. At our request, you must authorize electronic fund transfers from your operating or specified account or specified bank account for the payment of any of our fees. Do not rely on this estimate of expenses to project your future performance because your expenses may differ from the ranges above and you will have additional expenses to third party suppliers, to us and our affiliates which are not listed above. See Items 7 and 8 for additional information concerning your purchases from third party suppliers.
2. The term “**Gross Revenues**” means the total amount received or receivable by or in connection with your SHELFGENIE Business from, connected with or related to the sale of any services, products, goods or merchandise and all business transacted by you related, directly or indirectly, to your SHELFGENIE Business, excluding only (a) the amount of any federal, state or local sales or excise taxes or other similar taxes, separately stated, which are required by law to be collected and paid by your SHELFGENIE Business to any governmental agency or authority, and (b) the amount of any refunds to customers for bona fide returns or cancellations.
3. The Marketing Contributions will be deposited into a fund maintained and operated by us (the “**Marketing Fund**”). The Marketing Fund will be used to meet the costs of maintaining, administering, directing and conducting advertising and promotional activities on a local, regional or national scale, including the cost of television, radio, magazine, Internet and newspaper advertising campaigns, test marketing, marketing surveys and public relations activities, employing a director and agencies to provide assistance in these areas, providing marketing and other materials to our franchisees, defraying salaries, administrative costs and overhead we may incur and other purposes we deem beneficial to our franchisees. We may terminate the Marketing Fund at any time in our sole discretion, and upon termination, we will spend the remaining balance in the Marketing Fund for the purposes described above.
4. You must purchase certain items such as the Core Products and any other approved products from us or our affiliate. You may decide to purchase certain other products from us or our affiliates. (See Item 8) The price and terms and conditions for these purchases are contained on a price list (which may be revised, amended or replaced upon 30 days notice) (the “**Price List**”) under the Manufacturing Agreement. However, if you are in compliance with the terms of the Franchise Agreement, you may participate in the purchasing cooperative with the other compliant

franchisees and pay 10% less than the prices listed on the Price List. The terms and conditions for these purchases may be changed by us or its affiliates at any time on 30 days notice. All of the individuals who guaranteed the Franchise Agreement must also guarantee all of your purchases of products and equipment. If you fail to pay for any products or equipment when payment is due, we or our affiliates can require you to pay for future products and/or equipment in advance or withhold shipment of products and/or equipment in addition to requiring you to pay late fees and interest.

5. Interest begins from the date payment was due.
6. We estimate current audit costs at \$1,000 per day, plus travel to and from your SHELFGENIE Business. If any inspection by us of your books and records discloses an understatement of any reported amount of any type, in any report, of 2% or more of Gross Revenues or of the amount owed to us for the period of the report, you must, in addition to paying us the amount of the understatement and applicable late fees and interest, to reimburse us for all costs and expenses connected with the inspection (including reasonable accounting and attorneys' fees). All of these amounts due are payable upon receipt of an invoice from us.
7. Training, meeting and conference fees do not include travel, lodging, meal and wage expenses for trainees/attendees.

If you sign a Multi-unit Development Agreement at the same time as you sign your first Franchise Agreement with us, the foregoing amounts will apply to your first SHELFGENIE Business. However, in addition to the foregoing amounts, you must pay the Development Fee discussed in Item 5. The initial investment for each additional SHELFGENIE Business opened under the Multi-unit Development Agreement will be reflected in Item 7 of the Franchise Disclosure Document current as of the date of the applicable Franchise Agreement, except during the Initial Term of each Franchise Agreement executed in accordance with the Multi-unit Development Agreement, your Royalty Fee and Marketing Contribution shall be the same as in the first Franchise Agreement you signed. If you sign a Multi-unit Development Agreement after you have already signed your first Franchise Agreement, the initial investment for each SHELFGENIE Business opened under the Multi-unit Development Agreement will be reflected under the Franchise Disclosure Document current as of the date of the applicable Franchise Agreement, except that during the Initial Term of each Franchise Agreement executed in accordance with the Multi-unit Development Agreement, your Royalty Fee and Marketing Contribution shall be the same as listed in the Franchise Agreement that was current as of the date of the Multi-unit Development Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure¹	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is Made
Initial Franchise Fee ²	\$45,000	Lump sum	Upon execution of the Franchise Agreement	SHELFGENIE
Leasehold Improvements ³	\$0 to \$1,000	As needed	Before opening	Vendors
Vehicles ⁴	\$0 to \$25,000	Lump sum or financed by third party	Before opening and/ under lease agreement	Vehicle seller or lessor
Furniture and Fixtures ⁵	\$0 to \$10,000	Lump sum	Before opening	Vendors
Technology and Office Equipment/ Supplies ⁶	\$500 to \$1,000	Lump sum	Before Opening	Vendors or SHELFGENIE
Other Equipment ⁷	\$1,000 to \$1,250	Lump sum	Before Opening	Vendors and SHELFGENIE
Business Licenses and Permits ⁸	\$100 to \$1,000	Lump sum	Before Opening	Agencies or organizations
Professional Fees ⁹	\$2,000 to \$5,000	Lump sum	As invoiced	Attorneys, accountants and/or other advisors
Insurance ¹⁰	\$500 to \$2,500	Lump sum	Before Opening	Insurance agent
Training Expense ¹¹	\$1,000 to \$3,500	As incurred	Before Opening	Airlines, hotels, etc.
Initial Marketing ¹²	\$15,000	As incurred	Before Opening and within 90 days of opening	Vendors or Manufacturing
Additional Funds – 3 months ¹³	\$5,000 to \$15,000	As incurred	As needed during start-up period, first 90 days of business	Employees, vendors, utilities, etc.
Total ¹⁴	\$70,100 to \$125,250			

Explanatory Notes:

1. All expenditures that are paid to us are non-refundable, except as specifically noted within this document. Unless specifically agreed to by third parties to whom you make payments, all expenditures with third parties are non-refundable. We do not offer direct or indirect financing to franchisees for any items.
2. The Initial Franchise Fee listed is for your first SHELFGENIE Business. If this is your first SHELFGENIE Business and you qualify for the International Franchise Association's VetFran program, then the Initial Franchise Fee you pay will be reduced by 15%. If this is your first SHELFGENIE Business, you qualify for the International Franchise Association's VetFran program, were honorably discharged and have a disability that was incurred or aggravated in the line of duty in active military, then the Initial Franchise Fee you pay will be reduced by 25%.
3. It is assumed that you will work from a home office. The amount listed is to make some improvements to your home office, if needed.
4. Within the 60 days of the Opening Date, you will be required to purchase, lease or have an approved vehicle for your SHELFGENIE Business. The vehicle will need to be branded according to SHELFGENIE's guidelines and the cost to brand the vehicle will count toward your minimum advertising requirement discussed in Note 12 below. The low end of the estimate assumes the vehicle is leased. The high end of the estimate assumes the vehicle is purchased.
5. Includes furniture for your home office and your initial trade show display. The low end assumes that you already have a furnished home office.
6. This estimate excludes the laptop and mobile printer which SHELFGENIE will provide to you as part of the Initial Franchise Fee. This includes certain stationary, forms, labels and similar materials, which you may purchase from us (see Item 5).
7. This estimate includes tools used for measuring and installing shelving units. This also includes the Tool Kit which you may purchase from us (see Item 5).
8. You can obtain information from your local, county and state authorities about the required licenses and related types of expenses in your local area.
9. This is an estimate of fees paid to professionals such as attorneys and accountants. This amount will depend on the fees charged by the professionals you choose.
10. This is an estimate on the down payment against your annual premiums to acquire the minimum insurance required under the Franchise Agreement. This estimate is for general liability insurance, property insurance, motor vehicle insurance and product liability insurance.
11. Training will be provided for up to 8 days for up to 2 individuals (simultaneously) at our location. You will be required to pay all expenses, including travel, lodging, meal and wage expenses for these individuals during training. If you decide to send more than 2 people to the initial training program, we will charge you a fee (see Item 6) and you will be required to pay their expenses. The estimate is based on you sending only 2 individuals (including someone who will take installer training). You will also need a trained installer. Generally, installers are independent contractors that pay their own expenses to attend our installer training. In the alternative, one of your trainees may take our installer training. If you decided to hire an installer and the installer will not be one of the two individuals that will attend SHELFGENIE Training, your cost may exceed this estimate.

12. You must spend a minimum of \$5,000 per month (on a 3 month rolling average) on local advertising. The estimate includes the first three month's minimum advertising requirement. If you open your SHELFGENIE Business during what we consider low sales months, we may allow you to delay the full expenditure of advertising amounts to months of higher sales volume. If we allow a delay, we will only do so in a writing signed by us. A portion of the minimum advertising requirement must be used on a vehicle wrap to brand an approved vehicle according to SHELFGENIE's guidelines. You must also purchase an initial inventory of spare parts, printed marketing materials, and/or demonstration materials for presentations. These parts or materials may be purchased from our affiliate, Manufacturing, and other approved suppliers. We will count the purchase of the initial inventory package toward your minimum advertising requirement.
13. This is an estimate of other expenses you will incur before operations begin and during the first 3 months of operations. These expenses include estimated payroll costs, benefits, utilities, additional inventory and supplies, but do not include any fees listed in Item 6 and do not include the owner's salary or draw or any expenses in the above chart. In estimating this amount, we relied upon prior experience by our affiliates in operating businesses similar to a SHELFGENIE Business and our management's general business experience. The stated range is merely an estimate and we cannot guarantee that the upper range amount is sufficient or that you will not have additional expenses starting your SHELFGENIE Business. The actual amount of funds required and the times when they are required depend on many factors. These factors include whether the SHELFGENIE Business is owner-operated, how closely you follow our methods and procedures, the prevailing wage rate, the rate of growth of your business, your management skill, economic conditions and competition in your area and the sales level you reach during this period. We cannot estimate or promise how much additional funds any particular franchisee requires, nor estimate when or for how long additional funds are needed to operate any SHELFGENIE Business.
14. You should review these figures carefully with your business advisor before making any decision to purchase a franchise. These estimates are subject to variations according to geographical location and other factors.

If you sign a Multi-unit Development Agreement at the same time as you sign your first Franchise Agreement with us, the foregoing amounts will apply to your first SHELFGENIE Business. However, in addition to the foregoing amounts, you must pay the Development Fee discussed in Item 5. The initial investment for each additional SHELFGENIE Business opened under the Multi-unit Development Agreement will be reflected in Item 7 of the Franchise Disclosure Document current as of the date of the applicable Franchise Agreement, except that during the Initial Term of each Franchise Agreement executed in accordance with the Multi-unit Development Agreement, your Royalty Fee and Marketing Contribution shall be the same as in the first Franchise Agreement you signed. If you sign a Multi-unit Development Agreement after you have already signed your first Franchise Agreement, the initial investment for each SHELFGENIE Business opened under the Multi-unit Development Agreement will be reflected under the Franchise Disclosure Document current as of the date of the applicable Franchise Agreement, except that during the Initial Term of each Franchise Agreement executed in accordance with the Multi-unit Development Agreement, your Royalty Fee and Marketing Contribution shall be the same as listed in the Franchise Agreement that was current as of the date of the Multi-unit Development Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase the Core Products from Manufacturing. The Core Products include customized shelving solutions and other products (including all Glide-Outs™, Mounting shelves, strip mounts, and accessories). The Core Products and services are an integral part of the System and constitute a valuable trade secret of us and our affiliates. You must also use our Business Support Service Center for business support services and license certain software from us.

To maintain the integrity of the Proprietary Marks, we may, but do not currently, require that all signs, stationery, forms, labels and similar materials used in the operation of your SHELFGENIE Business be purchased from us, our affiliates, or our designated suppliers. Currently, we are the only approved supplier for the WishPortal™ software you must license by entering into a Software Agreement with us (the “**Software Agreement**”), we provide the Business Support Services and you must purchase Core Products from Manufacturing. Except as disclosed in this Item 8, there are currently no other items for which we or our affiliates are currently approved suppliers or the only approved suppliers. However, we or our affiliates may become the approved or only approved suppliers for other items in the future. In the future, you may be required to submit purchases through us or our affiliates for certain items being purchased from third party suppliers. Currently there are no other approved, recommended or required suppliers in which any of our officers own an interest.

We may also train your installers and your installers will pay us a training fee in connection with that training.

For the fiscal year ended December 31, 2012, we received revenue of \$619,460, or 25.3% of our total revenue of \$2,446,408, from (i) franchisees’ required purchases of business support services and (ii) training fees (of \$21,476) paid by franchisees and independent installers for training independent installers, and our affiliate, Manufacturing, received revenue of \$4,774,227 from franchisees’ purchases of Core Products. Additionally, for fiscal year ended December 31, 2012, we provided media placement services to franchisees and received revenue of \$153,715 (“**Media Placement Revenue**”), or 6.28% of our total revenue of \$2,446,408 from providing those services. We paid \$94,472 of the Media Placement Revenue to media outlets and, at our option, we decided to contribute the remaining \$59,243 of the Media Placement Revenue to the Marketing Fund. We have no obligation in the future to contribute any portion of the Media Placement Revenue to the Marketing Fund.

In order to maintain a consistent image throughout the System, we regulate, among other things, the types, models and brands of equipment, signs, materials and supplies used in operating your SHELFGENIE Business. All products and items must conform to those standards and specifications as may periodically be established by us.

You must purchase or lease some of the products, equipment and other items used in your SHELFGENIE Business from or through approved suppliers. You may be required to purchase products, services, equipment and other items from suppliers with which we have negotiated a reduced or special rate or other financial incentives. We do not derive material revenue or other consideration as a result of these required purchases at this time; however, we reserve the right for us and any of our affiliates to receive rebates or other financial incentives from suppliers based upon the quantities of required products the System purchases from them. These fees would usually be based upon the amount purchased.

Suppliers shall be ones who demonstrate to us their ability to meet our minimum standards for quality, price and reliability. Requirements and specifications for products and other items and lists of approved suppliers may be listed in one of our operations manuals (the “**Operations Manual**”). By written notice to you and/or through changes in the Operations Manual, we may revise our requirements and specifications, add or delete approved suppliers, terminate existing purchase arrangements and suppliers and/or enter into new purchase arrangements with additional suppliers.

If you desire to purchase any item not authorized by us or to purchase items from a supplier not expressly approved by us in writing, you must first submit all information we may request, including specifications and samples, to enable us to determine whether the item complies with our standards and whether the supplier meets our approved supplier criteria. Approval of a supplier may be conditioned, among other things, on requirements for product quality, price, cost, frequency of delivery, standards of service, brand recognition and concentration of purchases and may be temporary, pending our evaluation of the supplier. We may charge you a reasonable fee to cover the costs we incur in making our determination. We will notify you, in writing, within 30 calendar days, of our decision. We periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. We do not maintain written criteria for approving suppliers,

and thus these criteria are not available to you or your proposed supplier. We may revoke our approval of a supplier at any time in our sole discretion.

We or our affiliates may be approved suppliers. Neither we nor our affiliates are currently suppliers for any items other than the Core Products and the business support center services. We may in the future (i) establish a separate company or utilize an existing company from which all franchisees are or shall be required to purchase equipment, inventory, products and other items or supplies, or (ii) to defray our expenses incurred in operating and compensate ourselves for operating our purchasing department or other purchasing function, retain monies rebated or receive commissions from suppliers based on the purchases made by our franchisees. Purchases from any company we establish to provide you equipment and monies retained by us from suppliers as a result of your purchases may provide us additional revenue.

You must have a laptop and travel printer. These are provided to you by us as part of your Initial Franchise Fee.

It is estimated that the purchases we require you to make from approved suppliers are approximately 33-52% of the cost for you to establish a franchise and approximately 90-95% of your overall purchases in operating the franchise.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, the minimum insurance coverage that we require. You currently must have general liability insurance, workers' compensation insurance, property damage insurance, motor vehicle insurance (that complies with your state's requirements for underinsured or uninsured coverage), and product liability insurance. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. You should check with your insurance agent and determine whether you are protected by our minimum insurance requirements. You may desire to obtain a greater amount of insurance than what we require. All insurance policies must name us as an additional insured party.

We may negotiate and establish optional and mandatory programs and strategic relationships with franchise systems and other companies to service the System, including providing marketing, sales, design and/or installation assistance ("**Programs**"). We have the right to specify the mandatory and/or optional Programs and your required level of participation in each Program. The terms related to each Program will be specified in the Operations Manual. In connection with Programs, you must (i) become a member of any mandatory Programs established by us and (ii) comply with the terms of the mandatory Programs and the optional Programs you elect`.

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including pricing terms), for the benefit of the franchise system. We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

	Obligation	Section in Franchise Agreement	Section in Multi-unit Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Not applicable	Not applicable	Not applicable
b.	Pre-opening purchases/leases	Sections 5.3, 5.4 and 5.5(C)	Not applicable	Item 5, 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 5.1-5.4	Sections 2.1, 3.1, 4.3, 4.4 and 5.1	Items 7 and 11
d.	Initial and ongoing training	Sections 3.1(F), 4.2, 4.4 and 5.1	Not applicable	Items 6, 7 and 11
e.	Opening	Sections 3.4(B), 4.2(A), 4.3, 5.1 and 10.1	Sections 3.1 and 3.2	Items 5, 7 and 11
f.	Fees	Sections 1.2(B), 2.2(G), 3.1, 3.3, 3.4, 3.5, 4.2(A), 4.4(D), 5.1, 5.5, 8.2, 9.5(B), 11.3(J), 17.7 and 17.17	Sections 4.1, 4.2, 4.3 and 4.4	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manual	Sections 3.4, 4.1, 4.3, 4.5, 5.3-5.7, 5.11, 5.12, 5.13, 6.2, 7.1-7.3, 8.1, 9.1, 10.1, 11.3, 11.9, 12.1(F), 12.2 and 17.21	Section 5.1, 5.2 and 7.1	Item 8, 11, 14, 15 and 16
h.	Trademarks and proprietary information	Sections 1.1, 1.2(C), 1.3, 4.3, 4.4, 5.14, 5.15, 6.1-6.7, 7.1,-7.3, 8.1(B), 8.2(B), 12.1(H), 13.1, 13.4, 13.5, 14.1, 14.2 and 15.3	Section 5.1 and 5.2	Items 11, 13 and 14
i.	Restrictions on products/services offered	Sections 1.2(B), 5.5 and 5.7	Not applicable	Items 8, 11, 12 and 16
j.	Warranty and customer service requirements	Sections 5.5(F), 5.11 and 12.2(H)	Not applicable	Not Applicable
k.	Territorial development and sales quotas	Section 1.2 and 5.7(C)	Sections 2.1, 3.1 and 3.2	Item 12

Obligation		Section in Franchise Agreement	Section in Multi-unit Development Agreement	Disclosure Document Item
i.	Ongoing product/service purchases	Sections 1.2(B), 4.4(D), 4.5, 5.7(A) and 5.7(C)	Not applicable	Item 6, 8 and 12
m.	Maintenance, appearance and remodeling requirements	Sections 2.2(B), 5.3, 5.4, 5.6, 5.12, 5.13, 6.2, 7.3, 11.3(F) and 12.2(I)	Not applicable	Item 11
n.	Insurance	Sections 5.1, 5.2 and 10.1-10.5	Not applicable	Items 7 and 8
o.	Advertising	Sections 2.2(D), 3.1(C), 4.4(B), 4.4(C), 5.5(B) and 8.1-8.7	Not applicable	Items 6, 7 and 11
p.	Indemnification	Sections 15.4 and 17.18	Not applicable	Items 6 and 13
q.	Owner's participation/ management/ staffing	Sections 5.5 and 5.8	Not applicable	Items 11 and 15
r.	Records and reports	Sections 3.3, 3.4(C), 8.1(C), 9.1-9.5 and 12.1(G)	Not applicable	Not applicable
s.	Inspections and audits	Sections 4.4, 5.4, 5.12, 9.4, 9.5, 11.3(B) and 12.2(F)	Not applicable	Item 6
t.	Transfer	Sections 3.1(E), 11.1-11.9, 12.2(D) and 13.1(E)	Sections 6.1, 6.2 and 6.3	Items 6 and 17
u.	Renewal	Sections 2.2 and 3.1(D)	Not applicable	Items 6 and 17
v.	Post-termination obligations	Sections 13.1-13.5, 14.1 and 14.2	Section 7.1 and 7.2	Item 17
w.	Non-competition covenants	Sections 14.1-14.4	Not applicable	Item 17
x.	Dispute resolution	Sections 17.8, 17.9, 17.13, 17.18 and 17.23	Sections 8.6, 8.7, 8.9 and 8.10	Item 17

ITEM 10

FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any of your notes, leases or obligations, or has any practice or intent to sell, assign or discount to a third party all or part of any of your financing arrangements. We do not receive direct or indirect payments for placing financing.

ITEM 11

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

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

Pre-Opening Obligations

Before you open your SHELFGENIE Business we will:

1. Grant you the non-exclusive right to operate a single SHELFGENIE Business in an assigned territory. We do not provide you with any assistance locating a site or negotiating the purchase or lease of a site, and we do not approve your site or any lease or purchase agreement for your site. (Franchise Agreement, Section 1.1.)
2. Grant you a non-transferable, non-exclusive license to use the Proprietary Marks now owned or later adopted, acquired, developed or required by us, in the operation of your SHELFGENIE Business. (Franchise Agreement, Sections 1.1 and 6.1.)
3. Supply you with a list of all required equipment, supplies, materials, items and inventory and other items necessary to operate your SHELFGENIE Business and a list of approved suppliers or required specifications for all required items. (Franchise Agreement, Section 4.1.) You will be required to purchase the customized shelving solutions from our affiliate Manufacturing and the business support center services from us. (Franchise Agreement, Sections 4.5 and 5.7(C).) You will also be required to sign the Software Agreement granting you the right to use certain computer software we provide. (Franchise Agreement, Section 5.7(D).) Other than the customized shelving solutions, accessories, the business support center services and the computer software, at this time, neither SHELFGENIE nor any of its affiliates provide any goods or services to you. Neither SHELFGENIE nor any of its affiliates deliver or install any equipment, supplies, materials, items or inventory.
4. Make available a schedule of items, if any, which you are currently required to purchase from us. (Franchise Agreement, Section 4.1.)
5. Provide up to 8 days of training (“**SHELFGENIE Training**”) for up to 2 persons at our corporate headquarters and/or at other location(s) as we may specify in writing. Your 2 trainees must attend the same SHELFGENIE Training session. (Franchise Agreement, Section 4.2(A).)
6. Make available on loan our confidential, proprietary Operations Manual in a form we designate. We may provide the Operations Manual (i) in a paper copy, (ii) in a digital form and/or (iii) through electronic, computerized or some other form of access. (Franchise Agreement, Section 4.3). The table of contents of the Operations Manual (including the Field Manual) is attached as Exhibit E.

Time to Open

You and your trainees must successfully complete SHELFGENIE Training within 90 days after we sign the Franchise Agreement and you must open the SHELFGENIE Business within 60 days of completing the SHELFGENIE Training. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of a SHELFGENIE Business will be between 30 and 90 days after signing the Franchise Agreement. Factors affecting the length of time it takes for you to open your SHELFGENIE Business include complying with local laws and ordinances, procuring opening materials, and attending and satisfactorily completing the SHELFGENIE Training. You must notify us of any delays you incur in opening your SHELFGENIE Business. If you do not complete SHELFGENIE Training within 90 days after we sign the Franchise Agreement or you do not open your SHELFGENIE Business within 60 days of completing SHELFGENIE Training, we have the option to terminate the Term of the Franchise Agreement.

Obligations After Opening

During the operation of your SHELFGENIE Business, we will:

1. Periodically visit your SHELFGENIE Business as we deem necessary. (Franchise Agreement, Section 4.4(A).)
2. Make ourselves reasonably available for consultation on matters such as operations, advertising and promotion and business methods, on terms and for additional compensation as you and we may agree on, the amount of which is contingent upon your request and cannot be estimated at this time. (Franchise Agreement, Section 4.4(A).)
3. May provide you advice on local advertising and direction regarding the proper usage of our Proprietary Marks. (Franchise Agreement, Section 4.4(B).)
4. May provide you with examples of any promotional methods and materials that we may develop. (Franchise Agreement, Section 4.4(B).)
5. Provide your SHELFGENIE Business with representation on our corporate website at URL www.shelfgenie.com, while we or our affiliates maintain this website (Franchise Agreement, Section 4.4(C).)
6. Although we are not obligated to, we may provide refresher training programs, seminars or advanced management training at locations designated by us, which you may be required to attend. (Franchise Agreement, Section 4.4(D).)

Advertising

We assist you by seeking to increase the recognition of the Proprietary Marks and the patronage of SHELFGENIE Businesses in 3 ways: (1) providing advice on grand opening advertising; (2) providing standards and reviewing your local advertising; and (3) administering the contribution that each SHELFGENIE franchisee will be required to make for the creative development of advertising, marketing and public relations programs and materials and related expenditures (collectively, the “**Marketing Contributions**”). We must approve all of your advertising before its use.

Unless approved by us, you may not advertise or use any of the Proprietary Marks on the Internet. We may approve your use of the Proprietary Marks in connection with social media conducted in accordance with the Operations Manual. We maintain the website www.shelfgenie.com. As long as we maintain the website, we will provide contact information for your SHELFGENIE Business on our website. Further, you shall not use the Proprietary Marks (or any marks or names confusingly similar to the Proprietary Marks) as an Internet domain name or in the content of any World Wide Website.

Marketing Fund

As described in Item 6 of this Disclosure Document, you will be required to pay 2% of your SHELFGENIE Business’s Gross Revenues as Marketing Contributions. SHELFGENIE Business that we or our other affiliates own will make Marketing Contributions on the same basis as franchise owners.

We will prepare and produce advertising, marketing and public relations programs and administer local, regional, multi-regional and/or national advertising programs using the Marketing Contributions.

The Marketing Contributions may be used to meet the costs of maintaining, administrating, directing and conducting advertising and promotional activities on a local, regional or national scale, including the cost of television, radio, magazine, Internet, website, social media, and newspaper advertising campaigns, test marketing, marketing surveys, and public relations activities, employing a

director and agencies to assist with these activities, providing marketing and other materials to our franchisees, defraying salaries for these activities, administrative costs and overhead as we may incur in connection with these activities and other purposes deemed beneficial by us. We may perform the advertising and marketing functions in house or we may hire one or more local, regional or national advertising agencies. We are not required to spend any amount (from the Marketing Contributions or other monies of ours) on advertising in your Assigned Territory or in any other area.

Marketing Contributions will be accounted for in the Marketing Fund separate from our other funds and will not be used to defray any of our general operating expenses, except for salaries, administrative costs, travel expenses and other overhead that we may incur in the administration of the Marketing Contributions and the Marketing Fund, including conducting marketing research, preparing advertising, promotion and marketing materials and collecting and accounting for the Marketing Contributions.

We will prepare an annual unaudited financial statement reflecting the Marketing Contributions collected and costs incurred by the Marketing Fund and, once you become a franchisee, we will furnish that statement to you upon your written request. We anticipate spending all of the Marketing Contributions collected in any fiscal year in that particular fiscal year. However, in any fiscal year, an amount greater or less than the actual aggregate of the Marketing Contributions contributed may be spent, and we may loan monies to cover deficits or invest any surplus for future use. All interest earned on Marketing Contributions is used to further the work of the Marketing Fund. We will endeavor to spend the Marketing Contributions to develop advertising and marketing materials and programs and to place advertising beneficial to our franchisees generally. However, we will undertake no obligation to ensure that expenditures of the Marketing Contributions in or affecting any geographic area are proportionate or equivalent to the Marketing Contributions by franchisees operating in that geographic area or that any SHELFGENIE Business or franchisee will benefit directly or in proportion to its Marketing Contributions from the development of advertising and marketing materials or the placement of advertising. We will not use Marketing Contributions for advertising that principally is a solicitation for the sale of franchises. We assume no other direct or indirect liability or obligation to you for collecting, maintaining, directing or administering the Marketing Contributions. We do not have an advertising council composed of franchisees that advise us on advertising policies at this time. The materials that are produced and advertisements placed using these contributions may contain language indicating that franchises are available and contact information for inquiries into purchasing a franchise. We may require all of your advertisements (including your home show or trade show displays) to contain this information.

During the past fiscal year, Marketing Contributions were spent as follows: (i) 46.4% on production of advertising and other promotional materials, (ii) 30.8% on media placement, (iii) 3.6% on administrative expenses and (iv) 19.3% on other expenses (including search engine optimization, social media marketing, and web hosting/upgrades).

Your Own Advertising

During the first year you operate your SHELFGENIE Business, you must spend a minimum of \$5,000 per month (\$3,000 per month for a SHELFGENIE Business with a modified Assigned Territory), on a 3-month rolling average, on advertising and marketing. If you open your SHELFGENIE Business during what we consider low sales months (summer months), we may allow you to delay the full expenditure of advertising amounts to months of higher sales volume. If we allow a delay, we will only do so in a writing signed by us. During the second year you operate your SHELFGENIE Business, you must spend a minimum of \$2,500 per month (\$1,500 for a SHELFGENIE Business with a modified Assigned Territory), on a 3-month rolling average, on advertising and marketing. If requested, you must submit receipts and/or other adequate proof of these purchases and expenditures. You must submit to SHELFGENIE for SHELFGENIE's approval, all designs, signs, promotional materials and advertising items, unless it has been approved on a prior occasion (and that approval has not been revoked) or it consists solely of materials provided to you by SHELFGENIE. We may require you to advertise the availability of SHELFGENIE franchise opportunities at any home show or other convention event.

SHELFGENIE may require you to withdraw or discontinue the use of any promotional materials or advertising.

Advertising Cooperative

We designate areas to establish cooperatives to execute regional and national media “advertising buys” (each an “**Advertising Cooperative**”) and our franchisees must establish Advertising Cooperatives in the areas designated by us. Each Advertising Cooperative (i) must operate from written governing documents prepared by the members of the Advertising Cooperative and approved by SHELFGENIE, (ii) must obtain our approval of all advertising, marketing or promotional materials it intends to use, and (iii) shall be administered by franchisees who are members of this Advertising Cooperative and who are duly elected (the “**Cooperative Officers**”) by all of the SHELFGENIE franchisees who are members of this Advertising Cooperative. Each SHELFGENIE franchisee in the Advertising Cooperative shall receive 1 vote (if our affiliate owned SHELFGENIE Businesses are within an Advertising Cooperative, each affiliate owned SHELFGENIE Business shall have one vote as if they were a franchisee and not an affiliate). If there is a tie vote, SHELFGENIE will cast the deciding vote. Each Advertising Cooperative will have the right to require its members to make contributions to the Advertising Cooperative in an amount determined by the Cooperative Officers; provided that if this amount exceeds 2% of gross revenues, it must be approved by a majority of the members of this Advertising Cooperative. Each Advertising Cooperative will prepare annual, unaudited financial statements and will make these statements available for inspection by all franchisees who are members of the Advertising Cooperative and by us. We may designate any standard metropolitan area or designated metropolitan area for purposes of establishing an Advertising Cooperative and determine whether we will require you to participate in any Advertising Cooperative. All franchisees located within the geographical boundaries of an Advertising Cooperative will contribute to that Advertising Cooperative, including those stores that we or our affiliates own and operate. However, we may, in our sole discretion, grant any franchisee an exemption for any length of time from the requirement to become a member of, or make contributions to, an Advertising Cooperative. We may require an existing Advertising Cooperative be changed, dissolved, or merged with or into another Advertising Cooperative.

Computer Systems

As part of the Initial Fee you pay to SHELFGENIE, SHELFGENIE will provide you with a laptop computer and mobile printer. You must maintain this equipment in working condition at all times. We currently do not require that you purchase a maintenance, repair, up grade or update service contract for your computer system, but we reserve the right to do so in the future. You may be required to update, replace upgrade or modify this computer, printer and/or any of the software at your own expense, as required by SHELFGENIE. There are no contractual limitations on the frequency or cost of these updates. We estimate that an annual service and support agreement would cost approximately \$300 to \$500 per year, but you will need to contact a vendor to determine the scope of the services they offer and the actual cost of those services.

In addition, you may be required to pay the initial and ongoing costs incurred by SHELFGENIE or one of its affiliates (or you may be required to pay these amounts directly to the third party provider) for the licensing and support of technology used in our franchise system. At this time, the only such cost you will incur shall be related to the Software Agreement. At the time you sign the Franchise Agreement, you must also sign the Software Agreement (attached as Exhibit 7 to the Franchise Agreement), which provides you with the right to use our WishPortal software (proprietary, Internet based, customer relations management software program). The contract requires you to pay us an initial fee of \$1,000 and ongoing fees of \$250 per month, plus \$100 per month for each additional use over 3 users. However, we are currently waiving both of these fees for franchisees in good standing (but we reserve the right to discontinue, at any point, waiving the ongoing fees and start charging the ongoing fees in the future). The Software Agreement also requires you to keep certain information confidential. The term of the Software Agreement will coincide with the term of the Franchise Agreement unless it is terminated before the expiration or termination of the Franchise Agreement. We retain all rights to the information stored on and accessed through our WishPortal software, including all customer contact information.

SHELFGENIE shall have independent access to information or data in the laptop and will have access to all information maintained by the business support center and there are no contractual limitations on SHELFGENIE's right to access the information. The types of information which SHELFGENIE may collect include sales, inventory, customer and prospect contacts, scheduled meetings for sales, measuring or installation, and home show schedules.

You also are required to comply with our standards for processing electronic payments and all other standards, laws, rules and regulations applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments, including the Payment Card Industry ("PCI") Data Security Standards, Fair and Accurate Credit Transactions Act. All costs of complying with such electronic payment requirements are at your expense.

Operations Manual

This Operations Manual is confidential and remains our property. You will operate your business in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments, either in document or electronic form (the "**Supplements**") all of which are a part of the Operations Manual. (See Item 14). See Item 14 for further details regarding the Operations Manual. The table of contents of the Operations Manual is attached as Exhibit F to this Disclosure Document. There are approximately 135 pages in the Operations Manual. We will supplement and revise the Operations Manual through our business system (e.g. WishPortal).

Training

SHELFGENIE or its representatives or agents will provide the following SHELFGENIE Training for up to 2 individuals (the "**Trainees**") one of whom must be the manager. The Trainees must attend the same training sessions on the same day. SHELFGENIE Training must be satisfactorily completed to our satisfaction within 90 days of our signing the Franchise Agreement and before you may open your SHELFGENIE Business.

SHELFGENIE Training will most likely take place at SHELFGENIE's corporate headquarters. However, SHELFGENIE reserves the right to designate an alternate location for training. The SHELFGENIE Training lasts for up to 8 days. The SHELFGENIE Training shall be completed by you after the Franchise Agreement is signed, within 90 days of our signing the Franchise Agreement and before opening your SHELFGENIE Business. At this time, SHELFGENIE does not have a fixed (i.e. monthly or bi-monthly) training schedule.

We will provide, at our expense, instructors, facilities and training materials in connection with the SHELFGENIE Training. You will be responsible for all expenses of your Trainees in attending the SHELFGENIE Training including all travel, lodging, meal and wage expenses for your Trainees and workers' compensation insurance for your Trainees. All costs and expenses incurred to have additional employees or agents attend the SHELFGENIE Training, including reasonable training fees, will be borne by you. Attendance by any additional employees or agents is subject to our prior written approval. See Item 6 for information regarding costs related to sending additional trainees.

Unless we determine that you are able to train successor managers, each successor manager must attend and successfully complete the SHELFGENIE Training. The cost for successor managers to attend the SHELFGENIE Training, including reasonable training fees; travel, lodging, meal and wage expenses; and workers' compensation insurance, which shall be borne by you.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The- Job Training	Column 4 Location
History/Philosophy/Core Values of SHELFGENIE/Expectations	2	0	Atlanta, GA
Use of the Operations Manual	1	0	Atlanta, GA
Pre-Opening Procedures – FastStart Call	3	0	Atlanta, GA
Personnel Issues	2	0	Atlanta, GA
Marketing and Advertising	6	0	Atlanta, GA
Management Procedures/Business System	12	0	Atlanta, GA
Franchise Reporting Requirements	1	0	Atlanta, GA
Accounting/Record Keeping	1	0	Atlanta, GA
Customer Service Procedures	2	0	Atlanta, GA
Sales Procedures	16	0	Atlanta, GA
Product Knowledge	2	0	Atlanta, GA
Installation Procedures	22	0	Atlanta, GA
Inventory Management (demo units)	1	0	Atlanta, GA
Summary/Test/Survey	1	0	Atlanta, GA
Totals	72	0	

Note A: Some subjects may be intermingled and time periods and subject matter may be subject to change. The above are merely estimates.

Note B: The training programs are supervised by Allan Young. As listed in Item 2, Allan has been the Chief Executive Officer of SHELFGENIE since November 29, 2007 and he has over 20 years industry experience with specific focus in the areas of leadership, financial, organizational development, software, marketing, sales and installation training. The training staff generally has at least 2 years of experience training franchisees for us and at least 2 years of experience in the industry.

At our option, we may provide additional training programs or seminars or advanced management training at locations designated by us, which you, your employees and/or your manager may be required to attend. These additional training programs will not be required for more than 5 days each year. You will be responsible for all costs and expenses associated with these additional training programs, including our then prevailing standard training fees and all travel, meal, lodging and wage expenses and workers' compensation insurance for your attendees.

At your request, we will furnish additional guidance and assistance to deal with unusual or unique operating problems at reasonable per diem fees, charges and out-of-pocket expenses established or incurred by us or our designees.

Under the Software Agreement, we may provide you with training on the use of our WishPortal software. At our discretion and your request, we may also provide training to your employees on the use of the WishPortal software. We reserve the right to charge reasonable fees for any WishPortal software training we provide to your employees.

If you sign a Multi-unit Development Agreement at the same time as you sign your first Franchise Agreement, the obligations listed above will apply for your first SHELFGENIE Business. Each additional SHELFGENIE Business will be under a separate Franchise Agreement. If you sign a Multi-unit Development Agreement after you sign your first Franchise Agreement, the SHELFGENIE Businesses opened under the Multi-unit Development Agreement will be governed by the then current Franchise Agreement. Our only pre-opening obligation to you under the Multi-unit Development Agreement is to grant you the right, subject to the obligations in the Multi-unit Development Agreement, to open a designated number of SHELFGENIE Businesses within a designated territory. For additional explanation on the territory granted under the Multi-unit Development Agreement, see Item 12.

ITEM 12

TERRITORY

Your Franchise Agreement grants you the right to operate a SHELFGENIE Business within an assigned territory (the “**Assigned Territory**”). Your Assigned Territory shall be determined by us using statistical information from various sources or databases that are current as of the date we assign the Assigned Territory, including information from the United States Census Bureau. We shall assign an Assigned Territory that includes at least 250,000 houses or households. This Assigned Territory will be included on a map that will be attached to your Franchise Agreement when finalized. The map containing the exact geographic boundaries of your Assigned Territory will be finalized by us either before or after you sign the Franchise Agreement. It is possible that the population of the Assigned Territory may change after we assign your Assigned Territory. In very limited circumstances, we may grant a franchise for a SHELFGENIE Business with a modified Assigned Territory. A modified Assigned Territory has less than 250,000 houses or households. Currently, we only intend to use a modified Assigned Territory in a rural area or other area where the population does not support having a standard Assigned Territory with at least 250,000 houses or households. We have no obligation to consider any request to relocate your SHELFGENIE Business.

Your Assigned Territory is dependent upon certain purchasing requirements. During the first year you operate your SHELFGENIE Business, there are no purchasing requirements. However, after you complete your first 12 months of operation, you must purchase \$5,000 per month (on a rolling 3-month average) in Core Products from Manufacturing. If you have a modified Assigned Territory, we may reduce your minimum purchasing requirements for Core Products. If you fail to meet these purchasing requirements, SHELFGENIE may, in its discretion, sell or allow others to sell within your assigned territory or declare a default of the Franchise Agreement. Other than the foregoing purchasing requirement and the requirement of not being in default of the Franchise Agreement, your Assigned Territory is not dependent on your sales volume, market penetration or any other contingency.

Provided you are not (and have not been within the preceding 6 months) in default of any provision of your Franchise Agreement or any other agreement between you and us or any of our affiliates, during the term of the Franchise Agreement, we will not operate, or license anyone other than you to operate a SHELFGENIE Business in your Assigned Territory, except we have the right to establish a National Account Program (defined below) as discussed below. While we will not establish or franchise other SHELFGENIE Businesses within your Assigned Territory, we and our affiliates or designees may (i) operate, franchise or license others to operate SHELFGENIE Businesses immediately outside your Assigned Territory; (ii) open and operate or license or franchise others to open and operate business

within the Assigned Territory and outside of the Assigned Territory which operate under trademarks or services marks different from the Proprietary Marks or operate under a system that is different from the System; and (iii) sell products under any trademark, including any of the Proprietary Marks, within and outside of your Assigned Territory through other channels of distribution, such as the Internet, through dealers, hardware stores or other retail outlets or other home improvement businesses. These businesses may compete with your SHELFGENIE Business without payment of any compensation to you. Although we grant you some territorial protection, 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.

We will periodically evaluate national account opportunities to be administered through us, an affiliate of ours or a third party (the “**National Account Program**”). A “**National Account**” is generally a large organization (i) with multiple locations that need products and services provided by multiple franchisees in the System and/or has relationships with customers that need products and services provided by the System and (ii) who has entered into a formal or informal agreement to have the products and services offered by the System delivered to certain locations in multiple franchisees’ assigned territories. To promote uniformity and consistency, we may set the prices to be charged to each National Account and other program terms for the National Account. If we obtain a National Account with a service location in your Assigned Territory, we will refer that business to you. If you refuse to provide products or services to a National Account in the Assigned Territory, are unable to provide all of the products and services requested by the National Account or refuse to service the National Account at the prices and according to our program terms, to protect the reputation of the System and preserve the National Account, we may service that National Account in the Assigned Territory and/or may license or appoint another person to service that National Account in the Assigned Territory (including another franchisee or a company that is or is not affiliated with us).

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site under the Proprietary Marks, from the website www.shelfgenie.com or the sale of products (including the Core Products) under the Proprietary Marks, then for deliveries within one of your Assigned Territories, but not within the remainder of the territory under your Multi-unit Development Agreement for which a Franchise Agreement has not been signed, we will pay to you a commission in an amount and in accordance with the terms described in the Operations Manual. Currently, Go Manufacturing pays a commission on sales over the SSWebsite for certain products delivered in a franchisee’s Assigned Territory. You may not use the Internet to make sales except as described below.

You may not solicit business from persons that reside outside of your Assigned Territory without our prior written consent; and, if we do consent to your solicitation of persons outside of your Assigned Territory, those persons may not be within a territory assigned to another SHELFGENIE franchisee and your sales to persons outside your Assigned Territory must not constitute 15% or more of your total monthly sales. You may receive customers who do not reside within your Assigned Territory while (i) those persons did not become your customers as a result of your direct marketing efforts outside of your Assigned Territory, (ii) those persons are not located in a territory that has been assigned to one of our other franchisees, (iii) your sales to persons outside of your Assigned Territory do not constitute 15% or more of your total monthly sales; (iv) you follow all policies, rules and regulations in the Operations Manual related to operating in an unassigned territory; and (v) you immediately cease to operate outside the Assigned Territory when directed by us. Upon our approval, you may advertise using methods that are generally circulated or broadcast throughout your Assigned Territory, but that extend beyond your Assigned Territory (for example magazine or newspaper advertisements, use of mail zones, or radio or television broadcasts) while these generally circulated advertisements or broadcasts are not specifically targeted to reach areas or customers outside of your Assigned Territory. If we approve your use of any of these types of advertisements or broadcasts, then for any month in which you are running these types of advertisements or broadcasts, sales outside of your Assigned Territory may constitute more than 15% of your total monthly sales. However, these sales may not be to individuals that reside in the Assigned Territory of another SHELFGENIE franchisee.

You have no options, rights of first refusal, or similar rights to acquire additional franchise, either within or outside of your Assigned Territory, but we may consider granting you multiple franchises. You will be required to sign a separate Franchise Agreement for each SHELFGENIE Business.

If you sign a Multi-unit Development Agreement, we will grant you the exclusive right to develop a certain territory. This territory will be identified in the Multi-unit Development Agreement and will include that area in which you will open all of the SHELFGENIE Businesses you contract with us to open. This territory will include the Assigned Territory for each of your SHELFGENIE Businesses. The discussion above regarding an Assigned Territory will apply to each Assigned Territory granted under each Franchise Agreement you sign. Under the Multi-unit Development Agreement, you will have the right and be required to open that number of SHELFGENIE Businesses on which you and we agree. As a Developer, the territory you receive will not be 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.

You have no options, rights of first refusal, or similar rights to acquire additional franchise, either within or outside of the territory granted under the Multi-unit Development Agreement.

Except as disclosed in this Item 12, there are no circumstances under which the Assigned Territory or territory granted under the Multi-unit Development Agreement may be altered prior to expiration or termination of the Franchise Agreement or Multi-unit Development Agreement.

ITEM 13

TRADEMARKS

We grant you a non-transferable, non-exclusive license to use the Proprietary Marks. You must follow our rules when you use the Proprietary Marks. You cannot use the Proprietary Marks as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use the Proprietary Marks in any manner that we have not authorized in writing.

Our Affiliate, CEG has registered the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Trademark	Registration Number	Registration Date or
SHELFGENIE	3,546,185	December 16, 2008
SHELFGENIE and Design	3,546,283	December 16, 2008

Under a license agreement with CEG dated April 4, 2008, CEG licensed us the right to use the Marks and to sublicense the Marks to our franchisees to use in operating SHELFGENIE Businesses pursuant to the Franchise Agreement. The license agreement is for a term of 50 years, but automatically renews for one year terms thereafter unless notice of termination or non-renewal is given. If the license agreement is terminated, CEG will allow you to use the Marks provided that you remain in compliance with the Franchise Agreement and sign an agreement similar to the license agreement with CEG.

There are no currently effective agreements that significantly limit our rights to use or license others to use the Proprietary Marks in a manner material to the franchise. We are not aware of any prior rights or infringing uses which could materially affect your use of the Proprietary Marks.

All required affidavits for the Proprietary Marks have been filed. No affidavits or renewal filings are yet due in connection with the registrations for the Marks listed above. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator

of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Proprietary Marks listed above.

If you become aware of any apparent infringement, unfair competition or other challenge to your right to use any Proprietary Mark, or if you become aware of any use of or claim to any mark, name, logo or any other commercial symbol identical to or confusingly similar with any Proprietary Mark, you must immediately notify us in writing. We shall have the sole discretion to take any action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of this infringement, challenge or claim. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Proprietary Mark or if the proceeding is resolved unfavorably to you.

We reserve the right to modify or discontinue the use of any names, trademarks, service marks or copyrights or to add additional names, trademarks, service marks or copyrights at our discretion. You must make any additions, deletions, and modifications to all interior and exterior signs, business cards, printed material, displays, paper products, advertising and anywhere else any of the Proprietary Marks may appear as we direct at your sole cost and expense and without compensation or reimbursement from us. You must, at your sole cost and expense and without compensation or reimbursement from us, discontinue your use of any name, trademark, service mark or copyright, as we may direct you to discontinue at any time. We are not responsible for any expenses, losses or damages sustained by you as a result of any addition, discontinuance, or modification and you are prohibited to join in any litigation against us if any of these expenses, losses or damages are incurred.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We will loan you access to and use of the Operations Manual containing certain detailed information, forms and systems pertaining to the operation of your SHELFGENIE Business, including proprietary supplier lists, supplies and other trade secrets. Although these materials have not been registered with the United States Registrar of Copyrights, they are considered proprietary and confidential and we claim copyright protection of these materials. You may not use this confidential information in any unauthorized manner. You must use your best efforts to maintain the confidentiality of and to prevent the disclosure of the Operations Manual to others. Your Franchise Agreement does not require us to protect these copyrights or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving these copyrights.

There are currently no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. No agreements are in effect which significantly limit our right to use or license the copyrighted materials. Finally, we are not aware of infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. The Franchise Agreement does not require us to protect or defend copyrights or confidential information, although we intend to do so when it is in our best interests.

The following patent application, which is for a patent used in connection with the System and which refers to equipment that your SHELFGENIE Business will offer and sell, is pending:

PROVISIONAL UTILITY PATENT APPLICATION NUMBER	FILING DATE	TITLE
13/152,241	06/30/2012	Appliance Lift

You may never – during the term, any renewal term, or after the term of the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or entity or use it for personal use or any other use or for use in any other business. You may not copy any of our confidential information or give it to a third party except as authorized by us. You and all persons affiliated with you must sign the Nondisclosure and Noninterference Agreement (Exhibit 3 to the Franchise Agreement) which prohibits directly or indirectly engaging in activities that compete with our franchisees, disclosing our confidential and proprietary information and trade secrets, and soliciting our employees and employees of our franchisees.

Our confidential information includes manuals, processes, methods, techniques, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, skills, performance specifications, technical and other data, designs, schematics, equipment, billing, products and services information (including information regarding all existing products and services and any future planned products or services), financial information and results and other information and know-how relating to or useful in the business or operations of SHELFGENIE, its affiliates, or the SHELFGENIE Businesses.

You may not implement any change to the system without our prior written consent. You should notify us, in writing, of any proposed change, modification or addition (each a “**Proposal**”) and provide us with all of the information we may request. We will have the right to incorporate any Proposal into the system and we shall obtain all rights, title and interest in the Proposal without compensation to you. Upon our request, you must provide documentation (including signing assignments) and take other actions as are reasonably necessary to confirm or perfect our rights in any Proposal. A Proposal may include, but not be limited to, a new product, service, method, marketing material, slogan, trade name, service mark, trademark, invention, technique, supplier, process, marketing plan, computer program, performance specifications, design, or any other information or know-how created, developed or discovered by you (or your agents or employees) which may aid or enhance the System.

In addition to the paragraph above, all ideas, concepts, techniques, or materials concerning a SHELFGENIE Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of our franchise system and works made-for-hire by us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item, and all related rights to that item, to us or our designee and you must take whatever action (including signing an assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in this item.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We consider your personal participation (if you are an individual) or the participation of an owner (if you are a legal entity) and supervision essential to the success of your SHELFGENIE Business. If the Franchise Agreement is signed by an individual, you must complete SHELFGENIE Training and actively participate in the management of your SHELFGENIE Business. For all corporate, partnership, limited liability company or other entity franchisees, we require an individual that owns at least 5% of the ownership interests in the franchisee, to participate personally in the management and direct operation of the SHELFGENIE Business. If you are an individual, you must satisfactorily complete the SHELFGENIE Training. If you are an entity, your manager must satisfactorily complete the SHELFGENIE Training.

Your officers, directors, shareholders, partners, members, owners, and their respective spouses and your supervisory employees, or individuals who are granted access to the Operations Manual must sign the Nondisclosure and Noninterference Agreement attached to the Franchise Agreement as Exhibit 3. If the franchisee is an entity, all owners of franchisee must sign a Guaranty and Subordination Agreement in the form attached to the Franchise Agreement as Exhibit 2 assuming and agreeing to

discharge all of franchisee's obligations under the Franchise Agreement. If the franchisee entity and owner(s) of the franchisee entity do not satisfy the financial or management qualifications to become a franchisee based on their qualifications, we may require the spouse(s) of the owner(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications. If a franchisee is an individual or group of individuals and he/she/they do not satisfy the financial or management qualifications to become a franchisee based on his/her/their qualifications, we may require the spouse(s) of the individual(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications. The above qualification requirements also apply to Multi-unit Development Agreements and, if a guarantee is required, the required individuals must sign a Guaranty and Subordination Agreement in the form of Exhibit C to the Multi-unit Development Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer those goods or services specifically approved or directed by us. We may periodically establish specifications for goods and services in the Operations Manual or otherwise advise you of new specifications in writing. These requirements are imposed to maintain our uniform image and uniform marketing strategy, as well as to assure protection of our Proprietary Marks and the maintenance of the quality standards associated with them (see Item 8).

Unless we give you our prior, written consent to do so, you may not solicit business from persons who reside outside your Assigned Territory. With our prior, written consent, you may sell products to individuals located outside of your Assigned Territory, but only if they are not located in a territory that is assigned to one of our other franchisees and provided further, that sales outside of your Assigned Territory do not constitute 15% or more of your total monthly sales. Upon our approval, you may advertise using methods that are generally circulated or broadcast throughout your Assigned Territory, but that extend beyond your Assigned Territory (for example, magazine or newspaper advertisements, use of mail zones, or radio or television broadcasts) while these generally circulated advertisements or broadcasts are not specifically targeted to reach areas or customers outside of your Assigned Territory. If we approve your use of any of these types of advertisements or broadcasts, then for any month in which you are running these types of advertisements or broadcasts, sales outside of your Assigned Territory may constitute more than 15% of your total monthly sales. However, these sales may not be to individuals that reside in the Assigned Territory of another SHELFGENIE franchisee.

You must operate your SHELFGENIE Business in strict conformity with all applicable federal, state, and local laws, ordinances and regulations. It is your responsibility to keep yourself advised of the existence and the then-current requirements of all laws, ordinances, and regulations applicable to your SHELFGENIE Business, and to adhere to them, as well as to any new laws, ordinances and regulations that may be adopted in the future.

You must offer all goods and services that we designate as required goods and services. These goods and services include the sale and installation of the Core Products manufactured by Manufacturing and may include associated products and related services that we may designate in the future. We may require you to offer installation warranties to your customers on terms and conditions described in the Operations Manual or otherwise in writing from us. Although we do not presently plan to change the types of authorized goods and services that all franchisees must offer, there are no limits on our right to do so.

ITEM 17

RENEWAL, TERMINATION, TRANSFER
AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
a. Length of the Franchise term	Franchise Ag: Section 2.1 Multi-unit Development Ag: 1.1	Franchise Ag: Initial term is 5 years Multi-unit Development Ag: Begins on the date of the Agreement and ends on the earlier of the date on which the last Franchise Agreement is signed and the date on which the Franchise Agreement for the last SHELFGENIE Business must be signed in accordance with the Development Schedule.
b. Renewal or extension of the term	Franchise Ag: Section 2.2 and 2.3 Multi-unit Development Ag: Section 3.2	Franchise Ag: Provided the conditions listed in the Franchise Agreement are met, you may renew for up to 3 additional 5 year renewal terms. Multi-unit Development Ag: SHELFGENIE may extend time due to force majeure.

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
c. Requirements for franchisee to renew or extend	<p>Franchise Ag: Section 2.2 and 2.3</p> <p>Multi-unit Development Ag: Section 3.2</p>	<p>Franchise Ag: Give necessary notice; complete all maintenance, refurbishing, renovating and upgrading required by us; not be in default of your Franchise Agreement or any other agreement between you and us or between you and any of our affiliates; sign the then-current Franchise Agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements; meet current qualifications and training requirements, sign a general release and pay the renewal fee.</p> <p>Multi-unit Development Ag: Must be an instance of force majeure.</p>
d. Termination by franchisee	<p>Franchise Ag: Not applicable</p> <p>Multi-unit Development Ag: Not applicable</p>	<p>Franchise Ag: You have no contractual right to terminate the Franchise Agreement.</p> <p>Multi-unit Development Ag: You have no contractual right to terminate the Multi-unit Development Agreement.</p>
e. Termination by franchisor without cause	<p>Franchise Ag: Not applicable</p> <p>Multi-unit Development Ag: Not applicable</p>	<p>Franchise Ag: Not applicable</p> <p>Multi-unit Development Ag: Not applicable</p>
f. Termination by franchisor with cause	<p>Franchise Ag: Sections 3.1(i), 12.1 and 12.2</p> <p>Multi-unit Development Ag: 7.1 and 7.2</p>	<p>Franchise Ag: We can terminate you only if you commit any one of several listed breaches or defaults (these are listed under the definition of "Cause" in g and h below), an insufficient funds transaction or failure to meet minimum purchase requirements on a rolling 30-month average.</p> <p>Multi-unit Development Ag: We can terminate you only if you commit any one of several listed breaches or defaults (these are listed under the definition of "Cause" in g and h below)</p>

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
g. "Cause" defined – curable defaults	<p>Franchise Ag: Section 12.2</p> <p>Multi-unit Development Ag: Not applicable</p>	<p>Franchise Ag: You have 15 days to cure for not paying outstanding amounts, failing to observe our standards, failing to obtain our prior written consent when required, improperly transferring rights or obligations, failing to comply with covenants, failing to permit an inspection or audit, internal franchisee disputes adversely affecting us, excessive customer complaints, public danger, failure to cure a default, and repetitive defaults.</p> <p>Multi-unit Development Ag: Not applicable</p>
h. "Cause" defined – non-curable defaults	Franchise Ag: Section 12.1	<p>Franchise Ag: We may terminate you after we give you notice for the following: Insolvency or bankruptcy, an outstanding judgment, dissolution, material misrepresentations, failure to operate your SHELFGENIE Business, conviction of a felony or misdemeanor or enter into a settlement or plea bargain accepted on a felony or misdemeanor involving a crime of moral turpitude, any physical offense (including assault or battery), robbery or burglary or any other crime or offense SHELFGENIE reasonably believes is likely to have an adverse effect upon the SHELFGENIE Business, the Proprietary marks, breach of your confidentiality obligations, breach of your obligation not to compete, false books or records, improper use of the Proprietary Marks or failure to meet our performance standards.*</p>
	Multi-unit Development Ag: Sections 7.1 and 7.2	<p>Multi-unit Development Ag: You fail to meet Development Obligations, you purport to assign, pledge, encumber, hypothecate or transfer any right or obligation of Developer without our written consent; you become insolvent or make an assignment for the benefit of creditors, proceeding for a composition with creditors is instituted by or against you, a petition in bankruptcy is filed by you or if filed</p>

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
		<p>against you is not opposed by you, you are adjudicated a bankrupt or insolvent, a receiver or custodian is appointed for you, or you breach any Franchise Agreement or other agreement between you and us or one of our affiliates, or you otherwise fail to meet all of your obligations under the Multi-unit Development Agreement.*</p> <p>*Subject to state law, see Exhibit I.</p>
i. Franchisee's obligations on termination/non-renewal	<p>Franchise Ag: Sections 13.1 and 13.4</p> <p>Multi-unit Development Ag: Not applicable</p>	<p>Franchise Ag: You must cease operations, cease use of our System and methods, comply with post-term covenants, cease use of the Proprietary Marks, completely and effectively transfer your SHELFGENIE Business, return your Operations Manual, transfer your telephone numbers, return all requested materials, pay all sums and debts owed and modify your equipment, vehicles, signage and business.</p> <p>Multi-unit Development Ag: Not applicable</p>
j. Assignment of contract by franchisor	<p>Franchise Ag: Sections 4.6, 14.2(D) and 11.1</p> <p>Multi-unit Development Ag: Section 6.1</p>	<p>Franchise Ag: No restriction on our right to assign our rights or delegate our duties. Upon assignment and delegation, we will be released of all of our obligations under the Franchise Agreement.</p> <p>Multi-unit Development Ag: May assign our rights or delegate our duties. Upon assignment and delegation and written notice to Developer of same, we will be released of all of our obligations under the Multi-unit Development Agreement.</p>
k. "Transfer" by franchisee – defined	<p>Franchise Ag: Section 11.2</p> <p>Multi-unit Development Ag: Section 6.2</p>	<p>Franchise Ag: You shall be considered to have made a Transfer if you sell, assign, transfer, convey, give away, pledge, mortgage, restrict or otherwise encumber any interest in you, your SHELFGENIE Business or your rights or duties under the Franchise Agreement.</p> <p>Multi-unit Development Ag: You shall be considered to have made a</p>

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
		Transfer if you assign, transfer, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner the Multiunit Development Agreement or any of your interests in the Multi-unit Development Agreement.
l. Franchisor approval of transfer by franchisee	Franchise Ag: Sections 11.2 and 11.7 Multi-unit Development Ag: Section 6.2	Franchise Ag: You must obtain our prior written approval for any transfer and we have a right of first refusal. Multi-unit Development Ag: You must obtain our prior written approval for any transfer.
m. Conditions for franchisor approval of transfer	Franchise Ag: Section 11.3 Multi-unit Development Ag: Section 6.2	Franchise Ag: We do not exercise our right of first refusal, your accrued monetary and non-monetary obligations to us are satisfied, you sign a general release, you cure all defaults and breaches, transferee is qualified and completes our application procedure, transferee agrees to renovate the SHELFGENIE Business, we agree to the terms of transfer, the transferee signs an acceptable assignment agreement or new Franchise Agreement and the Transfer Fee shall have been paid to us. Multi-unit Development Ag: You pay us and our affiliates all amounts owed under the Multi-unit Development Agreement and any other agreement between you and us or our affiliates, you pay us the transfer fee, you and your officers, directors, shareholders, members owners, as well as all guarantors execute a general release, the proposed transferee assumes all of your obligations and liabilities and the transferee meets all other requirements.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Ag: Section 11.7 Multi-unit Development Ag: Not applicable	Franchise Ag: We can match any bona fide offer you receive. Multi-unit Development Ag: Not applicable

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Franchise Ag: Section 13.5 Multi-unit Development Ag: Not applicable	Franchise Ag: Upon your termination, expiration or nonrenewal, we may purchase any of your assets which bear any of the Proprietary Marks for either the amount you paid for those assets or their fair market value, whichever is less. Multi-unit Development Ag: Not applicable
p. Death or disability of franchisee	Franchise Ag: Section 11.4 Multi-unit Development Ag: Not applicable	Franchise Ag: Your franchise may be transferred provided certain conditions are met, the transfer is applied for in writing within 2 months and effectuated within 6 months. In the case of disability, you must furnish us a certification of disability from a physician designated by us. Multi-unit Development Ag: Not applicable
q. Non-competition covenants during the term of the franchise	Franchise Ag: Sections 14.2 to 14.4 Multi-unit Development Ag: Not applicable	Franchise Ag: No involvement with competing business or solicitation of or attempted influence over suppliers, employees or other business contacts; there are similar provisions in the Nondisclosure and Noninterference Agreement. Multi-unit Development Ag: Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Franchise Ag: Sections 14.2 to 14.4 Multi-unit Development Ag: Not applicable	Franchise Ag: For 2 years after the expiration, Transfer or termination, you cannot be involved, in any manner, with a competing business in the Assigned Territory and/or within a 25 mile radius of the borders of the Assigned Territory, and you cannot solicit nor attempt to influence any supplier, employee or other business contact of ours, our affiliates or any of our franchisees. There are similar provisions in the Nondisclosure and Noninterference Agreement. Multi-unit Development Ag: Not applicable

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
s. Modification of the agreement	<p>Franchise Ag: Sections 6.8, 13.4, 17.1 and 17.21</p> <p>Multi-unit Development Ag: Section 8.13</p>	<p>Franchise Ag: No modifications generally, but the Proprietary Marks and Operations Manual are subject to change, and we may reduce the scope of your non-competition covenants to comply with any applicable state law.</p> <p>Multi-unit Development Ag: May amend by a writing signed by both parties.</p>
t. Integration/merger clause	<p>Franchise Ag: Section 17.22</p> <p>Multi-unit Development Ag: Section 8.13</p>	<p>Franchise Ag: Only the terms of the Franchise Agreement are binding (subject to state law). Any representation or promises made outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.</p> <p>Multi-unit Development Ag: Only the terms of the Multi-unit Development Agreement are binding (subject to state law). Any representation or promises made outside the Franchise Disclosure Document and Multi-unit Development Agreement may not be enforceable.</p>
u. Dispute resolution by arbitration or mediation	<p>Franchise Ag: Section 17.23</p> <p>Multi-unit Development Ag: Section 8.10</p>	<p>Franchise Ag: You must mediate any dispute you have with us.</p> <p>Multi-unit Development Ag: You must mediate any dispute you have with us.</p>
v. Choice of forum	<p>Franchise Ag: Section 17.9</p> <p>Multi-unit Development Ag: Section 8.6</p>	<p>Franchise Ag: Mediation of any claim you have against us must be in the state and county in which SHELFGENIE's principal place of business is located. Any action permitted to be brought in court must be brought in the state or federal courts in the state and county or district in which SHELFGENIE's principal place of business is located.*</p> <p>Multi-unit Development Ag: Mediation of any claim you have against us must be in the state and county in which SHELFGENIE's principal place of business is located. Any action permitted to be brought in court must be brought in the state or federal courts in the state and county or</p>

Provision	Section in Franchise Agreement / Multi-unit Development Agreement	Summary
		district in which SHELFGENIE's principal place of business is located.* *Subject to state law, see Exhibit I.
w. Choice of law	Franchise Ag: Section 17.13 Multi-unit Development Ag: Section 8.7	Franchise Ag: To the extent that the United States Trademark Act and other federal laws do not apply to the Franchise Agreement, all transaction or enforcement shall be governed by and construed under the laws of the State of Georgia.* Multi-unit Development Ag: To the extent that the United States Trademark Act and other federal laws do not apply to the Franchise Agreement, all transaction or enforcement shall be governed by and construed under the laws of the State of Georgia.* *Subject to state law, see Exhibit I.

Termination on Bankruptcy

A provision in your franchise agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101 et seq.

Reinstatements and Extensions

If any termination or expiration of the term of the franchise agreement would violate any applicable law, we may reinstate or extend the term for the purpose of complying with the law.

Other Restrictions

In addition to the provisions noted in the chart above, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of right to a jury trial and waiver of certain damages. We recommend that you carefully review the Franchise Agreement with a lawyer.

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit I.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following tables present information regarding the average order, and closed order rates for the System in 2009, 2010, 2011 and 2012 and current estimated cost of goods as of the date of this Disclosure Document. The data has been generated using sales and order information submitted by franchisees and our affiliates. We have not audited or verified the sales and order information nor have we asked questions of the submitting franchisees to determine whether they are in fact accurate and complete, although we have no information or other reason to believe that they are unreliable. For purposes of this Item 19, (i) the "2009 Summary Period" means the 12-month period from January 1, 2009 to December 31, 2009, (ii) the "2010 Summary Period" means the 12-month period from January 1, 2010 to December 31, 2010, (iii) the "2011 Summary Period" means the 12-month period from January 1, 2011 to December 31, 2011 and (iv) the "2012 Summary Period" means the 12-month period from January 1, 2012 to December 31, 2012.

AVERAGE ORDER FOR THE SYSTEM DURING 2009 SUMMARY PERIOD	
Average Order for the System (not including Excluded Orders)	Total Number of Orders for the System that achieved or surpassed Average Order for the System (not including Excluded Orders)
\$1,824.25	619 (39%)

AVERAGE ORDER FOR THE SYSTEM DURING 2010 SUMMARY PERIOD	
Average Order for the System (not including Excluded Orders)	Total Number of Orders for the System that achieved or surpassed Average Order for the System (not including Excluded Orders)
\$2,003.37	1,555 (39%)

AVERAGE ORDER DURING 2011 SUMMARY PERIOD			
Group	Number of SHELFGENIE Businesses in the Group	Average Order (not including Excluded Orders)	Total Number of Orders for the System that achieved or surpassed Average Order for the System (not including Excluded Orders)
All SHELFGENIE Businesses operating under the System in 2011 that had orders that were not Excluded Orders	51	\$2,232.18	2,218 (39%)
1st Quintile⁵	10	\$2,733.46	
2nd Quintile⁵	10	\$2,426.01	
3rd Quintile⁵	11	\$2,173.02	
4th Quintile⁵	10	\$1,983.99	
5th Quintile⁵	10	\$1,629.56	

AVERAGE ORDER DURING 2012 SUMMARY PERIOD			
Group	Number of SHELFGENIE Businesses in the Group	Average Order (not including Excluded Orders)	Total Number of Orders for the System that achieved or surpassed Average Order for the System (not including Excluded Orders)
All SHELFGENIE Businesses operating under the System in 2012 that had orders that were not Excluded Orders	54	\$2,411.53	2,580 (39%)
1st Quintile⁵	11	\$2,902.81	

2nd Quintile⁵	11	\$2,470.02	
3rd Quintile⁵	11	\$2,353.30	
4th Quintile⁵	11	\$2,226.85	
5th Quintile⁵	10	\$2,073.97	

1. **“Average Order for the System”** was calculated by dividing the total amount of System sales reported by franchisees and affiliate-owned SHELFGENIE Businesses by the total number of orders for the System during the summary period. In calculating the Average Order for the System, we excluded all orders (i) where the order involved a discount of 80% or more off the franchisee’s suggested retail price, and (ii) where the order was placed by a SHELFGENIE franchisee in their first 6 months of operations (**“Excluded Orders”**). An order having a discount of 80% or more off the franchisee’s suggested retail price indicates (a) the order was a reorder of products, (b) the order was for personal or display usage, and/or (c) the order was not an arms-length sales transactions. Average Order for the System does not include any sales taxes that were collected or paid in connection with orders.

2. The orders included in each Summary Period are for sales orders placed during the Summary Period.

3. For repeat customers, each order for a project placed by a customer is treated as a separate order.

4. The information is based on data reported by franchisees and affiliate-owned SHELFGENIE Businesses.

5. **“Quintile”** refers to the relative performance of the SHELFGENIE Business. Therefore, the 1st Quintile refers to the top 20% performing SHELFGENIE Businesses, based on Average Order, the 2nd Quintile refers to the next highest 20% performing SHELFGENIE Businesses, and so on.

PERCENTAGE OF APPOINTMENTS THAT RESULTED IN A CLOSED ORDER FOR THE SYSTEM DURING 2009 SUMMARY PERIOD		
Percentage of Appointments Resulting in a Closed Order for the System (not including Excluded Orders)	Total Number of Appointments for the System (not including Excluded Orders)	Total Number of Closed Orders for the System Resulting from Appointments (not including Excluded Orders)
36%	4,503	1,623

PERCENTAGE OF APPOINTMENTS THAT RESULTED IN A CLOSED ORDER FOR THE SYSTEM DURING 2010 SUMMARY PERIOD		
Percentage of Appointments Resulting in a Closed Order for the System (not including Excluded Orders)	Total Number of Appointments for the System (not including Excluded Orders)	Total Number of Closed Orders for the System Resulting from Appointments (not including Excluded Orders)
44%	9,153	4,038

PERCENTAGE OF APPOINTMENTS THAT RESULTED IN A CLOSED ORDER DURING 2011 SUMMARY PERIOD				
Group	Number of SHELFGENIE Businesses in the Group	Percentage of Appointments Resulting in a Closed Order (not including Excluded Orders)	Total Number of Appointments for the System (not including Excluded Orders)	Total Number of Closed Orders for the System Resulting from Appointments (not including Excluded Orders)
All SHELFGENIE Businesses operating under the System in 2011 that had orders that were not Excluded Orders	51	46%	12,963	5,916
1st Quintile⁷	10	59%		

2nd Quintile ¹	10	49%	
3rd Quintile ¹	10	44%	
4th Quintile ¹	11	42%	
5th Quintile ¹	10	32%	

PERCENTAGE OF APPOINTMENTS THAT RESULTED IN A CLOSED ORDER DURING 2012 SUMMARY PERIOD				
Group	Number of SHELFGENIE Businesses in the Group	Percentage of Appointments Resulting in a Closed Order (not including Excluded Orders)	Total Number of Appointments for the System (not including Excluded Orders)	Total Number of Closed Orders for the System Resulting from Appointments (not including Excluded Orders)
All SHELFGENIE Businesses operating under the System in 2012 that had orders that were not Excluded Orders	54	44%	15,933	7,009
1st Quintile ¹	11	65%		
2nd Quintile ¹	11	49%		
3rd Quintile ¹	11	44%		
4th Quintile ¹	11	39%		
5th Quintile ¹	10	23%		

1. The “**Percentage of Appointments Resulting in a Closed Order**” was calculated by dividing the total number of Closed Orders for the System during the Summary Period by the total number of Appointments for the System (whether or not the Appointment was booked by the Business Center) and multiplying the result by 100. In calculating the Percentage of Appointments Resulting in a Closed Orders, we did not include Excluded Orders.

2. The Appointments included in each Summary Period are for sales orders placed during or after the Summary Period. The Closed Order information reflects orders information as of March 15, 2012 for the 2011 Summary Period. The Closed Order information reflects orders information as of March 15, 2013 for the 2012 Summary Period.

3. An “**Appointment**” is viewed as an initial meeting at a customer’s home or business where the work will be performed. A “**Closed Order**” is an order where a franchisee or an affiliate-owned SHELFGENIE Business reported a sale to a customer. A Closed Order may involve more than one meeting with the same customer to close the sale.

4. In the event of a new order by a customer, the new order is treated as an additional Closed Order with an additional Appointment.

5. The information is based on data reported by franchisees and affiliate-owned SHELFGENIE Businesses.

6. We do not have access to data related to any referral appointments or self-generated appointments (“**Referral Leads**”) that do not result in a Closed Order. We do not require franchisees to track Referral Leads or provide to us information on Referral Leads that do not result in Closed Orders.

7. “**Quintile**” refers to the relative performance of the SHELFGENIE Business. Therefore, the 1st Quintile refers to the top 20% performing SHELFGENIE Businesses, based on the Percentage of Appointments leading to a Closed Order, the 2nd Quintile refers to the next highest 20% performing SHELFGENIE Businesses, and so on.

WEIGHTED AVERAGE COST OF GOODS SOLD DURING 2012 SUMMARY PERIOD¹
23.4%²

1. Cost of Goods Sold (“**COGS**”) means the cost of goods sold. COGS is a figure which reflects the cost of Core Products you will order from Manufacturing to install for your customers. COGS does not include (i) miscellaneous items like strip mounts, clips, spacers and other supplies that may be necessary to install the Core Products, (ii) insurance, shipping, freight, and delivery charges for the Core Products, and (iii) any sales tax, use tax or other taxes that may be due in connection with your purchases of Core Products. “**Franchisee Pricing**” means Manufacturing’s wholesale price for Core Products as of February 7, 2012, minus a 10% discount for franchisees under the System. “**Pre-Discount Retail Sales**” means the actual retail sales total charged by franchisees to customers before any customer discount. The COGS was calculated by taking the sum of the actual cost using Franchisee Pricing, of all Core Products ordered by our franchisees in 2012, divided by the sum of the actual Pre-Discount Retail Sales for all franchisees in 2012.

2. COGS does not include any additional manufacturing rebates that Manufacturing may offer.

3. The information in the above chart for the 2012 Summary Period is based on data from 55 franchised SHELFGENIE Businesses. We do not represent that you can obtain the level of COGS. Your actual operations results will be based on (i) the mix of Core Products you purchase, (ii) Franchising Pricing, and (iii) the actual prices your customers pay you. The COGS for your Franchised Business may be higher.

* * *

Some SHELFGENIE Business have obtained the order average, appointments average and COGS average shown above. Your individual results may differ. There is no assurance you will achieve these averages. This Item 19 should not be considered to be the actual or probable results that you will experience. Sales, revenues, costs and profits also can vary considerably due to a variety of other factors, such as the length of time the SHELFGENIE Business has been open; location, demographics of the SHELFGENIE Business; competition from other businesses in the area; economic conditions in the SHELFGENIE Business’s area; advertising and promotional activities; your owners’ active involvement in the management of the SHELFGENIE Business; the business abilities and efforts of the management of the SHELFGENIE Business; and other factors.

You are responsible for developing your own business plan for your SHELFGENIE Business, including capital budgets, financial statements, projections and other appropriate factors, and you are encouraged to consult with your own accounting, business and legal advisors in doing so. The business plan should make necessary allowances for economic downturns, periods of inflation and unemployment, and other negative economic influences.

This Item 19 consists of historical performance figures for the System. Historical order information may not correspond to future order information due to a variety of factors. As with most businesses, the initial financial performance of your SHELFGENIE Business is likely to be less favorable than those represented in the Item 19.

We recommend that you make your own independent investigation and evaluation of the potential performance of your SHELFGENIE Business, and consult with your attorney and other advisors before signing any franchise agreement. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Except for the information stated in this Item or any information we may provide in a FTC Supplemental Financial Performance Representation Disclosure Document, we do not furnish or authorize our salespersons to furnish any oral or written information on the actual, average, projected or forecasted sales, costs, income or profits (the "Earnings Capability") of a Facility. We specifically instruct our sales personnel, agents and other employees that they are not permitted to make any claims or statements concerning a specific franchisee's Earnings Capability or chances for success.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

**Systemwide Outlet Summary
For Years 2010 - 2012**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2010	55	85	+30
	2011	85	99	+14
	2012	99	123	+24
Company-Owned*	2010	7	7	0
	2011	7	20	+13
	2012	20	9	-11
Total Outlets	2010	62	92	+30
	2011	92	119	+27
	2012	119	132	+13

*Company-owned outlets are owned by one of our affiliates and have not signed franchise agreements. Company-owned outlets do not pay Royalty Fees, but make Marketing Contributions. See Exhibit G-6 for a list of company-owned outlets.

TABLE NO. 2

**Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2010 – 2012**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2010	1
	2011	0
	2012	0
Connecticut	2010	1
	2011	0
	2012	0
Florida	2010	0
	2011	2
	2012	0
Georgia	2010	2
	2011	0
	2012	0
Minnesota	2010	0
	2011	0
	2012	0
North Carolina	2010	0
	2011	0
	2012	1
Texas	2010	2
	2011	0
	2012	2
Total	2010	6
	2011	2
	2012	3

TABLE NO. 3

**Status of Franchised Outlets
For years 2010 - 2012**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewal s	Col. 7 Reacquir ed by Franchis or	Col. 8 Ceased Opera- tions- Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
California	2010	3	4	0	0	0	0	7
	2011	7	2	0	0	3	0	6
	2012	6	2	3	0	0	0	5
Colorado	2010	5	1	0	0	0	0	6
	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
Connecticut	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
DC	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Florida	2010	7	3	0	0	0	0	10
	2011	10	1	2	0	0	0	9
	2012	9	5	0	0	0	0	14
Georgia	2010	5	1	0	0	0	0	6
	2011	6	0	0	0	1	0	5
	2012	5	1	0	0	0	0	6
Illinois	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
Indiana	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Kentucky	2010	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewal s	Col. 7 Reacquir ed by Franchis or	Col. 8 Ceased Opera- tions- Other Reasons	Col. 9 Outlets at End of the Year
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Maryland	2010	0	2	0	0	0	0	2
	2011	2	1	0	0	0	0	3
	2012	3	0	0	0	0	0	3
Massachusetts	2010	1	3	0	0	0	0	4
	2011	4	1	0	0	0	0	5
	2012	5	0	0	0	0	0	5
Michigan	2010	1	2	0	0	0	0	3
	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	1	0	2
Minnesota	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
Nebraska	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
New Hampshire	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
New Jersey	2010	0	2	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	4	0	0	0	0	6
New York	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3
	2012	3	3	0	0	0	0	6
North Carolina	2010	3	1	0	0	0	0	4
	2011	4	2	0	0	0	0	6
	2012	6	0	0	0	0	0	6
Ohio	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewal s	Col. 7 Reacquir ed by Franchis or	Col. 8 Ceased Opera- tions- Other Reasons	Col. 9 Outlets at End of the Year
	2012	0	2	0	0	0	0	2
Oklahoma	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Oregon	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	3	0	0	0	0	3
Pennsylvania	2010	0	1	0	0	0	0	1
	2011	1	2	0	0	0	0	3
	2012	3	4	0	0	0	0	7
South Carolina	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	1	0	0
Tennessee	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Texas	2010	7	5	0	0	0	0	12
	2011	12	3	0	0	0	0	15
	2012	15	1	0	0	0	0	16
Virginia	2010	2	1	0	0	0	0	3
	2011	3	1	0	0	0	0	4
	2012	4	2	0	0	0	0	6
Washington	2010	0	1	0	0	0	0	1
	2011	1	3	0	0	0	0	4
	2012	4	0	0	0	0	0	4
Wisconsin	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Totals	2010	55	30	0	0	0	0	85
	2011	85	20	2	0	4	0	99
	2012	99	29	3	0	2	0	123

TABLE NO. 4

**Status of Company-Owned Outlets
For years 2010 – 2012**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
California	2010	3	0	0	0	0	3
	2011	3	0	0	0	0	3
	2012	3	0	0	1	2	0
Colorado	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
Georgia	2010	0	0	0	0	0	0
	2011	0	1	1	0	0	2
	2012	2	0	0	0	2	0
Florida	2010	0	0	0	0	0	0
	2011	0	2	0	0	0	2
	2012	2	0	0	0	0	2
Illinois	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	5	0	0	0	5
Maryland	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	1	0	0	0	1
Michigan	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	1	1	0	0
New York	2010	0	0	0	0	0	0
	2011	0	3	0	0	0	3
	2012	3	0	0	0	3	0
Oregon	2010	0	0	0	0	0	0
	2011	0	3	0	0	0	3
	2012	3	0	0	0	3	0
Pennsylvania	2010	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
	2011	0	5	0	0	2	3
	2012	3	0	0	0	3	0
South Carolina	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	1	0	0	1
Virginia	2010	4	0	0	0	0	4
	2011	4	0	0	0	0	4
	2012	4	0	0	3	1	0
Totals	2010	7	0	0	0	0	7
	2011	7	14	1	0	2	20
	2012	20	6	2	5	14	9

TABLE NO. 5

Projected Openings As Of December 31, 2012

Column 1 State	Column 2 Franchise Agreement Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
California	0	2	0
Florida	0	1	0
Georgia	2	0	0
Idaho	0	0	0
Indiana	0	1	0
Kentucky	1	0	0
Maryland	0	0	0
Massachusetts	0	0	0
New York	0	2	0
North Carolina	0	0	0
Ohio	0	1	0
Oregon	0	0	0
Pennsylvania	0	2	0
South Carolina	0	1	0
Tennessee	0	0	0
Texas	0	0	0
Virginia	0	0	0
Washington	0	0	0
Total	3	10	0

Exhibit G-1 lists the names of all of our operating franchisees and their business telephone numbers as of December 31, 2012. Exhibit G-2 lists the franchisees who have signed Franchise Agreements for SHELFGENIE Businesses which are not yet operational as of December 31, 2012. Exhibit G-3 lists the name, city and state and business telephone number (or, if known, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Our franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Exhibit G-4 lists those individuals who are currently under a Multi-unit Development Agreement. Exhibit G-5 lists the names, cities and states of every Developer, in the previous fiscal year, who had their Multi-unit Development Agreement terminated or cancelled, whose territory was reacquired by us or who has otherwise voluntarily or involuntarily ceased to do business.

There is no trademark-specific franchisee organization associated with SHELFGENIE.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H is: our audited balance sheets dated December 31, 2012, December 31, 2011, and December 31, 2010, and the related statements of income, changes in members' equity, and cash flows for the fiscal years then ended.

ITEM 22

CONTRACTS

The following agreements related to a SHELFGENIE franchise are attached as Exhibits to this Disclosure Document:

Franchise Agreement	<u>Exhibit A</u>
General Release	<u>Exhibit F</u>
Nondisclosure and Noninterference Agreement	<u>Exhibit 3</u> to the Franchise Agreement
Guaranty and Subordination Agreement	<u>Exhibit 2</u> to the Franchise Agreement
Manufacturing Agreement	<u>Exhibit 6</u> to the Franchise Agreement
Software Agreement	<u>Exhibit 7</u> to the Franchise Agreement

ITEM 23

RECEIPTS

Exhibit J of this Disclosure Document has 2 detachable receipts attached. Please sign and date each of them as of the date you received this Disclosure Document and return one copy to us.

EXHIBIT A

FRANCHISE AGREEMENT

See attached.

FRANCHISE AGREEMENT

between

**ShelfGenie Franchise Systems, LLC
a Georgia limited liability company
5500 Interstate North Parkway, Suite 250
Atlanta, GA 30328**

and

Dated: _____, 20__

Territory Name: _____

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SHELFGENIE FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is executed as of this ____ day of _____, 20__ (the "**Effective Date**"), by and between SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company ("**SHELFGENIE**"), and _____ ("**Franchisee**").

INTRODUCTION

1. SHELFGENIE, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system relating to the management and operation of a business that markets, sells and installs products and accessories customized and built around homeowners' and business owners' needs to convert existing shelving in cabinets, counters, closets, pantries, bathrooms and other structures into moving shelving, including Glide-Outs™, Basic, Classics, Designer Lines and Glide Arounds, under the trade name and service mark "SHELFGENIE®" (the "**System**").

2. The distinguishing characteristics of the System include, but are not limited to, the following: uniform standards and procedures for business operations; training in operation and management; advertising and promotional programs; customer development and service techniques; centralized business support center; and other technical assistance, all of which may be changed, improved or otherwise developed by SHELFGENIE from time to time.

3. Franchisee recognizes the benefits to be derived from being identified with and receiving a franchise from SHELFGENIE and desires to obtain a nonexclusive right from SHELFGENIE to operate a SHELFGENIE Business, to use the System and to enter into this Agreement for that purpose.

4. SHELFGENIE has acquired certain rights to the SHELFGENIE® trademark and the SHELFGENIE and Design® trademark and any other trade names, service marks, trademarks and logos, as are now designated (and as may hereafter be designated) by SHELFGENIE in writing (the "**Proprietary Marks**").

5. It is the intention of Franchisee and SHELFGENIE to preserve continuing customer confidence in the reliability and quality of all products and services sold or provided in connection with any of the Proprietary Marks.

6. SHELFGENIE may, from time to time, add and delete certain products and services promoted by SHELFGENIE as part of the service line to which the System applies.

7. Franchisee has read carefully and has had sufficient opportunity to be advised thoroughly of the terms and conditions of this Agreement by advisors of Franchisee's own choosing and by receipt and review of SHELFGENIE's current Franchise Disclosure Document and has made an independent investigation of SHELFGENIE's operations and Franchisee and SHELFGENIE wish to enter into this Agreement so as to fully set forth all of the understandings, agreements, representations and warranties made between them.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, SHELFGENIE and Franchisee hereby agree as follows:

ARTICLE 1

APPOINTMENT

Section 1.1 Grant.

(A) SHELFGENIE grants to Franchisee, subject to the terms and conditions contained in this Agreement, the right to operate one (1) SHELFGENIE Business (the “**Franchised Business**”) in the Assigned Territory (as defined in Section 1.2). As hereinafter used in this Agreement, the term “SHELFGENIE Business” includes the Franchised Business and/or any other business operated under the System and Proprietary Marks whether owned by SHELFGENIE, an affiliate of SHELFGENIE or a licensee or franchisee of SHELFGENIE or one of its affiliates. The term “person” includes any natural person and any entity. As used in this Agreement, the term “Franchisee” shall be deemed to include (a) those persons owning any interest in a corporate or limited liability company franchisee; (b) all partners owning any interest in a partnership Franchisee; (c) the individual who owns a sole proprietorship Franchisee; and (d) the guarantors of this Agreement.

(B) Franchisee accepts the obligation to operate the Franchised Business pursuant to the terms and conditions of this Agreement and agrees that Franchisee will, at all times, faithfully, honestly and diligently perform its obligations hereunder, will continuously exert Franchisee’s best efforts to promote and enhance the business of the Franchised Business and will not engage in any other business or activity that may conflict with the terms or conditions of this Agreement

Section 1.2 Assigned Territory.

(A) Provided Franchisee is not currently in default and a default has not occurred within the previous six (6) months of any provision of this Agreement or any other agreement between Franchisee and SHELFGENIE or its affiliates, SHELFGENIE shall not operate a SHELFGENIE Business or offer to franchise another SHELFGENIE Business to any other person, within the Assigned Territory as described on Exhibit 1 attached to this Agreement (“**Assigned Territory**”); provided, however, SHELFGENIE shall have the right to establish a National Account Program (defined below) in accordance with Section 1.4 below. In SHELFGENIE’s discretion, Exhibit 1 may be completed after the execution of this Agreement with an Assigned Territory designated by SHELFGENIE.

(B) Notwithstanding anything to the contrary, after the first twelve (12) months (the “**First Year**”) from the Effective Date, Franchisee’s continued rights within the Assigned Territory depends upon Franchisee meeting certain minimum purchase requirements pursuant to the Manufacturing Agreement (defined in Section 5.7(C) below). After the First Year of opening the Franchised Business, Franchisee shall have a minimum monthly purchase requirement of five thousand dollars (\$5,000) in customized Glide-Out Shelving Products or other accessories purchased from G-O Manufacturing, LLC (“**G-O**”) on a three (3) month rolling average. If Franchisee fails to meet this purchasing requirement, SHELFGENIE may, in its discretion, (i) withdraw some of Franchisee’s rights in the Assigned Territory, (ii) require Franchisee and such employees of Franchisee as SHELFGENIE designates to undergo additional training, (iii) require Franchisee to attend, at Franchisee’s expenses, a meeting held by SHELFGENIE to discuss the performance of the Franchised Business (including a requirement for Franchisee to provide a written explanation for Franchisee’s failure to achieve the minimum monthly purchase requirement and set forth in writing specific strategies for compliance with the minimum monthly purchase requirement) and/or (iv) declare a default under this Agreement. Franchisee has the option to pay SHELFGENIE the difference between the minimum monthly purchase requirement and Franchisee’s actual purchase amount which amount SHELFGENIE shall receive as compensation for SHELFGENIE’s and G-O’s loss revenue.

(C) Unless SHELFGENIE gives Franchisee its prior written consent, Franchisee may not solicit business from persons who reside outside the Assigned Territory. Notwithstanding the foregoing, upon SHELFGENIE’s approval, Franchisee may advertise using methods that are generally circulated or broadcast throughout Franchisee’s Assigned Territory, but that extend beyond Franchisee’s Assigned

Territory, such as, but not limited to magazine or newspaper advertisements, use of mail zones, or radio or television broadcasts, so long as such generally circulated advertisements or broadcasts are not specifically targeted to reach areas or customers outside of Franchisee's Assigned Territory. If SHELFGENIE approves Franchisee's use of any of these types of advertisements or broadcasts, then for any month in which Franchisee is running these types of advertisements or broadcasts, sales outside of Franchisee's Assigned Territory may constitute more than fifteen percent (15%) of Franchisee's total monthly sales; provided further, that under no circumstances shall these sales be to individuals that reside in the Assigned Territory of another SHELFGENIE franchisee. From time to time, Franchisee may provide services and sell products to customers who reside outside the Assigned Territory so long as (i) those persons did not become customers of Franchisee as a result of Franchisee's direct marketing efforts outside of the Assigned Territory; (ii) such persons are not located in a territory that is assigned to another franchisee of SHELFGENIE; (iii) such sales do not, at anytime, constitute fifteen percent (15%) or more of Franchisee's total sales during any month; (iv) Franchisee follows all policies, rules and regulations in the Operations Manual related to operating in an unassigned territory; and (v) Franchisee immediately ceases to operate outside the Assigned Territory when directed by SHELFGENIE; provided, however, Franchisee's operations in an unassigned territory with SHELFGENIE's consent shall not in anyway extend the Assigned Territory. If SHELFGENIE engages in electronic commerce through any Internet, World Wide Web or other computer network site under the Proprietary Marks for the sale of the products that would be delivered in the Assigned Territory, SHELFGENIE will pay Franchisee a commission in the amount designated by SHELFGENIE and in accordance with the terms set forth in the Operations Manual.

Section 1.3 Rights Reserved by SHELFGENIE. Except to the extent contemplated in Section 1.2, SHELFGENIE (on behalf of itself and affiliates) retains the right, in its sole and absolute discretion, to:

(A) operate, franchise or license others to operate SHELFGENIE Businesses immediately outside of the Assigned Territory regardless of its proximity to the Assigned Territory;

(B) operate, franchise or license others to operate similar businesses under any trade name other than the Proprietary Marks, at any location within or outside of the Assigned Territory;

(C) operate, franchise or license others to operate different business under any trade name, including the Proprietary Marks, at any location within or outside of the Assigned Territory;

(D) sell products or services under any trademark including the Proprietary Marks at any location, including within or outside of the Assigned Territory through other channels of distribution, including but not limited to, the Internet, through dealers, hardware stores or other retail outlets or other home improvement businesses;

(E) purchase, merge, acquire or affiliate with an existing competitive or non-competitive, franchise network, chain, entity or any other business regardless of the locations or territories of such other franchise, chain, entity or other business, and to operate, franchise or license those businesses and/or be operated, franchised or licensed by those businesses under the Proprietary Marks or any other marks following such purchase, merger, acquisition or affiliations, regardless of location or proximity of locations or territories (which Franchisee acknowledges may be within or proximate to its Assigned Territory);

(F) sell itself or themselves, their assets, the Proprietary Marks, the System, any other marks or any other system to a third party;

(G) go public or may engage in a private placement of some or all of any of their securities; and

(H) undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

With regard to any of the above rights reserved to SHELFGENIE, Franchisee expressly and specifically waives any claims, demands or damages arising or related to the loss of any of the Proprietary Marks or any portion of the System and/or the loss of association with or identification of SHELFGENIE as a franchisee under this Agreement or related to the locations and territories of the newly acquired or added locations.

Section 1.4 National Accounts. SHELFGENIE will periodically evaluate national account opportunities to be administered through SHELFGENIE, an affiliate of SHELFGENIE or a third party (the “**National Account Program**”). A “**National Account**” is generally a large organization (i) with multiple locations that need products and services provided by the System and/or has relationships with customers that need products and services provide by the System, and (ii) who has entered into a formal or informal agreement with SHELFGENIE to have such products and services offered by the System delivered to certain locations in multiple franchisees’ assigned territories. To promote uniformity and consistency, SHELFGENIE may set the prices to be charged to each National Account and other program terms for the National Account. If SHELFGENIE obtains a National Account with a service location in Franchisee’s Assigned Territory, SHELFGENIE will refer that business to Franchisee. If Franchisee refuses to provide products or services to a National Account in the Assigned Territory, is unable to provide all of the products and services requested by the National Account or refuses to service the National Account at the prices and according to SHELFGENIE’s program terms (including the rules for National Accounts in the Operations Manual), to protect the reputation of the System and preserve the National Account, SHELFGENIE may service that National Account in the Assigned Territory and/or may license or appoint another person to service that National Account in the Assigned Territory (including another SHELFGENIE franchisee or a company that is or is not affiliated with SHELFGENIE).

ARTICLE 2

TERM

Section 2.1 Initial Term. Unless sooner terminated pursuant to Article 12, the initial term of this Agreement shall extend for five (5) years from the date of this Agreement (the “**Initial Term**”). Franchisee accepts the grant under this Agreement with the full and complete understanding that such grant hereby contains no promise or assurance of renewal at the end of the Initial Term. The sole and entire conditions under which Franchisee will have the opportunity of obtaining a Renewal SHELFGENIE Franchise Agreement (as defined below in Section 2.2(D)) at the expiration of the Initial Term are those set forth in Section 2.2.

Section 2.2 Renewal Term. Franchisee may, at its option, renew the franchise for three (3) additional five (5) year periods,(the “**Renewal Term**”) provided that the following conditions are met:

(A) Advance Notice. Franchisee shall give SHELFGENIE written notice of its intention to renew not less than nine (9) months nor more than twelve (12) months prior to the end of the Initial Term or the current Renewal Term, as the case may be;

(B) Completion of Upgrading and Updating. At least four (4) months prior to the expiration of the Initial Term or the current Renewal Term, as the case may be, SHELFGENIE may give notice to Franchisee of all required upgrading and updating, which shall be completed no later than sixty (60) days prior to the expiration of the Initial Term or the current Renewal Term, as the case may be;

(C) No Default. Franchisee shall not be in default of any provision of this Agreement or any other agreement between Franchisee and SHELFGENIE or its affiliates and Franchisee shall have substantially complied with all the terms and conditions of such agreements during their respective terms;

(D) Execute the Current Franchise Agreement. Franchisee shall execute and deliver to SHELFGENIE, the then current form of the SHELFGENIE Franchise Agreement (“**Renewal Franchise Agreement**”), which agreement shall, solely upon execution and delivery by SHELFGENIE and expiration of the then current Initial Term or Renewal Term, as the case may be, supersede in all respects this

Agreement, and the terms of which may materially differ from the terms of this Agreement, including without limitation, an increase in the Royalty Fee and/or Marketing Contributions (as such terms are defined in Article 3) provided, however, that any higher Royalty Fee and/or Marketing Contributions shall not exceed the Royalty Fee and/or Marketing Contributions then generally being charged for similarly situated new franchisees of SHELFGENIE;

(E) Meet Current Qualifications and Training Requirements. Franchisee shall have complied with SHELFGENIE's then current qualification and training requirements;

(F) Execute General Release. Franchisee shall execute a general release, in a form prescribed by SHELFGENIE, releasing SHELFGENIE and its affiliates, and their respective officers, directors, owners, agents, attorneys and employees of all claims except for claims which cannot legally be released under applicable law; and

(G) Renewal Fee. Franchisee shall pay SHELFGENIE a renewal fee (in lieu of the otherwise required Initial Fee described in the Renewal Franchise Agreement) in the amount of three thousand five hundred dollars (\$3,500) (the "**Renewal Fee**") at the time of execution of the Renewal Franchise Agreement.

If SHELFGENIE determines that all of the conditions specified above have not been satisfied, it shall notify Franchisee in writing that the Renewal Franchise Agreement has not been accepted and that the renewal is not effective and shall specify the reasons therefor.

As hereinafter used and unless otherwise indicated, "**Term**" shall include the "Initial Term" and each "**Renewal Term**".

Section 2.3 Reinstatements and Extensions. In the event any termination or expiration of the franchise would violate any applicable laws, SHELFGENIE may, in its sole and absolute discretion, reinstate or extend the franchise for the purpose of complying with such laws, for the duration provided by SHELFGENIE in a written notice to Franchisee, without waiving any of SHELFGENIE's rights under this Agreement or otherwise modifying this Agreement.

ARTICLE 3

FEES AND PAYMENTS

Section 3.1 Types of Fees. Franchisee shall pay SHELFGENIE the following fees in United States currency:

(A) Initial Franchise Fee. The initial franchise fee is Forty Five Thousand Dollars (\$45,000) (the "**Initial Franchise Fee**") and is payable simultaneously with the execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned by SHELFGENIE and is non-refundable upon execution of this Agreement. SHELFGENIE is a participant in the VetFran program. If SHELFGENIE agrees that Franchisee qualifies for the VetFran program, Franchisee's Initial Franchise Fee for Franchisee's first Franchised Business shall be reduced by fifteen percent (15%). If SHELFGENIE agrees that Franchisee qualifies for the VetFran program and Franchisee was honorably discharged and has a disability that was incurred or aggravated in the line of duty in the active military, naval or air service. The Initial Franchise Fee for the purchase of additional SHELFGENIE Business by a VetFran participant shall be equal to eighty percent (80%) of the then current Initial Franchise Fee and shall not receive the additional fifteen percent (15%) or twenty-five percent (25%) discount.

(B) Royalty Fee. On every Wednesday of every week partially or wholly contained within the Term (and the Wednesday immediately following the expiration or termination of the Term), Franchisee shall pay SHELFGENIE a non-refundable royalty fee (the "**Royalty Fee**") in an amount equal to five

percent (5%) of Franchisee's weekly Gross Revenues (as defined in Section 3.2) for the calendar week (i.e., Monday through Sunday) immediately preceding such Wednesday.

(C) Marketing Contribution. On every Wednesday of every week partially or wholly contained within the Term (and the Wednesday immediately following the expiration or termination of the Term), Franchisee shall pay SHELFGENIE a non-refundable weekly contribution for use in connection with the Marketing Fund (as defined in Section 8.2) in an amount equal to up to two percent (2%) of weekly Gross Revenues (as defined in Section 3.2) for the calendar week immediately preceding such Wednesday (the "**Marketing Contributions**"). SHELFGENIE may terminate and reinstate the Marketing Contribution and the Marketing Fund at any time, in its sole and absolute discretion.

(D) Business Services Fee. On every Wednesday of every week partially or wholly contained within the Term (and the Wednesday immediately following the expiration or termination of the Term), Franchisee shall pay SHELFGENIE a non-refundable business services fee (the "**Business Services Fee**") in an amount equal to Fifty Dollars (\$50) per sales appointment that is executed in the calendar week immediately preceding such Wednesday, or the then-current Business Services Fee as may be announced by SHELFGENIE from time to time; provided, however, that SHELFGENIE shall not change its Business Services Fee more frequently than once in any calendar year.

(E) Renewal Fee. In the event the franchise is renewed pursuant to Section 2.2, Franchisee shall pay the Renewal Fee as set forth in Section 2.2(G).

(F) Transfer Fee. In the event of a transfer of Franchisee's interest in the Franchised Business or any other transfer requiring SHELFGENIE's consent under Article 11, Franchisee must, in addition to meeting all other requirements set forth in this Agreement, pay a Transfer Fee as set forth in Section 11.3(J).

(G) Training Fee. Franchisee is required to pay SHELFGENIE's standard training fees for any training such as refresher training or advanced management training as described in Section 4.4(D), other than the SHELFGENIE Training (as defined and limited in Section 4.2), and Franchisee shall be solely responsible for all its costs and expenses associated therewith, including but not limited to, all travel, meals and lodging costs and compensation of and workers compensation insurance for all of its attendees.

(H) Technology Fees. SHELFGENIE reserves the right to charge both upfront and ongoing fees for technology and licensing support.

(I) Insufficient Funds. SHELFGENIE reserves the right to charge Franchisee for returned checks or insufficient funds within Franchisee's operating or specified account for any pre-authorized transfer. SHELFGENIE shall charge and Franchisee shall pay to SHELFGENIE a fee of one hundred dollars (\$100) per occurrence for returned checks or insufficient funds transactions. Three (3) or more occurrences of returned checks or insufficient fund transactions shall be deemed a default of this Agreement and upon the third occurrence, SHELFGENIE may terminate the Term of this Agreement.

(J) Additional Payments. Franchisee must pay SHELFGENIE or its affiliate(s) within ten (10) days after demand: (i) all sales taxes, corporate taxes, trademark license taxes, and any like taxes imposed on, required to be collected by, or paid by SHELFGENIE or its affiliate(s) on account of products or services SHELFGENIE or its affiliate(s) furnish to Franchisee, through sale, lease, or otherwise, or on account of SHELFGENIE's or its affiliate(s) collection of any fee related to this Agreement; (ii) all franchise or like taxes, whether based on gross receipts, gross revenues, Royalty Fees, Marketing Contributions, Business Services Fees, or otherwise, imposed on, required to be collected by, or paid by SHELFGENIE or its affiliate(s); and (iii) all other amounts SHELFGENIE or its affiliate(s) pay or must pay for Franchisee for any reason.

Section 3.2 Gross Revenues.

(A) The term “**Gross Revenues**” as used in this Agreement shall mean the total amount received or receivable by or in connection with the Franchised Business from, connected with or related to the sale of any services, products, goods or merchandise and all business transacted by Franchisee related, directly or indirectly, to the Franchised Business, excluding only the following:

(i) the amount of any federal, state, or local sales or excise taxes or other similar taxes, separately stated, which are required by law to be collected and paid by Franchisee to any governmental agency or authority; and

(ii) the amount of any refunds to customers for bona fide returns of goods sold or cancellations.

(B) The full amount for any products or services which was not previously paid, shall be receivable on the date of installation for purposes of computing Gross Revenues.

Section 3.3 Payment Schedule. The Royalty Fee, Marketing Contributions and Business Services Fee must be paid to SHELFGENIE, together with any required reports, no later than every Wednesday of every week wholly or partially contained within the Term (and the Wednesday immediately following the expiration or termination of the Term) with respect to the immediately preceding week. SHELFGENIE may automatically withdraw these amounts and/or any other amounts due SHELFGENIE from Franchisee directly from Franchisee’s operating or specified account pursuant to Section 3.4 below. All other amounts due to SHELFGENIE from Franchisee shall be paid as specified in this Agreement or, if no time is specified, such amounts shall be due within ten (10) days of receipt of an invoice from SHELFGENIE or may be withdrawn from Franchisee’s operating or specified account by SHELFGENIE pursuant to Section 3.4(A). Any payment or report not actually received by SHELFGENIE on or before the due date will be deemed past due and subject to the charges described in Section 3.5. Franchisee shall pay its final Royalty Fee, Marketing Contributions and Business Services Fee no later than ten (10) days after the termination or expiration of the Term. If any payment date falls on a legal holiday, then the payment shall be made on the next business day thereafter.

Section 3.4 Payment System.

(A) Pre-Authorized Transfers. All required payments by Franchisee to SHELFGENIE or any of its affiliates may be effectuated by the use of pre-authorized transfers from Franchisee’s operating or specified account through the use of an electronic funds transfer system established by Franchisee or through the use of any other payment system designated by SHELFGENIE (the “**Payment System**”). Franchisee shall deposit all Gross Revenues received by Franchisee in Franchisee’s operating or specified account accessed by the Payment System within two (2) days of Franchisee’s receipt of such Gross Revenues.

(B) Franchisee’s Cooperation In Establishing Payment System. Franchisee shall cooperate with SHELFGENIE in all respects to implement the Payment System at least fifteen (15) days prior to the Opening Date (defined below) or within fifteen (15) days of SHELFGENIE’s designation of such Payment System. Franchisee agrees to cooperate with SHELFGENIE in all respects in maintaining the efficient operation of the Payment System. Franchisee shall give its financial institution instructions in a form provided or approved by SHELFGENIE and shall obtain the financial institution’s agreement to follow such instructions. Franchisee shall provide SHELFGENIE with copies of such instructions and agreement. The financial institution’s agreement may not be withdrawn or modified without the prior written approval of SHELFGENIE, which approval shall be within SHELFGENIE’s sole and absolute discretion. Franchisee shall also execute such other forms relating to the Payment System as SHELFGENIE may request from time to time. Franchisee shall pay all the charges imposed by Franchisee’s financial institution relating to the Payment System.

(C) SHELFGENIE May Receive Banking Statements. SHELFGENIE may require Franchisee's financial institution to send to SHELFGENIE a monthly statement of all activity in the operating or specified account accessed by the Payment System at the same time as such financial institution sends such statements to Franchisee, and such other reports of the activity in such operating and/or specified account as SHELFGENIE may reasonably request. If Franchisee maintains any other accounts of any type relating to the Franchised Business, Franchisee shall identify such accounts to SHELFGENIE and provide to SHELFGENIE copies of the monthly statements for all such accounts and the details of all deposits to and withdrawals from them.

(D) Franchisee's Payment Obligations Absolute. Franchisee agrees that its obligations to make any payments as specified in this Agreement and any other agreement entered into with SHELFGENIE or any of its affiliates with respect to the Franchised Business and the rights of SHELFGENIE and its affiliates to receive such payments are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Franchisee has or may have against SHELFGENIE, any of its affiliates or against any other person for any reason whatsoever.

Section 3.5 Late Charges. Although each failure to pay amounts due to SHELFGENIE when due will be a material breach of this Agreement, to encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, without limiting any other rights or remedies of SHELFGENIE, if any payment under this Agreement or any other agreement between SHELFGENIE and Franchisee relating to the Franchised Business becomes overdue for any reason, except for banking errors or malfunctions outside Franchisee's reasonable control, late charges will be imposed on such overdue amount, equal to the lesser of: (A) eighteen percent (18%) per annum; or (B) the maximum rate of interest permitted by applicable law, and such interest will be payable on demand.

Section 3.6 Guarantee of Franchisee's Obligations. As security for all monetary and other obligations of Franchisee to SHELFGENIE, the shareholders of a corporate Franchisee; the general partners of a general partnership or limited partnership Franchisee; or the beneficial owners of the equity interests of any other entity constituting Franchisee shall execute and deliver to SHELFGENIE their personal, absolute and continuing, joint and several guarantee of Franchisee's obligations hereunder in the form of the Guaranty and Subordination Agreement attached hereto as Exhibit 2.

ARTICLE 4

DUTIES OF SHELFGENIE

During the Term, provided that Franchisee is not in default under this Agreement, SHELFGENIE shall provide Franchisee, from time to time, with the following assistance and services:

Section 4.1 Lists and Schedules. SHELFGENIE shall supply to Franchisee (A) a list of all required equipment, supplies, materials, inventory and other items necessary to operate the Franchised Business and a list of approved suppliers or required specifications for all such items, if any, and (B) a schedule of items, if any, which Franchisee is currently required to purchase from SHELFGENIE or one of its affiliates. Franchisee may purchase a Tool Kit from SHELFGENIE's affiliate prior to attending the SHELFGENIE Training (defined below). The Tool Kit consists of the tools necessary to complete an installation except for hardware items. The current cost of the Tool Kit is \$1,195.

Section 4.2 SHELFGENIE Training.

(A) Pre-Opening SHELFGENIE Training. SHELFGENIE shall provide up to eight (8) days of pre-opening training, without additional fee, to Franchisee for up to two (2) persons ("**Trainees**") at SHELFGENIE's corporate headquarters and/or at such other location as SHELFGENIE may designate (the "**SHELFGENIE Training**"). The two (2) Trainees that will attend SHELFGENIE Training at no additional fee must attend the same training sessions on the same days. If Franchisee has more than two (2) Trainees attend the SHELFGENIE Training, then Franchisee shall pay to SHELFGENIE Two

Hundred Dollars (\$200) per day for each additional Trainee. Each Trainee must, prior to the Opening Date and within ninety (90) days of the Effective Date, at a time scheduled by SHELFGENIE, complete to SHELFGENIE's satisfaction, the then current SHELFGENIE Training. If Franchisee already owns a SHELFGENIE Business, preopening training will not be offered except at Franchisee's expense

(B) Expenses Paid by Franchisee. Franchisee shall be responsible, in addition to the training fees described above, for all expenses of all Trainees in attending the SHELFGENIE Training including all travel, lodging and meal expenses and compensation of, and workers' compensation for such Trainees. All costs and expenses incurred to have additional employees or agents of Franchisee attend the SHELFGENIE Training, including training fees, shall be paid by Franchisee. Notwithstanding anything to the contrary contained in this Agreement, attendance by any additional employees or agents is conditioned upon SHELFGENIE's prior written approval.

Section 4.3 Loan of Operations Manual. During the Term, SHELFGENIE shall make available on loan to Franchisee SHELFGENIE's confidential, proprietary operations manual (the "**Operations Manual**"). SHELFGENIE may provide the Operations Manual (i) through WishPortal (defined below) and/or other electronic, computerized or forms of access (the "**Operations Manual Access Point**"), (ii) in a paper copy, or (iii) in a digital form. The Operations Manual shall remain the exclusive property of SHELFGENIE at all times. Any passwords or other digital identifications necessary to access the Operations Manual Access Point will be deemed to be part of Confidential Information (as defined below).

Section 4.4 Continued Assistance and Support.

(A) Periodic Visits. SHELFGENIE may provide assistance and support to Franchisee in the development and operation of the Franchised Business by means of periodic visits by a field representative of SHELFGENIE. If requested by Franchisee, SHELFGENIE will make its representatives reasonably available for consultation on matters such as operations, advertising and promotion, and business methods, on terms and for such additional compensation as SHELFGENIE and Franchisee may agree. In addition, at Franchisee's request, SHELFGENIE will furnish additional guidance and assistance to deal with unusual or unique operating problems at reasonable per diem fees, charges and out-of-pocket expenses as may be established by SHELFGENIE from time-to-time. SHELFGENIE may make suggestions or give Franchisee mandatory instructions related to any visit by one of SHELFGENIE's field representatives and Franchisee shall take all necessary steps to correct any deficiency.

(B) Advertising. SHELFGENIE may promote the Franchised Business through advertising and public relation campaigns using Marketing Contributions paid by franchisees, if any. SHELFGENIE shall provide Franchisee advice on local advertising. SHELFGENIE shall provide Franchisee direction regarding the proper usage of the Proprietary Marks. SHELFGENIE may also provide Franchisee with examples of promotional methods and materials SHELFGENIE may develop for use from time to time. SHELFGENIE may issue standards and procedures for Franchisee and Franchisee's employees' and other representatives' authorization to use, and use of, blogs, common social networks like Facebook and Myspace, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools ("**Social Media**") that in any way reference the Proprietary Marks or involve the Franchised Business.

(C) Website Representation. So long as SHELFGENIE or one of its affiliates maintains the Website (defined below) for marketing and sales purposes (which shall be in SHELFGENIE's sole and absolute discretion), SHELFGENIE shall list the Franchised Business on the Website. SHELFGENIE shall have sole and absolute discretion over the design, layout, and content of the Website. The "Website" shall mean that website located at URL www.shelfgenie.com or such other website as SHELFGENIE may designate, which is owned and developed by or on behalf of SHELFGENIE. Franchisee is prohibited from advertising the Franchised Business on the Internet unless it is through the Website.

(D) Additional Training; National Meeting. SHELFGENIE, from time to time, may, but is under no obligation to, provide refresher training programs, seminars or advanced management training

at such locations as may be designated by SHELFGENIE, which may be required for Franchisee and/or Franchisee's owners or employees, at the sole option of SHELFGENIE. Such mandatory training may be required for up to five (5) days each year. Franchisee shall be solely responsible for all costs and expenses associated with attending such mandatory training, including, but not limited to SHELFGENIE's then prevailing training fees and all travel, meals and lodging costs and compensation of, and workers' compensation insurance for Franchisee's attendees. In addition to such mandatory training, SHELFGENIE may also require Franchisee to attend a national business meeting or annual convention for up to four (4) days each year and Franchisee shall pay any fee assessed by SHELFGENIE for such national business meeting or annual convention regardless of whether Franchisee attends and/or SHELFGENIE waives Franchisee's attendance.

Section 4.5 Business Support Center Services. SHELFGENIE shall provide the business support center services as described in the Operations Manual ("**Business Support Center Services**"), including receiving initial lead calls, web leads and home show leads from Franchisee's prospective customers, providing booking and confirmation services for Franchisee, providing first-level customer service to Franchisee's customers, providing information on build status, shipment details and product issues with respect to Franchisee's dealings with G-O, and providing information to designers, installation partners and Franchisee's customers. SHELFGENIE may change the Business Support Center Services from time to time within its discretion. Franchisee shall comply with all procedures, rules and regulations related to Business Support Center Services.

Section 4.6 Right to Delegate Duties. Franchisee acknowledges SHELFGENIE's right to delegate any or all of the aforementioned duties or any other duties of SHELFGENIE hereunder to a designee. Franchisee shall be required to discharge its duties in all respects with such designee to the extent requested by SHELFGENIE, from time to time, in the same manner with which Franchisee is otherwise required to do so with SHELFGENIE.

ARTICLE 5

GENERAL DUTIES OF FRANCHISEE

Franchisee understands and acknowledges that every detail of the operation of the Franchised Business is important to Franchisee, SHELFGENIE and the other SHELFGENIE franchisees in order to develop and maintain high and uniform operating standards, increase the demand for the services rendered by SHELFGENIE and SHELFGENIE Businesses and to protect SHELFGENIE's Proprietary Marks, reputation and goodwill.

Section 5.1 Opening Requirements. The "**Opening Date**" shall be the date that Franchisee opens the Franchised Business for business to the general public and commences (i) advertising the Franchised Business in the Assigned Territory, and (ii) accepting appointments for the Franchised Business. The Opening Date shall occur within sixty (60) days after SHELFGENIE Training has been completed by Franchisee and/or its representatives. Franchisee agrees not to open the Franchised Business for business until: (A) Franchisee has obtained all permits, licenses and certificates necessary to operate the Franchised Business have been obtained; (B) training of Franchisee or its owners, Trainees and employees has been completed to SHELFGENIE's satisfaction; (C) the Initial Franchise Fee, and all other amounts due to SHELFGENIE and its affiliates under this Agreement or any other agreement have been paid; and (D) SHELFGENIE has been furnished with certificates of insurance and copies of all insurance policies required by Section 10.2, or such other evidence of insurance coverage as SHELFGENIE reasonably requests.

Section 5.2 Licenses, Permits and Taxes. Franchisee shall: (A) secure and maintain in full force and effect in Franchisee's name, all required licenses, permits and certificates relating to the operation of the Franchised Business; (B) deliver copies of any and all of the foregoing to SHELFGENIE within five (5) days of request; (C) pay promptly all taxes and assessments when due; and (D) operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including but not limited to laws relating to occupational hazards, health, workers' compensation insurance, unemployment

insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes.

Section 5.3 Computer Equipment and Software. Franchisee will receive, from SHELFGENIE, one (1) laptop and one (1) printer prior to opening the Franchised Business (“**Provided Equipment**”). The Provided Equipment shall have any manufacturer warranty provided by the manufacturer(s) and, in SHELFGENIE’s sole discretion, SHELFGENIE may offer repair or replacement services (at SHELFGENIE’s option) for the Provided Equipment for no more than ninety (90) days after SHELFGENIE provides the Provided Equipment to Franchisee (at not time will SHELFGENIE have any responsibility related to lost, stolen or damaged Provided Equipment). SHELFGENIE denies any warranty for the Provided Equipment that is not explicitly set forth in this Agreement. To ensure full operational efficiency and communication capability between SHELFGENIE’s computers and Franchisee’s, Franchisee must at all times, at Franchisee’s own expense, keep Franchisee’s computer system, the software and printer in good repair and purchase annual maintenance and service contracts from the manufacturer of the hardware and software, including software that will interface with SHELFGENIE’s computers. Franchisee must keep computer(s) free of viruses, spy wear and spam ware. Franchisee may be required to upgrade, update or replace the computer, software and/or printer at Franchisee’s sole cost and expense. Franchisee understands and acknowledges that upgrades, changes or modifications to computer hardware, software or other equipment may require Franchisee to make additional investments in the Franchise Business.

Section 5.4 Vehicle. Franchisee shall obtain within sixty (60) days of the Opening Date, at Franchisee’s sole expense, such vehicles as SHELFGENIE may specify from time to time in the Operations Manual or otherwise in writing. The vehicles must meet all of the specifications and requirements set forth in the Operations Manual or otherwise by SHELFGENIE in writing (including the results of an inspection by SHELFGENIE). Within sixty (60) days of the Opening Date, the appearance and signage (or wrap) on the vehicle must comply with SHELFGENIE’s specifications and requirements which may be set forth in the Operations Manual or otherwise in writing. The cost of the signage (or wrap) on the vehicle will count toward satisfying the Minimum First Year Expenditure (defined below) required under Section 8.1(A). Franchisee shall replace the vehicle as required by SHELFGENIE. Typically this vehicle will be used by the Manager of the Franchised Business or one of the sales people for making calls to customers. SHELFGENIE may periodically require Franchisee to update its trade dress and image standards including any signage. These updates may require Franchisee to make additional investments in the Franchised Business.

Section 5.5 Operational Requirements. Franchisee shall operate the Franchised Business in conformity with such mandatory uniform methods, standards and specifications as SHELFGENIE may from time to time prescribe, including but not limited to in the Operations Manual, to ensure that the highest degree of quality and service is uniformly maintained. Franchisee agrees to:

(A) Comply with Payment System. Comply with the Payment System established by SHELFGENIE, as may be amended from time to time;

(B) Comply with SHELFGENIE’s Procedures and Systems. Comply with all of the procedures and systems instituted by SHELFGENIE both now and in the future, including but not limited to those relating to sales, operations, prices of services Franchisee offers in connection with the Franchised Business, software and hardware requirements, terms and conditions of use of the Website, good business practices, advertising and other obligations and restrictions set forth in this Agreement and in the Operations Manual, as may be amended from time to time;

(C) Maintain Sufficient Inventory. Maintain in sufficient supply (as SHELFGENIE may prescribe in the Operations Manual or otherwise in writing), and use at all times, only such inventory, equipment, materials, advertising methods and formats, and supplies as conform with SHELFGENIE’s current standards and specifications, and at all times in sufficient quantities to meet the anticipated volume of business;

(D) Offer all Services and Products. Sell or offer for sale all required services and products expressly approved or directed for sale in the Operations Manual or otherwise in writing by SHELFGENIE, and refrain from selling any other services or products or from any deviation from SHELFGENIE's standards and specifications for providing or selling same;

(E) Discontinue Selling Disapproved Items. Discontinue selling and offering for sale any services or products as SHELFGENIE may in its sole and absolute discretion, disapprove in writing at any time or which have not first been approved by SHELFGENIE; and

(F) Warranty. Franchisee must honor the standard warranties set forth in the Operations Manual, including a warranty or guarantee of its installation services (the "**Warranty Obligations**").

Section 5.6 Hiring, Training and Appearance of Employees and Agents. Franchisee shall maintain a competent, conscientious staff and employ or contract with such minimum number of employees or agents as are necessary to meet the anticipated volume of business of the Franchised Business and take such steps as are reasonably necessary to ensure that its employees and agents meet the criteria required by SHELFGENIE and keep a neat and personal appearance and comply with such dress code as SHELFGENIE may prescribe. Franchisee acknowledges and agrees that Franchisee shall be solely responsible for all employment and contracting decisions and functions, including but not limited to, those related to hiring, firing, contracting, establishing wage and hour requirements, disciplining, supervising and record keeping.

Section 5.7 Approved Specifications and Sources of Supply.

(A) Purchase only from Approved Suppliers. In order to protect the interest of SHELFGENIE and its affiliates in the products offered under the Proprietary Marks and System and to ensure the quality, uniformity, and distinctiveness of the products offered under the Proprietary Marks and System, Franchisee shall purchase or lease all products and services used for the operation of the Franchised Business solely from authorized manufacturers and suppliers who have been approved in writing by SHELFGENIE and not thereafter disapproved. SHELFGENIE, in its sole and absolute discretion, may approve a single distributor or supplier for any brand and may approve a distributor or supplier only as to a certain brand or brands. SHELFGENIE and its affiliates may be authorized manufacturers or suppliers and Franchisee may be required to purchase equipment, supplies, inventory or other products solely from SHELFGENIE or its affiliates.

(B) Approval of New Suppliers. If Franchisee desires to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, Franchisee shall submit to SHELFGENIE a written request for such approval. SHELFGENIE shall have the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, review the supplier's specifications and that samples from the supplier be delivered to SHELFGENIE. Franchisee shall reimburse SHELFGENIE for SHELFGENIE's reasonable costs of inspection and review. Franchisee shall pay the actual cost of all testing. SHELFGENIE shall notify Franchisee in writing within sixty (60) days after SHELFGENIE's receipt of samples, whether such products or services satisfy SHELFGENIE's then current quality standards and are consistent with the image and business of SHELFGENIE. Notwithstanding the foregoing, SHELFGENIE may revoke its approval of a supplier at any time in its sole and absolute discretion.

(C) G-O Manufacturing LLC. Franchisee shall enter into a manufacturing agreement with G-O, an affiliate of SHELFGENIE, for the manufacture of all moving shelving systems Franchisee sells, in the form of Exhibit 6 attached hereto (the "**Manufacturing Agreement**"). As stated in Section 1.2(B) above, after the First Year, Franchisee shall be required to make minimum monthly purchases from G-O.

(D) Product Offering. Franchisee acknowledges (a) that the products offered under the Proprietary Marks and System are (i) manufactured and developed by and, in some cases, exclusively for SHELFGENIE and/or its affiliates and (ii) unique and their design and manufacturing processes constitute trade secrets essential to the success of the System; and (b) that Franchisee has entered into this

Agreement in order to, among other things, obtain the right to offer and sell the products offered under the Proprietary Marks and System.

(E) Software Agreement. Franchisee is required to use certain proprietary software as SHELFGENIE designates in the Operations Manual. Franchisee shall enter into a software agreement with SHELFGENIE for the right to use such software, in the form of Exhibit 7 attached hereto (the "**Software Agreement**").

(F) Collection of Supplier and Distributor Credits, Rebates and Other Items. SHELFGENIE has the right to collect credits, rebates, commissions and other sources of compensation from suppliers or dealers with whom SHELFGENIE franchisees, including Franchisee, or the Marketing Fund do business or make purchases. SHELFGENIE may elect to keep such collected monies and other items or it may elect, in SHELFGENIE's sole discretion, to pass such rebates on to its franchisees or to the Marketing Fund.

Section 5.8 Credit Cards and Other Methods of Payment. Franchisee shall, at all times, maintain credit card relationships with such companies, issuers or sponsors, financial center services and electronic fund transfer systems as SHELFGENIE may designate from time to time in order that Franchisee may accept customers' credit and debit cards and other methods of payment designated by SHELFGENIE ("**electronic payments**"). Franchisee agrees to comply with SHELFGENIE'S standards for processing electronic payments and any costs to do so are at Franchisee's expense. Franchisee agrees to abide by: (a) the Payment Card Industry Data Security Standards ("**PCIDSS**") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("**FACTA**"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("**Electronic Payment Requirements**"). If required by SHELFGENIE or by one of the credit card companies, Franchisee shall provide SHELFGENIE with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to SHELFGENIE copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by Franchisee. If Franchisee knows or suspects a security breach, Franchisee must immediately notify SHELFGENIE. Franchisee will promptly identify and remediate the source of any compromise or security breach. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Franchised Business.

Section 5.9 Management of the Franchised Business. Either Franchisee or at least one (1) full-time manager, that has successfully completed SHELFGENIE Training, must devote his or her full-time and best efforts to the day-to-day management and operation of the Franchised Business (the "**Manager**"). The Manager must have at least a five percent (5%) ownership interest in Franchisee. If the Manager is terminated, leaves the employ of Franchisee or otherwise will not act as the fulltime Manager, then Franchisee must, within thirty (30) days from such event hire and train a new Manager. SHELFGENIE may require that such new Manager attend the SHELFGENIE Training or it may allow Franchisee to provide such training to the new Manager.

Section 5.10 Tax Payments; Contested Assessments. Franchisee shall promptly pay when due all taxes levied or assessed by any federal, state or local tax authority, including, but not limited to, unemployment taxes, withholding taxes, sales taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and any and all other indebtedness incurred by Franchisee in the conduct of the Franchised Business. Franchisee shall not permit the Location or the Franchised Business to become subject to any claim for any lien and shall promptly pay and discharge any such claims if asserted by any Person.

Section 5.11 Customer Survey/Customer Complaints and Customer Referrals.

(A) Customer Survey/Customer Complaints. Upon SHELFGENIE's request, Franchisee shall present to its customers such evaluation forms as are periodically prescribed by SHELFGENIE and shall participate and/or request its customers to participate in any marketing surveys performed by or on behalf of SHELFGENIE. Franchisee agrees and acknowledges that SHELFGENIE may, without first contacting Franchisee, survey or contact Franchisee's customers. Further, if Franchisee receives a complaint from a customer which cannot be resolved within five (5) business days, Franchisee shall promptly notify SHELFGENIE. Franchisee agrees that SHELFGENIE shall have the right to intervene in and resolve any unresolved customer complaints, including those uncovered during SHELFGENIE's surveys or customer contacts described above, and Franchisee agrees to be bound by any decision made by SHELFGENIE regarding a resolution of any such complaints, at the sole expense of Franchisee.

(B) Customer Referrals. Franchisee shall forward to SHELFGENIE all requests for services and leads (including initial call leads, web leads and home show leads) for prospective customers with projects located outside the Assigned Territory unless such projects are located in a territory that is not assigned to another franchisee of SHELFGENIE and Franchisee is permitted to service such prospective customer as provided in Section 1.2.

Section 5.12 Inspections.

(A) SHELFGENIE may Conduct Inspections. Franchisee shall permit SHELFGENIE, and/or its designees to enter or inspect Franchisee's vehicle at any time during normal business hours. Furthermore, SHELFGENIE has the right to inspect all aspects of the Franchised Business. Franchisee shall cooperate fully with SHELFGENIE and/or its designees in such inspections by rendering such assistance as SHELFGENIE's designees may request and by permitting SHELFGENIE's designees, at their option, to observe the manner in which Franchisee is selling its products and rendering its services, to attend meetings with customers, to monitor sales volume, to confer with Franchisee's employees and customers and to remove samples of any products, supplies and materials in amounts necessary to return to the office of SHELFGENIE for inspection and record-keeping. The inspections may be conducted without prior notice at any time when Franchisee or one of its employees is at the Franchised Business. All such inspections shall be conducted so as not to unduly disrupt the Franchised Business.

(B) Franchisee shall Correct Deficiencies. Upon notice from SHELFGENIE and without limiting SHELFGENIE's other rights under this Agreement, Franchisee agrees to take such steps as may be necessary to immediately correct any deficiencies detected during such inspections, including without limitation, immediately desisting from the further use of any equipment, advertising, materials, products, services, supplies or other items that do not conform to SHELFGENIE's then current requirements.

Section 5.13 Renovation and Upgrading. Recognizing the value of uniform national standards to Franchisee, SHELFGENIE and the System, Franchisee shall, from time to time, abide by any requirement of SHELFGENIE with regard to the remodeling and upgrading of the Franchised Business to comply with standards then applicable to any franchisee. If any changes in or additions of vehicles, fixtures, equipment, technology or signage or changes in or additions to the Franchised Business are required by SHELFGENIE in connection with upgrading or remodeling, Franchisee will bear the entire cost of such upgrading or remodeling. **FRANCHISEE ACKNOWLEDGES THAT POSSIBLE ADDITIONAL INVESTMENT MAY BE CALLED FOR PURSUANT TO THIS SECTION.**

Section 5.14 Franchisee Changes to System. Franchisee shall not implement any change to the System without the prior written consent of SHELFGENIE. Franchisee shall notify SHELFGENIE in writing of any proposed change, modification or addition (each a "**Proposal**"), and shall provide such information about the proposed change as SHELFGENIE requests. Franchisee acknowledges and agrees that SHELFGENIE shall have the right to incorporate the Proposal into the System and that SHELFGENIE shall thereupon obtain all right, title, and interest therein without compensation to Franchisee. Franchisee further agrees to execute any and all such documentation requested by SHELFGENIE to document such assignment, and to take such additional actions as are reasonably

necessary to confirm or perfect SHELFGENIE's rights in any Proposal. A Proposal may include, but not be limited to, a new product, service, method, marketing material, slogan, trade name, service mark, trademark, invention, technique, supplier, process, marketing plan, computer program, performance specifications, design, or any other information or know-how created, developed or discovered by Franchisee which may aid or enhance the System. In addition to, and not in lieu of, the foregoing, all ideas, concepts, techniques, or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to SHELFGENIE and will be deemed to be the sole and exclusive property of SHELFGENIE, part of the System and works made-for-hire by SHELFGENIE. To the extent any item does not qualify as a "work made-for-hire" for SHELFGENIE, Franchisee will assign ownership of that item, and all related rights to that item, to SHELFGENIE or its designee and Franchisee shall take whatever action (including signing an assignment or other documents) SHELFGENIE requests to show SHELFGENIE's (or its designee's) ownership or to help SHELFGENIE (or its designee) obtain intellectual property rights in such item.

Section 5.15 Assignment by Franchisee. Franchisee grants to SHELFGENIE an irrevocable, worldwide, royalty-free license to use Franchisee's likeness, trade name, trademarks, images, images of the Franchised Business or other proprietary marks and all intellectual property and intellectual property rights now owned or hereafter adopted, acquired, owned or developed by Franchisee (provided that such proprietary marks, intellectual property and intellectual property rights are related to any Franchised Business or any agreement between Franchisee and SHELFGENIE or one of its affiliates), in any manner SHELFGENIE deems appropriate in SHELFGENIE's sole and absolute discretion, including SHELFGENIE's use through the website representation described in Section 4.4(C). This provision shall survive the termination or expiration of this Franchise Agreement.

ARTICLE 6

PROPRIETARY MARKS

Section 6.1 Limited License for the Proprietary Marks. SHELFGENIE grants to Franchisee, subject to the terms and conditions of this Agreement, a non-transferable, non-sublicenseable, non-exclusive license to use the Proprietary Marks in the operation of the Franchised Business within the Assigned Territory subject to the terms and conditions set forth herein. Nothing in this Agreement shall be construed as authorizing or permitting the use of any of the Proprietary Marks within any other territory or for any other purpose.

Section 6.2 Restrictions on Franchisee's Use of the Proprietary Marks. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

(A) Use in Accordance with all Restrictions. Franchisee shall use only the Proprietary Marks as designated, from time to time, by SHELFGENIE and only in the manner required or authorized and permitted by SHELFGENIE and only in connection with the operation of the Franchised Business within the Assigned Territory;

(B) Not Use any Other Marks. Franchisee shall use the Proprietary Marks as the sole service mark identifications for the Franchised Business, provided that Franchisee shall identify itself as an independent owner, operator and franchisee of SHELFGENIE, in the manner prescribed by SHELFGENIE from time to time;

(C) Only Display as Designated by SHELFGENIE. Franchisee agrees to display prominently the Proprietary Marks on and/or in connection with all materials designated and authorized by SHELFGENIE and in the manner prescribed by SHELFGENIE; and

(D) Signage Requirements. Franchisee shall acquire, maintain, repair, replace and display all signage and all graphics required by SHELFGENIE from time to time.

Section 6.3 Franchisee's Lack of Ownership. Franchisee expressly acknowledges SHELFGENIE's ownership or license rights in and to the Proprietary Marks. Franchisee agrees not to represent in any manner that Franchisee has any ownership in the Proprietary Marks. Franchisee further agrees that its use of the Proprietary Marks shall not create in its favor any right, title or interest in or to any of the Proprietary Marks except as the right to use same is expressly set forth in this Agreement.

Section 6.4 Infringement by Franchisee. Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this Agreement is an infringement of SHELFGENIE's rights in and to the Proprietary Marks, and expressly covenants that during the Term and after the expiration or termination of the Term, Franchisee shall not, directly or indirectly, commit or permit to be committed any act of infringement or contest or aid in contesting the validity or right of SHELFGENIE to any of the Proprietary Marks, or take any other action in derogation of any of the Proprietary Marks.

Section 6.5 Claims Against the Proprietary Marks.

(A) Promptly Notify SHELFGENIE. In the event of any claim of infringement, unfair competition or other challenge to Franchisee's right to use any of the Proprietary Marks, or in the event Franchisee becomes aware of any use of or claims to, any mark, name, logo or any other commercial symbol identical to or confusingly similar to any of the Proprietary Marks, Franchisee shall promptly notify SHELFGENIE in writing and in no event more than five (5) days thereafter.

(B) SHELFGENIE Controls Action. SHELFGENIE shall have sole and absolute discretion to take such action as it deems appropriate and the right to control exclusively any litigation or U.S. Patent and Trademark Office or other proceeding arising out of any such infringement, challenge, or claim or otherwise relating to any of the Proprietary Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of SHELFGENIE's counsel, be necessary or advisable to protect and maintain the interests of SHELFGENIE in any litigation or U.S. Patent and Trademark Office or other proceeding or to otherwise protect and maintain the interests of SHELFGENIE in the Proprietary Marks.

Section 6.6 Goodwill Solely Belongs to SHELFGENIE. Franchisee agrees that all goodwill associated with the Franchised Business and identified or associated with the Proprietary Marks shall inure directly and exclusively to the benefit of SHELFGENIE and its affiliates and is the sole and exclusive property of SHELFGENIE and its affiliates. Franchisee shall derive no benefit from such goodwill except through profit received from the operation or possible permitted sale of the Franchised Business during the Term.

Section 6.7 Modification of the Proprietary Marks. If it becomes advisable at any time in SHELFGENIE's sole and absolute discretion to modify or discontinue the use of any of the Proprietary Marks and/or to use one or more additional or substitute trade or service marks, Franchisee, at its sole expense, shall adopt, use and display only such Proprietary Marks as are then approved by SHELFGENIE and shall promptly discontinue use and display of the outmoded or superseded marks.

ARTICLE 7

OPERATIONS MANUAL AND OTHER CONFIDENTIAL INFORMATION

Section 7.1 Confidentiality of Operations Manual.

(A) Treat Confidential. Franchisee shall at all times treat the Operations Manual and any other trade secrets and confidential or proprietary information concerning the System or this Agreement as confidential, and shall use its best efforts to maintain such information as confidential. The Operations Manual shall, at all times, be kept in a locked, secured area. Franchisee shall strictly limit access to the Operations Manual (including access through the Operations Manual Access Point) to the Manager(s) to the extent they have a "need to know" in order to perform their jobs. Franchisee shall not at any time

copy, record or otherwise reproduce any of the Operations Manual, in whole or in part, nor otherwise make the same available to any unauthorized person except as may be required by law, regulation or court order or specifically directed by the Operations Manual.

(B) Nondisclosure and Noninterference Agreement. All current and future Managers, principals, officers, directors, shareholders, partners, members, owners, and agents of Franchisee and their respective spouses and managerial employees involved in any manner with the Franchised Business and having access to the Operations Manual and/or Operations Manual Access Point shall be required to sign, prior to the SHELFGENIE Training or upon employment, a Nondisclosure and Noninterference Agreement in the form attached hereto as Exhibit 3 ("**Nondisclosure and Noninterference Agreement**"). Additionally, all individuals (including Franchisee's employees and agents) receiving SHELFGENIE Training or training from Franchisee related to the System shall be required to sign, prior to such training or commencement of such relationship requiring such training, a Nondisclosure and Noninterference Agreement.

(C) Lost, Destroyed, Damaged or Authorized Access to Operations Manual. Franchisee shall report immediately to SHELFGENIE any theft, loss, destruction or unauthorized access to the Operations Manual or Operations Manual Access Point (including any portion of the Operations Manual or Operations Manual Access Point).

Section 7.2 Operations Manuals are Sole Property of SHELFGENIE. The Operations Manual and other Confidential Information developed for or approved for use in the operation of the Franchised Business shall at all times be deemed and remain the sole property of SHELFGENIE. Franchisee shall acquire no right, title or interest thereto under this Agreement except to possess and use such Operations Manual or other Confidential Information during the Term of, and subject to the restrictions contained in, this Agreement.

Section 7.3 Periodic Revisions of Operations Manual. SHELFGENIE may (but shall not be obligated to), from time to time, revise and change the contents of the Operations Manual and Franchisee expressly agrees to comply with each new or changed provision. Any and all supplemental bulletins and notices, revisions, modifications, or amendments, either in document or electronic form (the "**Supplements**") are all considered a part of the Operations Manual. Franchisee agrees to monitor and access the Operations Manual Access Point for Supplements. Revisions to the Operations Manual shall be based on what SHELFGENIE, in its sole and absolute discretion, deems is in the best interest of SHELFGENIE, its franchisees and company-owned or non-franchised SHELFGENIE Businesses, including but not limited to, to promote quality, enhance goodwill, increase efficiency, decrease administrative burdens or improve the profitability of SHELFGENIE or its franchisees. Such revisions or changes may but need not be imposed uniformly upon all SHELFGENIE Businesses and then only to the extent reasonably feasible. Franchisee agrees that such revisions or changes may be material in that they may have a material effect on the operations of the Franchised Business.

ARTICLE 8

ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of SHELFGENIE and the System, the parties agree as follows:

Section 8.1 Local Advertising

(A) Minimum Expenditure. During the First Year, Franchisee shall spend a minimum of five thousand dollars (\$5,000) per month ("**Minimum First Year Expenditure**"), on a three (3) month rolling average, with third party suppliers of local advertising and marketing, including, without limitation, direct mail, newspaper or magazine advertisements, promotions and yellow page listings. During the twelve (12) months immediately following the First Year, Franchisee shall spend a minimum of two thousand five

hundred dollars (\$2,500) per month on a three (3) month rolling average with third party suppliers of local advertising and marketing, including, without limitation, direct mail, newspaper or magazine advertisements, promotions and yellow page listings. Upon request, Franchisee must submit to SHELFGENIE receipts and/or other adequate proof of Franchisee's advertising and sales promotion expenditures.

(B) Approval of Marketing/Promotional Materials. Franchisee shall submit to SHELFGENIE for SHELFGENIE's approval, all designs, signs, promotional materials and advertising including the form, color, number, location and size which bear any of the Proprietary Marks, unless it has been approved on a prior occasion (and that approval has not been revoked) or it consists solely of materials provided by SHELFGENIE. Franchisee shall be solely responsible for complying with all federal, state and local laws and regulations relating to advertising. Notwithstanding any prior approval, SHELFGENIE may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising and Franchisee shall be bound by such requirement.

(C) Monthly Reports. During the period Franchisee is obligated to make the minimum advertising expenditures in accordance with Section 8.1(A), Franchisee shall submit to SHELFGENIE, by the tenth day of each month, a report containing all of the advertising expenditures by Franchisee during the previous month.

Section 8.2 The Marketing Fund.

(A) Use of Marketing Funds. Franchisee agrees that the Marketing Contributions will be deposited into a fund, maintained and operated by SHELFGENIE, used to meet the costs of maintaining, administrating, directing and conducting advertising and promotional activities on a local, regional or national scale, including but not limited to, the cost of television, radio, magazine, Internet, Website, Social Media, and newspaper advertising campaigns, test marketing, marketing surveys, and public relations activities, employing a director and agencies to assist therein, providing marketing and other materials to SHELFGENIE's franchisees, defraying such salaries, administrative costs and overhead as SHELFGENIE may incur in connection with such activities and other purposes deemed beneficial by SHELFGENIE (the "**Marketing Fund**"). The Marketing Fund shall not be used for the purpose of selling additional SHELFGENIE franchises.

(B) SHELFGENIE Oversees Expenditures of Marketing Funds. All expenditures from the Marketing Fund shall be at SHELFGENIE's sole and absolute discretion. SHELFGENIE may spend in any calendar year an amount greater or less than the aggregate Marketing Contributions to the Marketing Fund in that year and the Marketing Fund may borrow from SHELFGENIE or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. Franchisee agrees and acknowledges that, notwithstanding anything to the contrary contained in this Agreement or any other agreement or document, the Marketing Contributions are intended to maximize general public recognition of and the acceptance of the Proprietary Marks for the benefit of SHELFGENIE's franchisees generally and that SHELFGENIE undertakes no obligation in administering the Marketing Contributions to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to insure that any particular franchisee benefits directly or pro rata from advertising or promotion conducted in connection with the Marketing Contributions.

(C) Use of Interest. All interest earned on monies contributed to the Marketing Fund will be used to pay costs of the Marketing Fund.

Section 8.3 Content and Concepts. With respect to any and all fees collected by SHELFGENIE for promotion and advertising, SHELFGENIE shall, in its sole and absolute discretion, administer and develop promotional programs and material for use in connection with SHELFGENIE, its franchisees, any SHELFGENIE Business or the System. SHELFGENIE retains sole and absolute discretion regarding all advertising and promotional concepts and materials, including the cost thereof, form of media, content, format, production, timing (including regional or local concentrations and seasonal exposure), location

and all other matters relating to any advertising, public relations, marketing, market research or promotional campaigns.

Section 8.4 Marketing Contributions Not an Asset. The Marketing Contributions are not and shall not be an asset of SHELFGENIE. A compilation of the operations of the Marketing Fund as shown on the books of SHELFGENIE shall be prepared annually, at the expense of the Marketing Fund, and shall be made available to Franchisee. Except as expressly provided in this Article 8, SHELFGENIE assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, administration or activities of the Marketing Fund.

Section 8.5 Termination and Restriction on Expenditures. Although the Marketing Contributions may be held by SHELFGENIE for perpetual duration, SHELFGENIE maintains the right to terminate, at any time, in SHELFGENIE's sole and absolute discretion, the collection and disbursement of any or all of the Marketing Contributions and the Marketing Fund. In the event of any such termination, SHELFGENIE shall expend the remaining balance in the Marketing Fund for the purposes set forth in Section 8.2 above.

Section 8.6 Advertising Cooperative. SHELFGENIE may, in its sole discretion, designate any standard metropolitan area or designated metropolitan area to form an advertising cooperative (each an "**Advertising Cooperative**"). If SHELFGENIE designates that the Franchised Business be included in the Advertising Cooperative or designates a geographic area that includes the Assigned Territory, then Franchisee shall be required to participate in the Advertising Cooperative. SHELFGENIE shall retain the right to change, dissolve or merge the Advertising Cooperative with or into another Advertising Cooperative. All SHELFGENIE Businesses located within the geographical boundaries of an Advertising Cooperative will contribute to the cooperative, including those SHELFGENIE Businesses that SHELFGENIE or its affiliates own and operate. However, SHELFGENIE may, in its sole discretion, grant any SHELFGENIE Business an exemption for any length of time from the requirement to become a member of, or make contributions to, an Advertising Cooperative. SHELFGENIE and Franchisee agree that the following provisions shall apply to each Advertising Cooperative: (i) The Advertising Cooperative shall operate from written governing documents prepared by the members of the Advertising Cooperative and approved by SHELFGENIE; (ii) The Advertising Cooperative shall be administered by franchisees who are members of such Advertising Cooperative and who are duly elected (the "**Cooperative Officers**") by all of the SHELFGENIE franchisees who are members of such Advertising Cooperative, with input from SHELFGENIE, at SHELFGENIE's discretion; (iii) No promotional or advertising plans may be used by an Advertising Cooperative without SHELFGENIE's prior, written approval and all plans must be submitted to SHELFGENIE in accordance with Section 8.1(B); (iv) Each Advertising Cooperative shall have the right to require its members to make contributions to the Advertising Cooperative in an amount determined by the Cooperative Officers; provided that if this amount exceeds two percent (2%) of the Gross Revenues of any of the members of the Advertising Cooperative, then a majority of the members of such Advertising Cooperative must approve the amount; (v) Each Advertising Cooperative must prepare annual, unaudited financial statements that are made available for review by SHELFGENIE and all of the members of such Advertising Cooperative; (vi) Any disputes arising among or between Franchisee other System franchisees in the Advertising Cooperative, and/or the Cooperative shall be resolved in accordance with SHELFGENIE's interpretation of the governing documents or in SHELFGENIE's discretion; and (vii) SHELFGENIE shall have the right to hire a third party designated by SHELFGENIE to administer the Advertising Cooperative in the event that the franchisees who are members of the Advertising Cooperative are not able to reach decisions and operate the Advertising Cooperative in a cooperative manner.

Section 8.7 Notice of Franchise Opportunities. Franchisee acknowledges and agrees to include in any advertising or promotional materials used in any home improvement convention or similar event information concerning the availability of SHELFGENIE franchise opportunities, as directed by SHELFGENIE or as contained in the Operations Manual or any other written instruction from SHELFGENIE.

ARTICLE 9

ACCOUNTING AND RECORDS

Section 9.1 SHELFGENIE's Use of Books and Records. Franchisee shall establish and maintain at its own expense during the Term, a bookkeeping, accounting and record keeping system as prescribed by SHELFGENIE from time to time. Such system will be kept solely for the Franchised Business and shall be segregated from all other information not concerning the Franchised Business. Such books, records and accounts should be in accordance with generally accepted accounting principles consistently applied and federal tax requirements and in the form and manner prescribed by SHELFGENIE from time to time in the Operations Manual or otherwise in writing which shall include, among other things, a specified chart of accounts for QuickBooks. SHELFGENIE shall have access to and may use the information contained in Franchisee's books, records and accounts for any purpose SHELFGENIE deems appropriate, including, but not limited to, disseminating such information to SHELFGENIE's creditors and potential franchisees.

Section 9.2 Monthly Reports. Franchisee shall permit SHELFGENIE to automatically gather from Franchisee's books, records or computer system or shall submit monthly, by the fifteenth (15th) of each month during the Term for the previous month, in the form and manner prescribed by SHELFGENIE, a monthly profit and loss statement, which may be unaudited for the Franchised Business.

Section 9.3 Annual Report. Franchisee shall permit SHELFGENIE to automatically gather from Franchisee's books, records or computer system or shall submit, by April 15 of each year during the Term, with a final copy after the termination or expiration of the Term, an annual balance sheet, income statement, and funds flow statement for Franchisee. Each annual statement shall be accompanied by a copy of Franchisee's tax returns for such fiscal year, and shall be signed by Franchisee's chief executive officer attesting that the financial statements are true and correct and fairly present the financial position of Franchisee as, at and for the times indicated.

Section 9.4 Additional Reports. Franchisee shall also submit to SHELFGENIE, for review and audit, such other forms and other periodic reports, information and data as SHELFGENIE may designate or request, from time to time, in the form, in the manner and at the times required by SHELFGENIE.

Section 9.5 Review and Audit by SHELFGENIE.

(A) Review and Audit. SHELFGENIE and its representatives shall have the right, at all reasonable times, to examine and copy, at SHELFGENIE's expense, the books, records, accounts and tax returns and all cash control devices and systems of the Franchised Business, Franchisee and of any person, corporation or other business association having any ownership interest in the Franchised Business or Franchisee. Franchisee shall fully cooperate with SHELFGENIE and its representatives or agents in conducting such examinations or audits and, upon SHELFGENIE's request, Franchisee shall submit a written response to any issues raised in connection with said examinations or audits. SHELFGENIE shall have the right, at any time, to have an independent audit made of the books and records of the Franchised Business or Franchisee.

(B) Payment for Review and Audit. If an inspection should reveal that any financial information reported to SHELFGENIE (such as Gross Revenues, or payments owed to SHELFGENIE) has been misrepresented in any report to SHELFGENIE, then, to the extent any amounts owed to SHELFGENIE were understated, Franchisee shall immediately pay to SHELFGENIE the amount understated in addition to interest at the maximum rate permitted by law commencing from the time the required payment was due. If any inspection discloses a misrepresentation of any reported amount of any type, in any report, of two percent (2%) or more of Gross Revenues or amount owed to SHELFGENIE for the period of such report, Franchisee shall, in addition to paying any additional fees and applicable late payments, reimburse SHELFGENIE for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages for personnel or consultants of SHELFGENIE and accounting and attorneys' fees). If the audit discloses an overpayment of the Royalty

Fee and/or Marketing Contributions, SHELFGENIE will promptly pay to Franchisee the amount of such overpayment or offset such overpayment against any amounts owed to SHELFGENIE. The foregoing remedies shall be in addition to any other remedies which SHELFGENIE may have hereunder or under applicable law.

Section 9.6 Cooperation for Earnings Claim or Financial Performance Representations. If SHELFGENIE desires to utilize an earnings claim, financial performance representation or similar information in connection with the sale of franchises, Franchisee agrees to provide SHELFGENIE, at no cost, with such information as SHELFGENIE requests from Franchisee in order to properly prepare such documents and shall permit SHELFGENIE to utilize such information as it deems necessary or convenient.

ARTICLE 10

INSURANCE

Section 10.1 General Requirements. Franchisee shall procure, prior to attending SHELFGENIE Training, and shall thereafter maintain in full force and effect during the entire Term, at Franchisee's expense, an insurance policy or policies protecting Franchisee and naming SHELFGENIE and SHELFGENIE's affiliates and their respective officers and owners (collectively, "**SHELFGENIE Insureds**") additional named insureds or loss payees, as the case may be, and shall include a waiver of the insurer's right to subrogation against any additional insureds or loss payees. Such insurance shall protect Franchisee and each SHELFGENIE Insureds against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising or occurring in connection with Franchisee or the Franchised Business. Franchisee shall also obtain and maintain such other insurance applicable to such other special risks, if any, as SHELFGENIE may reasonably require for SHELFGENIE Insured's and Franchisee's protection, as well as any insurance coverage required by Franchisee's lender(s).

Section 10.2 Types and Amounts of Coverage. Without limiting Section 10.1, all insurance policies provided by Franchisee shall be written by an insurance company satisfactory to SHELFGENIE with an A.M. Best rating of "A" or better and shall include, without limitation, at a minimum, the following:

(A) General Liability. Commercial general liability insurance in such minimum per occurrence and aggregate amounts as may be designated by SHELFGENIE;

(B) Workers' Compensation. Employer's liability / workers' compensation insurance in at least such amounts as required by applicable law;

(C) Property. Property coverage, insuring all Franchisee's personal and real property for their full replacement value;

(D) Motor Vehicle. Motor vehicle coverage including non-owned automobile insurance for all vehicles used in the Franchised Business, including compliance with all state requirements for underinsured or uninsured coverage;

(E) Product Liability. Coverage to protect against product liability and any and all damages that could result from injury or death to any person as a result of any products installed or sold by the Franchised Business;

(F) Additional Insurance. Such other insurance, and in such amounts, as may be required from time to time by SHELFGENIE for Franchisee's and SHELFGENIE's protection. SHELFGENIE may periodically increase the amounts of coverage required under all insurance policies described above and may require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards,

or other relevant changes in circumstances, provided such changes are effectuated generally for each of the SHELFGENIE Businesses similarly situated.

Franchisee acknowledges and agrees that the foregoing insurance requirements are SHELFGENIE's minimum requirements and that it is Franchisee's sole responsibility to maintain adequate insurance coverage at all times during and after the Term. Franchisee should determine, through consultation with its advisor's and insurance carriers if additional insurance is necessary or advisable. Failure of Franchisee to maintain adequate insurance coverage shall not relieve Franchisee of any obligation, liability or contractual responsibility under this Agreement.

Section 10.3 Evidence of Insurance. Upon Franchisee's receipt of same, Franchisee shall provide to SHELFGENIE certificates of insurance issued by insurance companies approved by SHELFGENIE showing compliance with the requirements of this Article 10. These certificates of insurance shall include a statement by the insurer that the policy or policies will not be canceled, subject to non-renewal or materially altered without at least thirty (30) days' prior written notice to SHELFGENIE. Copies of all insurance policies shall be submitted promptly to SHELFGENIE together with proof of payment. Franchisee shall send to SHELFGENIE current certificates of insurance and copies of all insurance policies on an annual basis.

Section 10.4 SHELFGENIE's Right to Participate in Claims Procedure. SHELFGENIE, or its insurer, shall have the right to participate in discussions with Franchisee's insurance company or any claimant (in conjunction with Franchisee's insurance company) regarding any claim which SHELFGENIE determines may have an adverse effect on SHELFGENIE or the System and Franchisee agrees to adopt SHELFGENIE's reasonable recommendations to Franchisee's insurance carrier regarding the settlement of any such claims.

Section 10.5 Franchisee's Failure to Maintain Insurance. Should Franchisee for any reason, fail to procure or maintain the insurance required by this Agreement, SHELFGENIE shall have the right and authority (without any obligation) to immediately procure such insurance and to charge the cost of such insurance to Franchisee, plus interest at the maximum rate permitted by law, which charges, together with reimbursement for all of SHELFGENIE's expenses in so acting, shall be payable by Franchisee immediately upon SHELFGENIE's demand or at SHELFGENIE's discretion, be withdrawn from Franchisee's operating or specified account.

ARTICLE 11

TRANSFER OF INTEREST

Section 11.1 Transfer by SHELFGENIE. Notwithstanding anything to the contrary contained in this Agreement, SHELFGENIE shall have the absolute right to assign or delegate all or any part of its rights or obligations pursuant to this Agreement to any person without the consent of Franchisee. Upon the assignment and delegation by SHELFGENIE of its rights and obligations under this Agreement and delivery of written notice to Franchisee of such assignment and delegation, SHELFGENIE shall be released from all obligations and liabilities pursuant to this Agreement.

Section 11.2 Transfer by Franchisee. Franchisee understands and agrees that the rights and duties set forth in this Agreement are personal to Franchisee and that SHELFGENIE has granted this franchise in reliance on Franchisee's business skill, attitude, aptitude and financial capacity. Therefore, Franchisee shall not, without SHELFGENIE's prior written consent, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, restrict or otherwise encumber (each, a "**Transfer**") any interest in nor offer, permit or suffer the Transfer of (A) any interest in this Agreement, (B) any interest in the Franchised Business, or (C) any ownership interest in Franchisee. Any purported Transfer without SHELFGENIE's prior written consent shall be null and void and shall constitute a default by Franchisee.

Section 11.3 Conditions for SHELFGENIE's Approval for Transfer. SHELFGENIE may condition its approval of any proposed Transfer described in Section 11.2 upon satisfaction of each of the following requirements:

(A) SHELFGENIE Does Not Exercise Right of First Refusal. SHELFGENIE does not exercise its right of first refusal pursuant to Section 11.7;

(B) Franchisee's Accrued Monetary and other Obligations Satisfied. All of Franchisee's accrued monetary and other obligations to SHELFGENIE and each of SHELFGENIE's affiliates shall have been satisfied. SHELFGENIE may conduct an investigation and audit pursuant to Section 9.5 to determine the extent of accrued obligations;

(C) Execution of General Release. Franchisee shall have executed a general release, in a form prescribed by SHELFGENIE, releasing SHELFGENIE and its subsidiaries and affiliates, and their respective officers, directors, owners, agents, attorneys and employees of all claims except for claims which cannot legally be released under applicable law;

(D) All Defaults Cured. All existing defaults and breaches under this Agreement and any other agreement Franchisee shall have with SHELFGENIE or its affiliates, shall have been cured within the period permitted for cure;

(E) Proposed Transferee Meets SHELFGENIE's Current Criteria. The proposed transferee has (i) met SHELFGENIE's then current criteria, if any, applicable for new franchisees, (ii) demonstrated to SHELFGENIE's satisfaction that the proposed transferee meets SHELFGENIE's educational, managerial and business standards, possesses a good moral character, business reputation and credit rating, and has the aptitude and ability to operate and to own or control the Franchised Business (as may be evidenced by prior related business experience or otherwise), and (iii) successfully completed to SHELFGENIE's satisfaction the then current SHELFGENIE Training;

(F) Upgrades to the Franchised Business. The proposed transferee shall, within the time period specified by SHELFGENIE, upgrade, at its sole expense, the equipment (including the computer equipment and software required under Section 5.3 above) and vehicles and other items used in the operation of the Franchised Business to conform to the current standards then required by SHELFGENIE;

(G) SHELFGENIE's Satisfaction with Proposed Terms of Sale. SHELFGENIE must be satisfied that the proposed terms of the Transfer and other factors involved in the Transfer do not materially reduce the potential ability of the proposed transferee to effectively assume and carry out its obligations to SHELFGENIE. Notwithstanding the foregoing, SHELFGENIE's approval of the Transfer shall not be deemed to imply or warrant that the purchase price or terms of sale are economically feasible, and SHELFGENIE hereby disclaims any responsibility for making any such determination;

(H) Execution of Satisfactory Assignment. The transferee shall have executed either (i) a written assignment, in a form prescribed by SHELFGENIE, pursuant to which the proposed transferee shall assume all of the obligations of Franchisee under this Agreement, or (ii) at SHELFGENIE's request, shall have executed the then current SHELFGENIE Franchise Agreement (and such other then current ancillary agreements as SHELFGENIE may request, all of which agreements may materially differ from the terms of this Agreement and its ancillary agreements, including without limitation, by having a higher Royalty Fee and/or Marketing Contributions), and which shall, notwithstanding anything to the contrary contained therein, expire on the date of expiration of this Agreement, and shall be renewable at its expiration, if at all, only pursuant to the terms thereof;

(I) Execution of Guaranty. The proposed transferee or all the proposed transferee's individual owners shall have signed personal guaranties of all agreements and documents; and

(J) Payment of Transfer Fee. Except as expressly provided to the contrary in this Agreement, Franchisee shall pay to SHELFGENIE a transfer fee of (i) fifty percent (50%) of the then current Initial Fee if the transferee is not already a franchisee of SHELFGENIE, plus any broker's or sales person's commission or fee, if any; or (ii) twenty five percent (25%) of the then current Initial Fee if the transferee is already a franchisee of SHELFGENIE, plus any broker's or sales person's commission or fee, if any (in either case, the "**Transfer Fee**"). The Transfer Fee shall cover SHELFGENIE Training for the transferee. No additional Initial Franchise Fee shall be charged by SHELFGENIE in connection with a Transfer but the Transfer Fee is not refundable under any circumstances. SHELFGENIE's consent to a Transfer shall not constitute a waiver of any claims it may have against Franchisee nor shall it be deemed a waiver of SHELFGENIE's right to demand exact compliance with any of the terms of this Agreement by the proposed transferee. Without limitation of the foregoing, no Transfer (even if approved by SHELFGENIE), will relieve Franchisee of liability for its conduct prior to the Transfer, including without limitation, conduct in breach of this Agreement.

Section 11.4 Transfer Upon Death or Incapacity. In the event of the death or permanent incapacity of any individual who owns any ownership interest in Franchisee (or if Franchisee is an individual, the death or permanent incapacity of Franchisee), SHELFGENIE shall not unreasonably withhold its consent to a Transfer of all of such person's interest in Franchisee, the Franchised Business or all of such person's interest in this Agreement to one (1) person designated by such individual's executor, administrator, personal representative or guardian; provided, however, that (i) the conditions of Sections 11.3(B) through 11.3(J) are met, (ii) the proposed Transfer is applied for in writing within two (2) months of the date of death or permanent incapacity by the legal representative of such individual, and is effected within six (6) months from the date of such application, and (iii) in the case of permanent incapacity, the legal representative shall have furnished to SHELFGENIE certification from a physician designated by SHELFGENIE that Franchisee has been or will be unable to operate the Franchised Business for a period of six (6) months or longer. If such Transfer to a person acceptable to SHELFGENIE has not taken place within the required period, SHELFGENIE shall have the option to purchase the interest at fair market value exclusive of intangible assets (such as, but not limited to, goodwill) determined by an independent appraiser designated by SHELFGENIE. Such option may be exercised within thirty (30) days after the expiration of the required period by written notice to Franchisee or Franchisee's estate. No Transfer under this Section shall be subject to the Transfer Fee. Notwithstanding the foregoing, if the Transfer described in the first sentence of this Section is proposed to be to a person who is not a family member meeting the qualifications contained in Section 11.5, the Transfer shall remain subject SHELFGENIE's right of first refusal described in Section 11.7.

Section 11.5 Transfers to Family Members. Franchisee, or if Franchisee is an entity, any individual owning an ownership interest in Franchisee, may Transfer his or her interest in Franchisee to his or her spouse, parent, adult sibling, adult descendant or spouse's adult descendant with SHELFGENIE's consent, which shall not be unreasonably withheld; provided, such family member has been substantially involved in the operation of the Franchised Business during the preceding six (6) months and/or has successfully completed SHELFGENIE Training and provided further that such transferee is qualified to own such interest pursuant to all applicable law. No Transfer under this Section shall be subject to the Transfer Fee.

Section 11.6 Transfer for Estate Planning Purposes. Provided that there is no legal prohibition for the ownership of Franchisee or the Franchised Business to be in a trust, family limited partnership or other entity established for estate planning purposes, any individual may Transfer his or her interests in Franchisee to a trust, family limited partnership or other entity established by the individual for estate planning purposes, with SHELFGENIE's consent, which shall not be unreasonably withheld, provided such individual remains in control over and is the sole equitable and beneficial owner of such trust, family limited partnership or other entity and such individual and the trust, family limited partnership and/or other entity execute such documents required by SHELFGENIE. Franchisee understands that there are various state and federal laws and regulations governing the ownership of professional practices. No Transfer under this Section shall be subject to the Transfer Fee.

Section 11.7 SHELFGENIE's Right of First Refusal.

(A) SHELFGENIE's Purchase Option. If at any time during the Term, Franchisee desires to sell and receives a bona fide, arms-length written offer from an independent third party (the "Offeror") to purchase any ownership interest in Franchisee, Franchisee's interests under this Agreement, or any ownership in the Franchised Business (each, an "Offer"), SHELFGENIE shall have the option to purchase such interests or assets for the same price and on the same terms and conditions set forth in the Offer (expressly excluding any terms and conditions relating to non-cash consideration and any ancillary agreements), less any broker's or other commissions not due as a result of SHELFGENIE being the purchaser. Upon receipt of any Offer, Franchisee shall immediately notify SHELFGENIE, in writing, of such Offer (each an "Offer Notice"), and disclose therein the name and address of the prospective purchaser, the price and terms of the Offer and any other information that SHELFGENIE may reasonably request in order to evaluate the Offer, including without limitation, any agreements proposed or executed by Franchisee or the third party.

(B) Time to Exercise Option. SHELFGENIE may exercise its option described in Section 11.7(A), if at all, by giving written notice of its election to Franchisee within thirty (30) days after SHELFGENIE's receipt of the Offer Notice (the "Option Period").

(C) Sale to SHELFGENIE. If SHELFGENIE elects to exercise its option as provided above, then Franchisee shall sell to SHELFGENIE the interests and assets subject to SHELFGENIE's option and SHELFGENIE shall purchase same from Franchisee, for the price and upon the terms and conditions described in Section 11.7(A).

(D) SHELFGENIE Does Not Exercise Option. If SHELFGENIE declines or fails to exercise its option, Franchisee shall be free, for a period of sixty (60) days after the Option Period, to sell the interests and assets to the Offeror for the exact price and upon the exact terms and conditions contained in the Offer Notice, subject to full compliance with all terms and conditions of Transfer otherwise required under this Agreement, including those set forth in Section 11.3. If Franchisee does not sell such interests or assets within such period, then any Transfer by Franchisee of such interests or assets shall again be subject to the restrictions set forth herein.

(E) Closing. Unless otherwise agreed by Franchisee and SHELFGENIE, the closing of the purchase of the interests or the assets (as the case may be) purchased by SHELFGENIE shall be held at such time as SHELFGENIE shall determine at SHELFGENIE's then principal office or such other location designated by SHELFGENIE.

Section 11.8 Ownership and Control of Franchisee. Franchisee represents and warrants that all persons having an ownership interest in Franchisee, directly or through one or more intermediaries, are set forth in Exhibit 4 to this Agreement. No other person has nor shall have any ownership in Franchisee during the Term, unless through a Transfer permitted by this Agreement.

Section 11.9 Operation of the Franchised Business Pending Transfer. Franchisee shall continue to operate the Franchised Business in the ordinary course of business in accordance with the Operations Manual and this Agreement throughout the transition period pending Transfer.

ARTICLE 12

DEFAULT AND TERMINATION

Section 12.1 Termination By SHELFGENIE Without Notice. Franchisee shall be deemed to be in default of this Agreement and SHELFGENIE may, at its sole option, terminate the Term of this Agreement and all of Franchisee's rights under this Agreement (and such termination shall be deemed "for cause") without affording Franchisee an opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if:

(A) Insolvency or Bankruptcy. Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; or proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or a petition in bankruptcy is filed by Franchisee or such a petition if filed against is not opposed by Franchisee; or Franchisee is adjudicated a bankrupt or insolvent; or a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or any such involuntary petition, adjudication, proceeding or appointment is not dismissed within sixty (60) days thereafter;

(B) Outstanding Judgment or Dissolution. A final judgment related to Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or Franchisee is dissolved, or execution is levied against Franchisee, or suit to foreclose any lien or mortgage against the Franchised Business or its equipment is instituted against Franchisee and not dismissed within thirty (30) days, or the real or personal property of the Franchised Business must be sold after levy thereupon by any sheriff, marshal or constable;

(C) Material Misrepresentations. Franchisee has made any material misrepresentations or misstatements to SHELFGENIE regarding Franchisee, its owners or the Franchised Business or otherwise in acquiring its franchise;

(D) Failure to Operate Franchised Business. Franchisee ceases to operate the Franchised Business for seven (7) consecutive days, or when, in SHELFGENIE's opinion, the ability of Franchisee to resume an effective operation has been substantially impaired, or Franchisee otherwise abandons the Franchised Business at any time, or Franchisee otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located;

(E) Conviction of Crime. Franchisee or any of its owners, directors, officers or employees is convicted of a felony or misdemeanor or enters a settlement or plea bargain accepted on a felony or misdemeanor allegation involving a crime of moral turpitude, any physical offense (including assault or battery), robbery or burglary or any other crime or offense that SHELFGENIE believes is reasonably likely to have an adverse effect upon the Franchised Business, the Proprietary Marks, the goodwill associated therewith, or SHELFGENIE's interest therein;

(F) Breach of Non-Compete or Confidentiality Obligations. Franchisee or its owners violate any non-competition or non-solicitation provisions referenced in this Agreement or disclose or divulge the contents of the Operations Manual or other Confidential Information contrary to the terms of this Agreement;

(G) False Books or Records. Franchisee knowingly maintains false books or records, or knowingly submits any false or fraudulent report, statement or document to SHELFGENIE; or

(H) Improper Use of Marks. Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or SHELFGENIE's rights therein.

Section 12.2 Termination By SHELFGENIE With Notice. Except as set forth in Section 12.1, Franchisee will have fifteen (15) days after receipt of a written notice of default from SHELFGENIE within which to fully cure any default under this Agreement and provide evidence of such cure to SHELFGENIE; provided, however, that if the default is of a nature that is not reasonably curable within such fifteen (15) day period, then Franchisee may avoid termination of the Term under this Section 12.2 by immediately initiating a remedy to cure such default after receiving written notice of default from SHELFGENIE and curing it to SHELFGENIE's complete satisfaction within such longer period as SHELFGENIE may in its sole and absolute discretion grant, and by promptly providing proof thereof to SHELFGENIE. If any such default is not cured within the specified time, or such longer period as applicable law may require, the Term of this Agreement shall terminate without further notice to Franchisee, effective immediately upon

the expiration of the fifteen (15) day period or such longer period as applicable law may require (and such termination shall be deemed "with cause"). Franchisee shall be in default under this Agreement for failure to comply with any of the requirements imposed by this Agreement, as it may from time to time be reasonably supplemented by the Operations Manual, and for failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

(A) Failure to Pay Amounts Due. If Franchisee fails, refuses, or neglects (i) to pay promptly any monies owing to SHELFGENIE or its affiliates when due, or (ii) to submit the financial or other information required by SHELFGENIE under this Agreement;

(B) Failure to Observe Standards. If Franchisee fails to maintain or observe any of the mandatory standards, specifications or procedures prescribed by SHELFGENIE in this Agreement, the Operations Manual, or otherwise;

(C) Failure to Obtain SHELFGENIE's Consent. If Franchisee fails, refuses, or neglects to obtain SHELFGENIE's prior written consent as required by this Agreement;

(D) Improper Transfer. If Franchisee or any partner, member, shareholder or other owner of Franchisee (or any successor thereto or personal representative thereof) purports to Transfer or relinquish any rights or obligations under this Agreement or any interest in Franchisee or the Franchised Business to any third party without SHELFGENIE's prior written consent, contrary to the terms of this Agreement, or commits any violation of Article 11;

(E) Failure to Permit Inspection or Audit. If Franchisee refuses to permit SHELFGENIE to inspect or audit Franchisee or the Franchised Business, or the books and records of Franchisee or the Franchised Business in accordance with the terms of this Agreement;

(F) Disputes of Franchisee Adversely Affecting SHELFGENIE. If Franchisee allows any dispute, disagreement or controversy between or among partners, managers, owners, officers, directors or stockholders of Franchisee which, in SHELFGENIE's opinion, adversely affects the operation of Franchisee or the Franchised Business;

(G) Excessive Customer Complaints. If Franchisee receives an excessive amount of customer complaints against the Franchised Business and/or Franchisee and an investigation by SHELFGENIE determines these complaints to be warranted;

(H) Public Danger. A threat or danger to public health or safety results from the maintenance or operation of the Franchised Business;

(I) Failure to Cure Default. If Franchisee, upon receiving notice of termination for a default specified under this Agreement, fails to immediately initiate a remedy to cure such default;

(J) Repetitive Defaults. If Franchisee, after curing a default pursuant to this Agreement, commits the same default again, whether or not cured after notice; or Franchisee is in default under this Agreement, whether or not cured after notice, three (3) or more times in any twelve (12) month period; or

(K) Default Under Other Agreements. If after notice of default, Franchisee and/or Franchisee's affiliate(s) fail to cure a default for Franchisee's and/or Franchisee's affiliate(s)'s breach of any other franchise agreement, development agreement, or other agreement with SHELFGENIE or SHELFGENIE's affiliate(s), unless cured within any applicable notice or grace periods contained in such agreement.

Section 12.3 Notice Required by Law / Nature of Termination. Notwithstanding anything to the contrary contained in this Article 12, if applicable law or regulation limits SHELFGENIE's rights to terminate or requires longer notice periods than those set forth above, this Agreement shall be deemed

amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. SHELFGENIE shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination of the Term. Any termination pursuant to Section 12.1 or 12.2 shall be deemed "for cause".

Section 12.4 Suspension of Rights and Services. Franchisee acknowledges that upon Franchisee's failure to remedy any default specified in any written notice issued to Franchisee under Section 12.1 and/or Section 12.2, SHELFGENIE also has the right to (i) cease providing any operational support or services, until, Franchisee complies to SHELFGENIE's satisfaction with the written notice, (ii) suspend Franchisee's right to use and access the Business Support Center Services, (iii) suspend access and use of the Website, (iv) suspend and/or terminate any approval authorizing Franchisee to operate outside the Assigned Territory, (v) ceasing providing products to Franchisee, and (vi) cease having SHELFGENIE's affiliates (including G-O) and suppliers provide products and support to Franchisee. If SHELFGENIE exercises SHELFGENIE's right to suspend Franchisee's rights, SHELFGENIE will only do so after Franchisee's cure period under the written notice of default has expired. Franchisee agrees that SHELFGENIE's exercise of these rights will not constitute an actual or constructive termination of this Agreement nor will it constitute SHELFGENIE's sole and exclusive remedy. If SHELFGENIE exercises SHELFGENIE's right not to terminate this Agreement but to implement such suspension and/or removal, SHELFGENIE reserves the right at any time after the appropriate cure period under the written notice has lapsed, to, upon written notice to Franchisee, terminate this Agreement without giving Franchisee any additional corrective or cure period. During any period of suspension, all fees due under this Agreement shall continue to be payable by Franchisee. Additionally, if Franchisee is in default under this Agreement, SHELFGENIE has the right to withhold or condition SHELFGENIE's consent or approval if needed until Franchisee cures all defaults. SHELFGENIE's election of the suspension rights as provided above shall not be a waiver by SHELFGENIE of any breach of this Agreement or any other term, covenant or condition of this Agreement.

ARTICLE 13

OBLIGATIONS UPON TERMINATION

Section 13.1 Franchisee's Obligation. Immediately upon termination, expiration or non-renewal of the Term for any reason or a Transfer, all rights granted to Franchisee shall terminate and:

(A) **Cease Operations.** Franchisee shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of SHELFGENIE or as an authorized independently owned and operated SHELFGENIE Business or in any other way affiliate itself with SHELFGENIE;

(B) **Cease Use of SHELFGENIE's System and Methods.** Franchisee shall immediately cease using the System and SHELFGENIE's methods of operation;

(C) **Comply with Restrictive Covenants.** Franchisee shall comply with the post-term covenants contained in Articles 7 and 14;

(D) **Cease Use of SHELFGENIE's Proprietary Marks.** Franchisee shall immediately cease using the Proprietary Marks or any confusingly similar name, device, mark, service mark, trademark, trade name, slogan or symbol used in connection with the Franchised Business or any other SHELFGENIE Business, including any reproduction, counterfeit copy, variation, emulation or colorable imitation thereof which is likely to cause confusion or mistake or deceive the public and take any steps necessary to change the name of any corporation or entity which Franchisee may have formed, or under which Franchisee trades or does business, so that the name will not likely be confused with the Proprietary Marks;

(E) Complete and Effective Transfer. Franchisee shall immediately bring about a complete and effective transfer of the Franchised Business's customers and customer lists to SHELFGENIE;

(F) Cease Use of Telephone Numbers. Franchisee shall immediately cease and desist from using telephone numbers listed in the Yellow Pages or white pages of the telephone directory or that were otherwise used and/or advertised or promoted under the name SHELFGENIE or any other name confusingly similar to any of the Proprietary Marks, and upon SHELFGENIE's demand, shall direct the telephone company servicing the Franchised Business to transfer any such telephone number registered to Franchisee in connection with the Franchised Business to SHELFGENIE or to such person as SHELFGENIE directs;

(G) Cease Use of Printed Materials. Franchisee shall immediately return to SHELFGENIE, at Franchisee's expense, all printed material furnished to Franchisee, including, without limitation, all Operations Manuals, advertising material, stationery and printed forms and all other matter relating to the operation of the Franchised Business and/or bearing the Proprietary Marks which may be in Franchisee's possession or control at the time of such expiration, termination or non-renewal;

(H) Payment of all Sums and Debts Owed. SHELFGENIE may retain all fees paid pursuant to this Agreement. In addition, within ten (10) days after the effective date of the termination or expiration of the Term, or such later date as it is determined that amounts are due to SHELFGENIE, Franchisee shall pay to SHELFGENIE all Royalty Fees, Marketing Contributions, amounts owed for products purchased by Franchisee from SHELFGENIE or its affiliates, and all other amounts owed to SHELFGENIE or its affiliates which are then unpaid; and

(I) Modification of Vehicle. Franchisee shall make such modifications or alterations to the vehicles, signage and business (including, without limitation, changing the telephone number and taking down all signs bearing the Proprietary Marks and identifying markings or colors) immediately upon termination or expiration of the Term as may be necessary to distinguish the appearance of the Franchised Business from that of other SHELFGENIE Businesses, and shall make such specific additional changes thereto as SHELFGENIE may request for that purpose. Franchisee agrees to refrain from taking any action to reduce the goodwill of its customers or potential customers toward SHELFGENIE, the System or SHELFGENIE's franchisees. In the event Franchisee fails or refuses to comply with this provision, SHELFGENIE shall have the right, without any claim to the contrary by Franchisee, to enter the Franchised Business, the vehicle, or the office of Franchisee without being guilty of trespass or any other tort, for the purposes of making or causing to be made such modifications or alterations to the equipment, vehicles, signage and business as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay and reimburse upon SHELFGENIE's demand.

(J) Warranty Obligations. Franchisee shall comply with the Warranty Obligations for all customers serviced by the SHELFGENIE Business prior to the expiration or termination of this Agreement; provided, however, SHELFGENIE, in SHELFGENIE's sole discretion, has the right to elect for (i) Franchisee not to perform Warranty Obligations for some or all customers based on customer service problems or SHELFGENIE's belief that Franchisee's performance of such obligations will be detrimental to the Proprietary Marks and goodwill of the System, and (ii) SHELFGENIE and/or its designee to perform such Warranty Obligations for such customer or certain customers designated by SHELFGENIE.

Section 13.2 Execution of Documents. SHELFGENIE may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on its behalf, any and all documents necessary to effectuate the obligations of Franchisee under this Article 13 and Franchisee hereby irrevocably appoints SHELFGENIE as Franchisee's attorney-in-fact to do so.

Section 13.3 SHELFGENIE's Rights Not Prejudiced. The expiration, termination or non-renewal of the Term shall be without prejudice to SHELFGENIE's rights against Franchisee and such expiration, termination or non-renewal shall not relieve Franchisee of any of its obligations to SHELFGENIE existing

at the time of expiration, termination or non-renewal, nor will it terminate those obligations of Franchisee which by their nature survive the expiration, termination or non-renewal of the Term.

Section 13.4 Return of Materials and Cease Accessing Materials. Immediately upon termination, expiration or non-renewal of the Term for any reason, Franchisee shall turn over to SHELFGENIE all materials and cease accessing such materials in an electronic, computerized or other form, including the Operations Manual, records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, but not limited to, brochures, agreements, disclosure statements, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession or control, and all copies and any other forms of reproductions thereof (all of which are acknowledged to be SHELFGENIE's sole and exclusive property) and shall not retain any copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and related agreements and of correspondence between the parties, and copies of any other documents which Franchisee reasonably needs for compliance with any provision of law. SHELFGENIE shall reimburse Franchisee for the reasonable cost of shipping the foregoing materials to SHELFGENIE promptly after receipt of receipts or other reasonable evidence of such costs.

Section 13.5 SHELFGENIE's Purchase Rights. Upon termination, expiration or non-renewal of the Term for any reason, SHELFGENIE shall have the right (but not the obligation) to purchase any items bearing the Proprietary Marks, such as any or all signs, advertising material, supplies, inventory, equipment, furnishings or other items at a price equal to the lesser of Franchisee's cost as determined by reference to Franchisee's books and records, or fair market value as determined by the agreement of the parties, or lacking such agreement, by an independent appraiser designated by SHELFGENIE, by written notice of such intent within thirty (30) days after the termination or expiration of the Term. If SHELFGENIE elects to exercise any option to purchase provided in this Agreement, it shall have the right to set off all amounts due from Franchisee under this Agreement.

ARTICLE 14

INDEPENDENT COVENANTS OF FRANCHISEE

Section 14.1 Confidentiality.

(A) **Confidential Information.** Franchisee acknowledges that SHELFGENIE shall disclose or make known to Franchisee, and Franchisee shall be given access to and become acquainted with, certain confidential information, confidential materials and trade secrets, including, but not limited to, processes, methods, techniques, contracts, projected results, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and other data, designs, schematics, equipment, billing, samples, financial information and results and other information and know-how relating to the System or relating to or useful in SHELFGENIE's business, the Franchised Business or other SHELFGENIE Businesses (collectively, the "**Confidential Information**"). Confidential Information does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Franchisee or its owners, directors, officers, employees, agents, representatives or advisors, or (ii) is disclosed to Franchisee on a non-confidential basis from a source other than SHELFGENIE or its owners, directors, officers, employees, agents, representatives or advisors; provided, that such source is not known by Franchisee, after reasonable inquiry, to be bound by a confidentiality agreement with, or other obligation of secrecy to, SHELFGENIE or one of its subsidiaries or affiliates. Franchisee acknowledges that any information received from other franchisees or any modifications made by Franchisee to the Confidential Information shall also be deemed Confidential Information which is the property of SHELFGENIE. Franchisee further acknowledges that the Confidential Information is considered confidential, proprietary and a trade secret.

(B) **Nondisclosure of Confidential Information.** In consideration of SHELFGENIE's granting Franchisee a franchise and in recognition by Franchisee that the Confidential Information constitutes valuable and unique assets owned by or in the custody of SHELFGENIE, Franchisee hereby agrees and covenants that Franchisee shall not use the Confidential Information or any part of the Confidential

Information in any manner or for any purpose other than in the performance of Franchisee's obligations pursuant to this Agreement and Franchisee's operation of the Franchised Business. Franchisee shall hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it or disclose it to anyone without SHELFGENIE's prior written consent or as required by law. Franchisee agrees that the disclosure or use by a partner, shareholder, owner, spouse or member of the immediate family of Franchisee or its owners of the Confidential Information other than in the operation of the Franchised Business shall be deemed a breach and default by Franchisee of this Agreement. Franchisee further acknowledges that it would be an unfair method of competition for Franchisee or such partner, shareholder, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or expertise received from SHELFGENIE for any use other than the operation of the Franchised Business in accordance with this Agreement.

Section 14.2 Diversion of Business, Competition With SHELFGENIE and Interference.

(A) During and After the Term of this Agreement. Franchisee acknowledges the uniqueness of the System and agrees that SHELFGENIE is making the Operations Manual and the Confidential Information available to Franchisee only to operate the Franchised Business. Franchisee acknowledges and agrees that (a) Franchisee and the others individuals and entities required to comply with Articles 7 and 14 have received an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a SHELFGENIE Business and access to SHELFGENIE's standards, the Operations Manual, the System, the Confidential Information and SHELFGENIE's trade secrets, and (b) the covenants and restrictions in Articles 7 and 14 (i) are reasonable, appropriate and necessary to protect SHELFGENIE's standards, the System, the Confidential Information, SHELFGENIE's trade secrets, other franchisees operating under the System, the goodwill of the System, relationships with SHELFGENIE's prospective and existing customers, and SHELFGENIE's legitimate interests; and (ii) do not cause undue hardship on Franchisee or any of the other individuals and entities required by Articles 7 and 14 to comply with the covenants and restrictions. Franchisee acknowledges that it would be an unfair method of competition to use or duplicate any of the Operations Manual or Confidential Information received from SHELFGENIE for any other use.

(i) Non-Interference. Franchisee covenants that during the Term of this Agreement and for a two (2) year period thereafter, neither Franchisee nor any person required to execute a Guaranty and Subordination Agreement for Franchisee's Obligations ("**Guarantors**"), will, either on their own behalf or on behalf of any other person, directly or indirectly influence or attempt to influence any employee, officer, director, agent, consultant, representative, contractor, supplier, distributor, franchisee, customer or other business contact of SHELFGENIE or any of its subsidiaries, affiliates or franchisees, to terminate or modify his, her or its position or relationship with SHELFGENIE or any of its subsidiaries, affiliates or franchisees.

(ii) Non-Competition During the Term. Franchisee covenants that during the Term, neither Franchisee nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Assigned Territory and/or within a twenty five (25) mile radius of the borders of the Assigned Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(iii) Non-Competition After the Term. Franchisee covenants that for two (2) years following the Term, neither Franchisee nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any management or operational capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts

existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Assigned Territory and/or within a twenty five (25) mile radius of the borders of the Assigned Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(iv) Non-Disturbance. In addition to and not in limitation of the other provisions of this Article 14, neither Franchisee nor any Guarantor shall in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of SHELFGENIE or any of its subsidiaries, affiliates or franchisees.

(B) Reasonableness of Restrictions. Franchisee and each Guarantor acknowledge and confirm that the length of the term and geographical restrictions contained in this Article 14 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Franchisee acknowledges and confirms that its, its Guarantors' and their principals', full, uninhibited and faithful observance of each of the covenants contained in this Article 14 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Article 14 will not impair its, its Guarantors' or their principals' ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to them or otherwise to obtain income required for the comfortable support of such persons and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

(C) Enforcement. Franchisee acknowledges that any breach of any provision contained in Article 14 by any Guarantor shall be deemed a breach by Franchisee. Franchisee acknowledges that to disregard the provisions of this Article 14 would effectively foreclose SHELFGENIE from selling other franchises and Franchisee could be unjustly enriched and unfairly derive benefit from the goodwill of and training from SHELFGENIE. Moreover, SHELFGENIE's franchisees and SHELFGENIE Businesses could be severely disadvantaged if Franchisee competes against them using the Proprietary Marks or other Confidential Information. Therefore, it is the manifest intent of Franchisee and SHELFGENIE that, in the event that any court shall finally hold that the time or territory or any other provision stated in this Article 14 constitutes an unreasonable restriction upon Franchisee or any of the Guarantors, then such unenforceable covenant shall be amended to relate to such lesser period or geographical area as shall be enforceable or, if deemed appropriate by such court, deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining covenants to be enforced. In the event of Franchisee's actual or threatened breach or default of this Article 14, (i) SHELFGENIE shall be entitled to an *ex parte* injunction (without notice to or service of process upon Franchisee) restraining Franchisee from any such actual or threatened breach or default, (ii) Franchisee agrees that SHELFGENIE's harm shall be irreparable and SHELFGENIE has no adequate remedy at law to prevent such harm, and (iii) SHELFGENIE shall not be required to show any actual damage or to post any bond or other security before obtaining injunctive relief.

(D) Assignment. The provisions of the confidentiality, nondisclosure, noninterference, non-competition, non-solicitation and non-disturbance provisions in this Article 14 are assignable by SHELFGENIE and shall inure to the benefit of SHELFGENIE, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SHELFGENIE, the resulting entity shall step into the place of SHELFGENIE, without any additional consent of or notice to Franchisee, as if the term SHELFGENIE were defined in this Agreement to include such entity.

Section 14.3 Modification of Covenants. Franchisee understands, acknowledges and agrees that SHELFGENIE shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Article 14 without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

Section 14.4 Additional Parties. Franchisee shall require its officers, directors, shareholders, owners, members, partners, agents, representatives and managerial employees and each of the Guarantors to

execute a Nondisclosure and Noninterference Agreement and which contains restrictive language similar to this Article 14.

Section 14.5 Enforcement of Nondisclosure and Noninterference Agreement. For the individuals required to execute Nondisclosure and Noninterference Agreements required under Sections 7.1(B) and 14.4, Franchisee shall be responsible for compliance and enforcement of such Nondisclosure and Noninterference Agreements and Franchisee shall immediately notify SHELFGENIE upon discovery of any breach of any Nondisclosure and Noninterference Agreement. Franchisee's failure to comply with this Section 14.5 shall be a default under this Agreement. At SHELFGENIE's option, SHELFGENIE as a third-party beneficiary of the Nondisclosure and Noninterference Agreements may commence or assume (even if Franchisee has undertaken to commence enforcement) the enforcement of any Nondisclosure and Noninterference Agreement and require Franchisee to indemnify SHELFGENIE as provided in Section 15.4 in connection with such enforcement action.

ARTICLE 15

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 15.1 Independent Status of Franchisee. This Agreement does not create a fiduciary relationship between SHELFGENIE and Franchisee. Franchisee shall be an independent contractor and nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose whatsoever. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on SHELFGENIE's behalf or to incur any debt or other obligation in SHELFGENIE's name. Franchisee shall not take nor permit to be taken any action nor give nor permit to be given to any person any impression that Franchisee's authority exceeds that described in this Section 15.1.

Section 15.2 Day-to-Day Control. Franchisee has the sole right and responsibility for the manner and means by which the day-to-day operation of the Franchised Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to SHELFGENIE, this right and responsibility includes the employment, supervision, setting the conditions of employment for and discharge of its employees at the Franchised Business, daily maintenance, safety concerns, and the achievement of conformity with the System.

Section 15.3 Public Representation of Franchisee's Independence. During the Term, Franchisee shall in all dealings with customers, distributors, suppliers, public officials and others hold itself out as an independent contractor operating the Franchised Business pursuant to a franchise granted from SHELFGENIE and as an authorized user of the Proprietary Marks which are licensed from SHELFGENIE. Franchisee agrees to take such affirmative action as SHELFGENIE deems necessary for Franchisee to comply with such requirement.

Section 15.4 Indemnification. Franchisee shall defend, indemnify, and hold harmless SHELFGENIE and each of its affiliates and subsidiaries and each of their respective officers, directors, shareholders, members, owners, agents, representatives, attorneys, employees, affiliates, successors and assigns from and against any and all claims, counter-claims, suits, debts, demands, costs, liabilities, expenses (including, without limitation, attorneys' fees, expert witness fees, costs and other expenses incurred in the investigation or defense of such matters), setoffs, liens, attachments, judgments, actions and causes of action arising out of, related to or in connection with (i) any breach or default of any of the representations, warranties, or covenants made in this Agreement or any other agreement by Franchisee, (ii) any intentional, willful, reckless or negligent acts or omissions by Franchisee or any of Franchisee's agents, representatives, contractors, owners, servants or employees, (iii) the operation of the Franchised Business, (iv) the conduct of business at the Franchised Business (whether or not done in compliance with this Agreement), (v) Franchisee's ownership or possession of real or personal property, or (vi) the breach by any of Franchisee's officers, directors, shareholders, owners, members, partners, agents, representatives or managerial employees or any of the Guarantors of any provision of the Nondisclosure and Noninterference Agreement. Franchisee's obligation to defend, indemnify, and hold harmless shall in

no manner be affected by the existence or non-existence of insurance. SHELFGENIE's right to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on SHELFGENIE by statute, ordinance, regulation or otherwise. Notwithstanding the foregoing, Franchisee shall have no liability for SHELFGENIE's or SHELFGENIE's directors', officers' or owners' own negligent or intentional wrongful acts.

ARTICLE 16

REPRESENTATIONS AND WARRANTIES OF FRANCHISEE

Section 16.1 Representations of Franchisee. Franchisee hereby makes the following representations and warranties to SHELFGENIE, which shall be true and correct upon the execution of this Agreement and throughout the Term:

(A) **Due Organization of Franchisee.** If Franchisee is a corporation, limited liability company or a general or limited partnership, Franchisee is duly organized, validly existing and in good standing under the laws of its state or jurisdiction of incorporation or organization. Franchisee has the corporate, limited liability company or partnership power to own its properties and conduct its business and is duly qualified to do business in the state in which the Franchised Business is or will be located.

(B) **Authorization.** Franchisee has the power to execute, deliver, and carry out the terms and conditions of this Agreement. Franchisee has taken all necessary action with respect thereto. This Agreement has been duly authorized, executed and delivered by Franchisee and constitutes its valid, legal and binding agreement and obligation in accordance with the terms of this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally from time to time in effect.

(C) **No Violation.** Performance by Franchisee of its obligations under this Agreement will not result in (i) the breach of or constitute a default under, any term or condition of any contract, agreement, arrangement, or other commitment to which Franchisee is a party or by which it is bound, or constitute an event which, with notice, lapse of time or both, would result in such a breach or event of default nor (ii) the violation by Franchisee of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

(D) **True Copies.** Copies of all documents required to be furnished by Franchisee to SHELFGENIE will be true and correct copies of such documents, including all amendments or modifications thereto and all written representations made by Franchisee, in any application, financial statement or other document submitted to SHELFGENIE, are true and correct and contain no misleading or incorrect statement or material omissions.

ARTICLE 17

GENERAL PROVISIONS

Section 17.1 Amendments. The provisions of this Agreement may not be modified, supplemented or waived except in writing and signed by both parties. With respect to SHELFGENIE, only a Manager of SHELFGENIE shall have the authority to execute any amendment on behalf of SHELFGENIE. No other officer, employee or agent of SHELFGENIE shall have authority to execute any amendment.

Section 17.2 Binding Effect. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective administrators, executors, legal representatives, heirs, successors and permitted assigns.

Section 17.3 Notices. All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by telecopier, mailed by

certified mail with return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

If to SHELFGENIE:

ShelfGenie Franchise Systems, LLC
Attn: P. Allan Young
5500 Interstate North Parkway, Suite 250
Atlanta, Georgia 30328
Facsimile: (320) 923-8858

If to Franchisee:

Facsimile: (____) ____-_____

Notices shall be deemed to have been received as follows: by personal delivery or telecopier -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the notice was given to the overnight delivery service; and certified mail -- three days after the date of mailing.

Section 17.4 Headings; Affiliate. The headings contained in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement. As used in this agreement, "affiliate" means any and all persons or entities that are or may control, be controlled by, owned, be owned by or be under common control or ownership with SHELFGENIE, including without limitation, G-O. The Introduction paragraphs are hereby incorporated into this Agreement.

Section 17.5 Severability.

(A) If any provision of this Agreement or any other agreement entered into pursuant to this Agreement is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement (or those agreements) shall not be invalidated thereby and shall be given full force and effect so far as possible. If any provision of this Agreement may be construed in two (2) or more ways, one of which would render the provision invalid or otherwise voidable or unenforceable and another of which would render the provision valid and enforceable, such provision shall have the meaning which renders it valid and enforceable.

(B) In addition to and without limiting the provisions of the foregoing Subsection (A), if any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of the Term than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by SHELFGENIE is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions of this Agreement. SHELFGENIE shall have the right, in its sole and absolute discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, or any specification, standard or operating procedure prescribed by SHELFGENIE, any portion or portions which a Court may hold to be unenforceable in a final decision to which SHELFGENIE is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

Section 17.6 Waivers. The failure or delay of either party at any time to require performance by the other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power or remedy hereunder. Any waiver by either party of any breach of any provision of this Agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement. No notice to or demand on any party in any circumstance shall, of itself, entitle such party to any other or further notice or demand in similar or other circumstances.

Section 17.7 Enforcement Costs. If any civil action or other legal proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the prevailing party.

Section 17.8 Specific Performance. Franchisee acknowledges that SHELFGENIE will be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, in the event of a breach or threatened breach by Franchisee of any provision of this Agreement, then SHELFGENIE shall be entitled, in addition to all other rights or remedies, to apply to any court of competent jurisdiction for an injunction restraining such breach, without being required to show any actual damage or to post an injunction bond, and/or to a decree for specific performance of the provisions of this Agreement.

Section 17.9 Jurisdiction and Venue. Any action or proceeding arising out of or relating to this Agreement and required to be mediated pursuant to Section 17.23 shall be mediated in the state and county in which SHELFGENIE's principal place of business is located. Any action or proceeding permitted to be brought in court, shall be brought in the state courts located in the state and county in which SHELFGENIE's principal place of business is located or the federal courts of the state and district in which SHELFGENIE's principal place of business is located. For any action or proceeding permitted to be brought in court, Franchisee consents to the jurisdiction of the state courts located in the state and county in which SHELFGENIE's principal place of business is located and the federal courts of the state and district in which SHELFGENIE's principal place of business is located. The parties hereto waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The exclusive choice of jurisdiction and venue does not preclude the enforcement by either party hereto of any judgment obtained in such jurisdiction, in any appropriate jurisdiction.

Section 17.10 Remedies Cumulative. Except as otherwise expressly provided in this Agreement, no remedy in this Agreement conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy hereunder shall preclude any other or further exercise thereof.

Section 17.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Confirmation of execution by electronic transmission of a facsimile signature page shall be binding upon any party so confirming.

Section 17.12 Consents, Approvals and Satisfaction. All consents or approvals required of SHELFGENIE shall not be binding upon SHELFGENIE unless the consent or approval is in writing and signed by a Manager of SHELFGENIE or some other officer of SHELFGENIE acting pursuant to the express written direction of a Manager of SHELFGENIE. No other officer, employee or agent of SHELFGENIE shall have the authority to execute any consent or approval on behalf of SHELFGENIE.

SHELFGENIE's consent or approval, whenever required, may be withheld if any default by Franchisee exists under this Agreement, or unless this Agreement expressly states otherwise, for any other reason in SHELFGENIE's sole and absolute discretion. Anytime the satisfaction of SHELFGENIE is required pursuant to this Agreement, unless this Agreement expressly states otherwise, such satisfaction shall be determined in SHELFGENIE's sole and absolute discretion.

Section 17.13 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement and all claims arising from the relationship between SHELFGENIE and Franchisee will be governed by the laws of the State of Georgia, without regard to principles of conflicts of law; provided, however, that the law of the state in which the Franchised Business is located shall apply to the construction and enforcement of the obligations set forth in Sections 14.2(A)(ii),(iii) and (iv). If, however, any provision of this Agreement would not be enforceable under the laws of the State of Georgia and the Franchised Business is located outside of the State of Georgia, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Franchised Business is located.

Section 17.14 Preparation of Agreement. This Agreement shall not be construed more strongly against any party regardless of who is responsible for its preparation.

Section 17.15 Survival. All covenants, agreements, representations and warranties made in this Agreement or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

Section 17.16 Third Parties. Unless expressly stated in this Agreement to the contrary, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties hereto, SHELFGENIE's affiliates and their respective legal representatives, successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

Section 17.17 Right of Performance. In the event that Franchisee shall default in performing any of its obligations under this Agreement, SHELFGENIE shall have the right (but not the obligation) to perform Franchisee's obligations and shall be reimbursed by Franchisee for the actual costs of performing Franchisee's obligations plus ten percent (10%) of such actual costs as an administrative fee.

Section 17.18 Limitation on Legal Actions.

(A) IN NO EVENT WILL SHELFGENIE BE LIABLE TO FRANCHISEE FOR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR SHELFGENIE'S RELATIONSHIP WITH FRANCHISEE. Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against SHELFGENIE, its affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, arising out of any cause whatsoever (whether that cause is based on contract, negligence, strict liability, tort or otherwise) and agrees that in the event of a dispute, Franchisee is limited to the recovery of actual damages sustained by it.

(B) THE PARTIES HEREBY MUTUALLY AND WILLINGLY WAIVE A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

(C) ANY DISAGREEMENT BETWEEN FRANCHISEE (AND ITS GUARANTORS AND OWNERS) AND SHELFGENIE (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED

UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE (AND ITS GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST SHELFGENIE (AND ITS AFFILIATES, OWNERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

(D) EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES SHELFGENIE OR SHELFGENIE'S AFFILIATES, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR SHELFGENIE'S RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A MEDIATION OR JUDICIAL PROCEEDING IS COMMENCED WITHIN 18 MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

Section 17.19 Exhibits. Each party shall deliver to the other party copies of all relevant agreements, instruments and documents relating to the information on any exhibit to this Agreement upon proper notice, provided such copies are available to or in the possession of such party. Such attachments, however, will not take the place of information otherwise required on such exhibits. Each exhibit to this Agreement is made a part of this Agreement.

Section 17.20 Acknowledgments of Franchisee.

(A) Franchisee has had Opportunity to Conduct Due Diligence. Franchisee acknowledges that Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder and the terms and provisions of this Agreement, utilizing the services of such independent attorneys, accountants, or other advisers as Franchisee so elected.

(B) Receipt of Agreement and FDD. Franchisee acknowledges receipt of this Agreement and SHELFGENIE's Franchise Disclosure Document at least fourteen (14) days before execution hereof or the making of any payment to SHELFGENIE. In addition, if any unilateral modifications have been made to this Agreement (or if any blanks have been completed) Franchisee acknowledges that it had at least seven (7) days to review them.

(C) ACKNOWLEDGMENTS BY FRANCHISEE.

(i) FRANCHISEE HAS BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF SHELFGENIE'S OPERATIONS AND TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THIS FRANCHISE. IF FRANCHISEE HAS NOT OBTAINED SUCH ADVICE FRANCHISEE REPRESENTS THAT IT KNOWINGLY AND WILLINGLY ELECTED NOT TO DO SO. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF SHELFGENIE WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT AND FRANCHISEE HEREBY WAIVES ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISEE UNDERSTANDS AND ACKNOWLEDGES THAT THE SUCCESS OF THE FRANCHISED BUSINESS IS SPECULATIVE AND THAT WHETHER FRANCHISEE SUCCEEDS IN THE DEVELOPMENT OF THE FRANCHISED BUSINESS IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF SHELFGENIE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES, AND THAT SHELFGENIE HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

(ii) FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND EACH GUARANTOR HAS RECEIVED, READ AND UNDERSTANDS THIS AGREEMENT AND ITS ATTACHMENTS AND EXHIBITS; THAT FRANCHISEE AND EACH GUARANTOR HAS HAD AN

OPPORTUNITY TO ASK SHELFGENIE ALL QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM AND THAT SHELFGENIE HAS ANSWERED ALL SUCH QUESTIONS TO FRANCHISEE'S AND EACH GUARANTOR'S COMPLETE SATISFACTION. FRANCHISEE ACKNOWLEDGES THAT BOTH IT AND ALL GUARANTORS HAVE READ, UNDERSTOOD AND COMPLETED THE QUESTIONNAIRE ATTACHED HERETO AS EXHIBIT 5.

(iii) FRANCHISEE UNDERSTANDS AND AGREES THAT SHELFGENIE HAS NO OBLIGATION TO ACCEPT FRANCHISEE AS A FRANCHISEE AND MAY REFUSE TO GRANT A FRANCHISE TO FRANCHISEE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE FURTHER ACKNOWLEDGES THAT UNLESS AND UNTIL SHELFGENIE SIGNS THIS AGREEMENT, FRANCHISEE IS NOT A FRANCHISEE OF SHELFGENIE AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF SHELFGENIE.

(iv) UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE "**ORDER**"), SHELFGENIE IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN ACTS OF TERRORISM AS DEFINED IN THE ORDER. ACCORDINGLY, FRANCHISEE DOES NOT, AND HEREAFTER WILL NOT ENGAGE IN ANY TERRORIST ACTIVITY. IN ADDITION, FRANCHISEE IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. FRANCHISEE IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY.

Section 17.21 Modification of Operations Manual. FRANCHISEE RECOGNIZES AND AGREES THAT, FROM TIME TO TIME, SHELFGENIE MAY MAKE ADDITIONS, DELETIONS AND CHANGES TO THE OPERATIONS MANUAL. FRANCHISEE AGREES TO ACCEPT AND BE BOUND BY ANY SUCH ADDITIONS, DELETIONS AND CHANGES AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME OF EXECUTION OF THIS AGREEMENT. FRANCHISEE WILL MAKE SUCH EXPENDITURES IN CONNECTION WITH SUCH ADDITIONS, DELETIONS AND CHANGES AS SHELFGENIE MAY REQUIRE FROM TIME TO TIME. FRANCHISEE AGREES THAT SUCH REVISIONS MAY BE MATERIAL IN THAT THEY MAY HAVE AN EFFECT ON THE OPERATION OF FRANCHISEE'S BUSINESS.

Section 17.22 Entire Agreement. The terms contained herein and all exhibits and documents referenced herein constitute the entire agreement between the parties regarding the subject matter herein, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein; provided however, that nothing in this or any related agreement is intended to disclaim the representations SHELFGENIE made in the Franchise Disclosure Document that was furnished to Franchisee. Certain state laws may require an addendum to the Franchise Agreement, these addenda, if any, requested by various states are included in Exhibit I to the Franchise Disclosure Document.

Section 17.23 Mediation. Except for any controversy or claim described in Section 17.8 or as otherwise expressly permitted by this Agreement to be brought initially in court, any controversy or claim arising out of or relating to this Agreement or the breach or violation hereof, shall be subject to nonbinding mediation by the parties. The dispute must first be submitted to non-binding mediation in the county and state in which SHELFGENIE's principal offices are located, unless the parties mutually agree to another location (the "**Mediation**"). The Mediation shall be conducted under the then current Center for Public Resources ("**CPR**") Procedure for Resolution of Franchise Disputes (the "**CPR Mediation Rules**") except to the extent the CPR Mediation Rules differ from the terms of this Agreement, in which event, the terms of this Agreement shall be applied. SHELFGENIE and Franchisee shall select the mediator from the CPR Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, CPR shall make the selection. The cost of the Mediation, including the mediator's fee and expenses, shall be split equally between SHELFGENIE and

Franchisee. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or other proceeding for any purpose. The mediator may not be called as a witness in any court or other proceeding for any purpose.

Section 17.24 General Release and Covenant Not To Sue. In consideration of SHELFGENIE's agreement to enter into this Agreement, Franchisee, for itself and if Franchisee is a corporation, partnership, limited liability company, or other entity for Franchisee's directors, officers, shareholders, partners, members, employees, agents, and attorneys, and for Franchisee's affiliates and their directors, officers shareholders, partners, members, employees, agents, and attorneys, and for the successors and assigns of any of them, releases and forever discharges SHELFGENIE and SHELFGENIE's parents, subsidiaries, and affiliates and the respective officers, directors, stockholders, employees, agents, attorneys, contractors, legal successors, and assigns of each of the forgoing entities (in their corporate and individual capacities), of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, controversies, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or in equity, that Franchisee and/or Franchisee's officers, directors, stockholders, agents, heirs, executors, administrators, legal successors and assigns, ever had, now has, or that they hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, prior to the Effective Date, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the Effective Date.

FRANCHISEE:

Name: _____

Name: _____

Name: _____

Name: _____

SHELFGENIE FRANCHISE SYSTEMS, LLC

By: _____
Title: _____

EXHIBIT 1

ASSIGNED TERRITORY

Section 1.2(A) Assigned Territory:

Franchisee's Initials _____

SHELFGENIE's Initials _____

Assigned Territory Description:

The Assigned Territory is the listed zip codes shown on this Exhibit A as those zip codes are known as of _____, 20____. The zip codes are visually shown on the attached maps. If a zip code is added inside the boundary on the maps, that new zip code will become part of the Assigned Territory. If a zip code on the border of the Assigned Territory gets larger, or a new zip code is created that results in an expansion of the border of the Assigned Territory as shown in the map, SHELFGENIE has full discretion on how to appropriate changes for Franchisee's Assigned Territory and SHELFGENIE's determination shall become Franchisee's Assigned Territory. Notwithstanding the foregoing, SHELFGENIE is not obligated to expand the Assigned Territory beyond the listed zip codes. In the event of a conflict between the listed zip codes and the map, the listed zip codes will govern.

EXHIBIT 2

GUARANTY AND SUBORDINATION AGREEMENT

GUARANTY AND SUBORDINATION AGREEMENT

THIS GUARANTY AND SUBORDINATION AGREEMENT (“**Guaranty**”) is executed as of this ____ day of _____, 20____, by each of the undersigned (individually a “**Guarantor**”, or collectively, the “**Guarantors**”) in favor of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”) and each of the SHELFGENIE Parties (as hereinafter defined).

WHEREAS, the Guarantors agreed to enter into this Guaranty as an inducement to and a condition of the execution of the Franchise Agreement (the “**Franchise Agreement**”) dated as of even date herewith, by and between SHELFGENIE and _____ (“**Franchisee**”).

WHEREAS, Guarantors receive benefits from Franchisee as a direct result of SHELFGENIE entering into the Franchise Agreement and granting a franchise to Franchisee.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Guarantors each hereby absolutely, unconditionally and jointly and severally guarantee to SHELFGENIE, the prompt and complete payment and performance when due (whether by reason of demand, maturity, acceleration or otherwise) of any and all of the hereinafter defined Guaranteed Obligations of Franchisee.

1. For purposes of this Guaranty, all present and future indebtedness (fees, interest, collection costs and expenses and other amounts), liabilities and obligations of Franchisee to SHELFGENIE or any of SHELFGENIE’s affiliates (collectively, the “**SHELFGENIE Parties**”), evidenced by, referenced in or arising under the Franchise Agreement or any other agreement (whether or not in effect on the date hereof, but including the Manufacture Agreement between Franchisee and G-O Manufacturing L.L.C.), shall be collectively referred to as the “**Guaranteed Obligations.**” In addition, “**Guaranteed Obligations**” shall also include all costs and expenses (including without limitation, attorneys’ fees and costs) incurred by any SHELFGENIE Party in attempting or effecting the enforcement of this Guaranty or collection hereunder (whether or not litigation shall be commenced in aid thereof), or in connection with bankruptcy or insolvency proceedings relating hereto.

2. To the extent permitted by law, each Guarantor hereby expressly waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the Guarantors may have against Franchisee arising as a result of the Guarantors’ execution of and performance under this Guaranty, for the express purpose that none of the Guarantors shall be deemed a “creditor” of Franchisee under any applicable bankruptcy law with respect to Franchisee’s obligations to the SHELFGENIE Parties, (ii) any right to require any SHELFGENIE Party to: (a) proceed against Franchisee for any payment required under the Franchise Agreement, (b) proceed against or exhaust any security from Franchisee, (c) take any action to assist any of the Guarantors in seeking reimbursement or subrogation in connection with this Guaranty, or (d) pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee, (iii) any benefit of, any right to participate in, any security now or hereafter held by any SHELFGENIE Party, and (iv) acceptance and notice of acceptance by the SHELFGENIE Parties of the Guarantors’ undertakings under this Guaranty; all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest; notices of dishonor; and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and any other notices and legal or equitable defenses to which any of the Guarantors may be entitled. Without affecting the obligations of the undersigned under this Guaranty, the SHELFGENIE Parties may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any Guarantors, make advances for the purpose of performing any obligations of Franchisee under the Franchise Agreement, assign the Franchise Agreement or the right to receive any sum payable thereunder, and the Guarantors each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Franchise Agreement. The SHELFGENIE Parties shall have no present or future duty or obligation to the Guarantors under this

Guaranty, and each of the Guarantors waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other Guarantor, or any collateral securing any obligations of Franchisee to any SHELFGENIE Party.

3. The Guarantors each acknowledge and agree that this Guaranty is a guaranty of payment and performance and not of collection and that the obligations of the Guarantors hereunder may be enforced directly against any or all of the Guarantors independently of and without proceeding against Franchisee or any other Guarantor or guarantor of Franchisee. The Guarantors further acknowledge and agree to the following with respect to the Guaranteed Obligations of any Guarantor(s), none of which will affect any of the other Guarantors or release any of the other Guarantors from their obligations hereunder: (i) that any of the SHELFGENIE Parties may from time to time extend the time of payment, change the interest rates and/or renew or change the manner, place, time and terms of payment of and make any other changes with respect to any or all of the Guaranteed Obligations; (ii) that any of the SHELFGENIE Parties may from time to time release and otherwise deal with any Guarantor or other guarantor of Franchisee; (iii) that any of the SHELFGENIE Parties may from time to time exercise or refrain from exercising any rights against or with respect to Franchisee or any Guarantor or other guarantor of Franchisee and otherwise act or refrain from acting with respect to Franchisee or any Guarantor or other guarantor of Franchisee; and (iv) that any of the SHELFGENIE Parties may from time to time settle or compromise any or all of the Guaranteed Obligations with Franchisee, all without notice to or the consent of any of the Guarantors.

4. No invalidity, irregularity or unenforceability of any or all of the Guaranteed Obligations shall affect, impair or be a defense to this Guaranty. The liability of the Guarantors hereunder shall in no way be affected or impaired by any acceptance by any of the SHELFGENIE Parties of any collateral or other guarantees for any of the Guaranteed Obligations, or by any failure, neglect or omission on the part of any of the SHELFGENIE Parties to realize upon or protect any of the Guaranteed Obligations or any collateral therefor or guarantees thereof.

5. If claim is ever made upon any of the SHELFGENIE Parties for repayment or recovery of any amount(s) received by any of the SHELFGENIE Parties in payment or on account of any of the Guaranteed Obligations and any of the SHELFGENIE Parties repays all or part of said amount(s) by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such SHELFGENIE Party or any property or assets of such SHELFGENIE Party, or (ii) any settlement or compromise of any such claim effected by such SHELFGENIE Party with any such claimant, then and in such event the Guarantors each agree that any such judgment, decree, order, settlement or compromise shall be binding on each of the Guarantors, notwithstanding any cancellation of any note or other agreement, document or instrument evidencing such Guaranteed Obligations or of this Guaranty, and the Guarantors shall be and remain liable to such SHELFGENIE Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such SHELFGENIE Party. This Guaranty shall continue to be effective or be reinstated, as the case may be, if (a) at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any of the SHELFGENIE Parties upon the insolvency, bankruptcy or reorganization of Franchisee or otherwise, all as though such payment had not been made, or (b) the Guarantors (or any of them) are released or the liability of the Guarantors (or any of them) hereunder is reduced in consideration of a payment of money or transfer of property or grant of a security interest by Franchisee, the Guarantors or any other person or entity and such payment, transfer or grant is rescinded or must otherwise be returned by any of the SHELFGENIE Parties upon the insolvency, bankruptcy or reorganization of such person or entity or otherwise, all as though such payment, transfer or grant had not been made.

6. The Guarantors each hereby represent and warrant to SHELFGENIE that (i) the execution, delivery and performance by such Guarantor of this Guaranty constitutes the legal, valid and binding obligation of such Guarantor and is enforceable against such Guarantor in accordance with its provisions; and (ii) such Guarantor has derived or will derive a benefit from the transactions contemplated by the Franchise Agreement.

7. No delay by any of the SHELFGENIE Parties in exercising any of its options, powers or rights under this Guaranty or a partial or single exercise thereof shall constitute a waiver thereof. No waiver of any of the rights of any of the SHELFGENIE Parties hereunder and no modification or amendment of this Guaranty shall be deemed to be made by such SHELFGENIE Party unless the same shall be in writing, duly executed by such SHELFGENIE Party, and each such waiver (if any) shall apply only with respect to the specific instance involved and shall in no way impair the rights of any of the SHELFGENIE Parties or the obligations of any of the Guarantors to any of the SHELFGENIE Parties in any other respect at any other time. In the event any one or more of the provisions contained in this Guaranty should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Guaranty shall not be affected or impaired thereby.

8. All payments made under or pursuant to this Guaranty may be allocated among the portions of the Guaranteed Obligations and the other obligations of the Guarantors hereunder in such order as SHELFGENIE may determine in its sole and absolute discretion.

9. This Guaranty is a continuing guaranty which shall remain in full force and effect and shall not be terminable until the date when all of the Guaranteed Obligations shall have been fully, finally and indefeasibly paid in cash or otherwise satisfied to SHELFGENIE's sole and absolute discretion.

10. This Guaranty shall be governed by and construed in accordance with the substantive laws of the State of Georgia, without regard to principles of conflicts of law. Further, the Guarantors consent to the applicability of the venue and jurisdiction provisions in the Franchise Agreement to this Guaranty.

11. This Guaranty shall be binding on the respective heirs, personal representatives, successors and permitted assigns of the Guarantors and shall inure to the benefit of the representatives, successors and assigns of each of the SHELFGENIE Parties. None of the Guarantors shall have the right to transfer or assign any of its obligations hereunder. Each of the SHELFGENIE Parties may transfer its rights hereunder to any of its affiliates or to the purchaser of all or substantially all of its assets.

12. If SHELFGENIE or any of its affiliates enforce this Guaranty in any judicial proceeding or appeal thereof, the Guarantors must reimburse SHELFGENIE and its affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty as of the date and year first above written.

GUARANTORS:

Name: _____
Address: _____

Social Security No.: _____

Name: _____
Address: _____

Social Security No.: _____

Name: _____

Address: _____

Social Security No.: _____

Name: _____

Address: _____

Social Security No.: _____

EXHIBIT 3

NONDISCLOSURE AND NONINTERFERENCE AGREEMENT

NONDISCLOSURE AND NONINTERFERENCE AGREEMENT
(For All States Except Georgia)

THIS NONDISCLOSURE AND NONINTERFERENCE AGREEMENT (“Agreement”) is made and given this ____ day of _____, 20__, by the undersigned (“Recipient”) in favor of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”) and each of the SHELFGENIE Related Parties (as hereinafter defined).

RECITALS:

WHEREAS, _____ (“**Franchisee**”) entered into that certain Franchise Agreement (the “**Franchise Agreement**”) with SHELFGENIE dated _____, 20__ for the operation of a franchise for a SHELFGENIE Business (the “**Business**”); and

WHEREAS, Recipient receives benefits from Franchisee as a direct result of SHELFGENIE entering into the Franchise Agreement and granting a franchise for the Business to Franchisee;

WHEREAS, pursuant to Section 14.4 of the Franchise Agreement, Franchisee agreed to require Recipient to execute this Agreement.

NOW, THEREFORE, in consideration of the covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Recipient agrees as follows:

1. Confidentiality and Non-Disclosure.

(a) Recipient agrees that effective immediately and at all times hereafter, Recipient shall hold in the strictest confidence and shall not make personal use of, nor disclose to any person or entity, any Confidential Information relating to SHELFGENIE or any of its subsidiaries, affiliates or franchisees (collectively, the “**SHELFGENIE Related Parties**”), without the express written consent of SHELFGENIE.

(b) As used in this Agreement, “**Confidential Information**” includes, but is not limited to, the following: manuals, processes, methods, techniques, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, skills, performance specifications, technical and other data, designs, schematics, equipment, set-up, billing, samples, products and services information (including information regarding all existing products and services and any future or planned products or services), financial information and results and other information and know-how relating to or useful in the business or operations of any of the SHELFGENIE Related Parties. “**Confidential Information**” does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Franchisee or its directors, officers, owners, employees, agents, representatives or advisors (including without limitation Recipient), or (ii) is disclosed to Recipient on a non-confidential basis from a source other than any of the SHELFGENIE Related Parties; provided, that such source is not known by Recipient, after reasonable inquiry, to be bound by a confidentiality agreement with or other obligation of secrecy to any of the SHELFGENIE Related Parties.

(c) Recipient acknowledges that any and all Confidential Information of SHELFGENIE is proprietary, unique and commercially sensitive in nature and has been developed over time and reflects a substantial investment. Recipient further acknowledges that SHELFGENIE maintains substantial secrecy concerning the Confidential Information and that, absent disclosure by one of the SHELFGENIE Related Parties to Recipient, Recipient could not otherwise have readily ascertained by proper means, and/or have acquired knowledge of such Confidential Information.

(d) Recipient may only disclose the Confidential Information protected by this Agreement to the extent Recipient is required to make such disclosure by law and is ordered by a court or administrative agency of competent jurisdiction to make such disclosure; provided, however, Recipient

shall give SHELFGENIE prompt written notice of same such that SHELFGENIE may apply to such court or other administrative agency for applicable protective orders in connection with same.

2. **Non-Competition; Non-Solicitation.**

(a) Recipient agrees that during the Non-Competition Period, he, she or it shall not directly or indirectly: (i) engage in Competition in the Assigned Territory (defined in the Franchise Agreement); (ii) induce or encourage or attempt to induce or encourage or aid others in inducing or encouraging any employee of any of the SHELFGENIE Related Parties to leave the employ of such SHELFGENIE Related Party or in any way interfere with the relationship between any of the SHELFGENIE Related Parties and any of their respective employees; (iii) induce or encourage any supplier, distributor, customer or other business contact of any of the SHELFGENIE Related Parties to change their relationship with any of the SHELFGENIE Related Parties; or (iv) interfere with, disturb, disrupt or decrease or otherwise jeopardize the business of any of the SHELFGENIE Related Parties.

(b) As used in this Agreement, "**Competition**" means the engagement by Recipient or Recipient's direct or indirect ownership, management, operation, control, consultation to, employment by or other participation in any Competitive Operation. "**Competitive Operation**" means any business that engages in, owns, invests in, manages or controls any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems or any other business similar to the business of any of the SHELFGENIE Related Parties. "**Non-Competition Period**" commences on the date of this Agreement and continues so long as Recipient (or any trust of which said Recipient is a trustee or beneficiary or any entity of which Recipient or Recipient's spouse is an officer, director, shareholder, member, partner or owner) is an officer, director, owner, agent, representative and/or managerial employee of Franchisee and for an additional period of two (2) years thereafter. "**Non-Competition Area**" means in the Assigned Territory and/or within a twenty five (25) mile radius of the borders of the Assigned Territory (whether or not franchised). Notwithstanding the foregoing, a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended, shall not be considered Competition.

3. **Non-Solicitation of Clients.** In addition to, and not in lieu of, the other non-solicitation provisions in this Agreement, for a period of two (2) years after the expiration, Transfer (as defined in the Franchise Agreement) or termination of the Franchise Agreement for any reason, and whether voluntary or involuntary and whether for cause or without cause, Recipient will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any existing client or identified prospective client with whom Recipient or its employees or agents have had direct or indirect contact or about whom Recipient or its employees or agents have learned confidential information and/or trade secrets by virtue of the operation of the SHELFGENIE Business pursuant to the Franchise Agreement ("**Clients**"), other than Clients that Franchisee has not had contact with within the two (2) years immediately preceding the expiration, Transfer or termination of the Franchise Agreement.

4. **Remedies.** Recipient acknowledges and agrees that the restrictive covenants set forth in this Agreement are necessary to protect SHELFGENIE's legitimate business interest, including, without limitation, SHELFGENIE's strong interest in preserving and protecting the Confidential Information and its business relations. Recipient further acknowledges and agrees that the covenants are fair and reasonable in scope, area and duration. Recipient further acknowledges and agrees that SHELFGENIE will suffer irreparable harm from a breach by Recipient of any of the covenants contained in this Agreement and that SHELFGENIE has no adequate remedy at law to prevent such harm. Therefore, in the event of an actual or threatened breach by Recipient of any of the provisions of this Agreement, SHELFGENIE shall have the following rights and remedies, each of which shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to SHELFGENIE at law or in equity: (i) the right and remedy to obtain an ex parte injunction (without notice to or service of process upon Recipient) restraining Recipient from any actual or threatened breach and SHELFGENIE shall not be required to show any actual damage or to post any bond or other security prior to obtaining such injunction; (ii) the right and remedy to apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other equitable relief in

order to enforce or prevent any violation of the provisions hereof; and (iii) the right and remedy to require Recipient to account for and pay over to SHELFGENIE all compensation, profit, monies, accruals, increments or other benefits derived or received by Recipient or by any other person as a result of, or in any way incident to, any conduct or transactions constituting such a breach.

5. **Modification of Covenants.** Recipient understands, acknowledges and agrees that SHELFGENIE shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Agreement without Recipient's consent, effective immediately upon receipt by Recipient of written notice thereof. Recipient agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

6. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of SHELFGENIE, its parents, affiliates, subsidiaries, successors and assigns, and shall be binding upon Recipient and Recipient's legal representatives. SHELFGENIE may assign or transfer its rights hereunder. Recipient shall not have the right to transfer or assign any of its obligations hereunder.

7. **Severability.** Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or terms or the remaining provisions or terms of this Agreement.

8. **Representations and Warranties.** The Recipient represents and warrants to SHELFGENIE that (a) the execution, delivery and performance by such Recipient of this Agreement constitutes the legal, valid and binding obligation of such Recipient and is enforceable against such Recipient in accordance with its provisions; and (b) such Recipient has derived or will derive a benefit from the transactions contemplated by the Franchise Agreement.

9. **Controlling Law.** This Agreement shall be governed by and construed in accordance with the laws of the state in which the recipient is domiciled at the time this Agreement is executed, without regard to principles of conflicts of law

10. **Headings.** The section headings in this Agreement are inserted for convenience only and shall not affect in any way the meanings or interpretations of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first above written.

Recipient

Name: _____

Name: _____

Name: _____

Name: _____

**NONDISCLOSURE AND NONINTERFERENCE AGREEMENT
(For Georgia)**

THIS NONDISCLOSURE AND NONINTERFERENCE AGREEMENT (“Agreement”) is made and given this ____ day of _____, 20__, by the undersigned (“Recipient”) in favor of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”) and each of the SHELFGENIE Related Parties (as hereinafter defined).

RECITALS:

WHEREAS, _____ (“**Franchisee**”) entered into that certain Franchise Agreement (the “**Franchise Agreement**”) with SHELFGENIE dated _____, 20__ for the operation of a franchise for a SHELFGENIE Business (the “**Business**”); and

WHEREAS, Recipient receives benefits from Franchisee as a direct result of SHELFGENIE entering into the Franchise Agreement and granting a franchise for the Business to Franchisee;

WHEREAS, pursuant to Section 14.4 of the Franchise Agreement, Franchisee agreed to require Recipient to execute this Agreement.

NOW, THEREFORE, in consideration of the covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Recipient agrees as follows:

1. Confidentiality and Non-Disclosure.

(a) Recipient agrees that effective immediately and at all times hereafter, Recipient shall hold in the strictest confidence and shall not make personal use of, nor disclose to any person or entity, any Confidential Information relating to SHELFGENIE or any of its subsidiaries, affiliates or franchisees (collectively, the “**SHELFGENIE Related Parties**”), without the express written consent of SHELFGENIE.

(b) As used in this Agreement, “**Confidential Information**” includes, but is not limited to, the following: manuals, processes, methods, techniques, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, skills, performance specifications, technical and other data, designs, schematics, equipment, set-up, billing, samples, products and services information (including information regarding all existing products and services and any future or planned products or services), financial information and results and other information and know-how relating to or useful in the business or operations of any of the SHELFGENIE Related Parties. “**Confidential Information**” does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Franchisee or its directors, officers, owners, employees, agents, representatives or advisors (including without limitation Recipient), or (ii) is disclosed to Recipient on a non-confidential basis from a source other than any of the SHELFGENIE Related Parties; provided, that such source is not known by Recipient, after reasonable inquiry, to be bound by a confidentiality agreement with or other obligation of secrecy to any of the SHELFGENIE Related Parties.

(c) Recipient acknowledges that any and all Confidential Information of SHELFGENIE is proprietary, unique and commercially sensitive in nature and has been developed over time and reflects a substantial investment. Recipient further acknowledges that SHELFGENIE maintains substantial secrecy concerning the Confidential Information and that, absent disclosure by one of the SHELFGENIE Related Parties to Recipient, Recipient could not otherwise have readily ascertained by proper means, and/or have acquired knowledge of such Confidential Information.

(d) Recipient may only disclose the Confidential Information protected by this Agreement to the extent Recipient is required to make such disclosure by law and is ordered by a court or administrative agency of competent jurisdiction to make such disclosure; provided, however, Recipient

shall give SHELFGENIE prompt written notice of same such that SHELFGENIE may apply to such court or other administrative agency for applicable protective orders in connection with same.

2. **Non-Competition; Non-Solicitation.**

(a) Recipient agrees that during the Non-Competition Period, he, she or it shall not directly or indirectly: (i) engage in Competition in the Assigned Territory (defined in the Franchise Agreement); (ii) induce or encourage or attempt to induce or encourage or aid others in inducing or encouraging any employee of any of the SHELFGENIE Related Parties to leave the employ of such SHELFGENIE Related Party or in any way interfere with the relationship between any of the SHELFGENIE Related Parties and any of their respective employees; (iii) induce or encourage any supplier, distributor, customer or other business contact of any of the SHELFGENIE Related Parties to change their relationship with any of the SHELFGENIE Related Parties; or (iv) interfere with, disturb, disrupt or decrease or otherwise jeopardize the business of any of the SHELFGENIE Related Parties.

(b) As used in this Agreement, "**Competition**" means the engagement by Recipient or Recipient's direct or indirect ownership, management, operation, control, consultation to, employment by or other participation in any Competitive Operation. "**Competitive Operation**" means any business that engages in, owns, invests in, manages or controls any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems or any other business similar to the business of any of the SHELFGENIE Related Parties. "**Non-Competition Period**" commences on the date of this Agreement and continues so long as Recipient (or any trust of which said Recipient is a trustee or beneficiary or any entity of which Recipient or Recipient's spouse is an officer, director, shareholder, member, partner or owner) is an officer, director, owner, agent, representative and/or managerial employee of Franchisee and for an additional period of two (2) years after the conclusion of such relationship with Franchisee and/or Business (including the conclusion of the operation of the Business by virtue of termination, expiration or a Transfer (as defined in the Franchise Agreement)). "**Non-Competition Area**" means in the Assigned Territory and/or within a fifteen (15) mile radius of the Assigned Territory (whether or not franchised). Notwithstanding the foregoing, a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended, shall not be considered Competition.

3. **Remedies.** Recipient acknowledges and agrees that the restrictive covenants set forth in this Agreement are necessary to protect SHELFGENIE's legitimate business interest, including, without limitation, SHELFGENIE's strong interest in preserving and protecting the Confidential Information and its business relations. Recipient further acknowledges and agrees that the covenants are fair and reasonable in scope, area and duration. Recipient further acknowledges and agrees that SHELFGENIE will suffer irreparable harm from a breach by Recipient of any of the covenants contained in this Agreement and that SHELFGENIE has no adequate remedy at law to prevent such harm. Therefore, in the event of an actual or threatened breach by Recipient of any of the provisions of this Agreement, SHELFGENIE shall have the following rights and remedies, each of which shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to SHELFGENIE at law or in equity: (i) the right and remedy to obtain an ex parte injunction (without notice to or service of process upon Recipient) restraining Recipient from any actual or threatened breach and SHELFGENIE shall not be required to show any actual damage or to post any bond or other security prior to obtaining such injunction; (ii) the right and remedy to apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other equitable relief in order to enforce or prevent any violation of the provisions hereof; and (iii) the right and remedy to require Recipient to account for and pay over to SHELFGENIE all compensation, profit, monies, accruals, increments or other benefits derived or received by Recipient or by any other person as a result of, or in any way incident to, any conduct or transactions constituting such a breach.

4. **Modification of Covenants.** Recipient understands, acknowledges and agrees that SHELFGENIE shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Agreement without Recipient's consent, effective immediately upon receipt by

Recipient of written notice thereof. Recipient agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

5. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of SHELFGENIE, its parents, affiliates, subsidiaries, successors and assigns, and shall be binding upon Recipient and Recipient's legal representatives. SHELFGENIE may assign or transfer its rights hereunder. Recipient shall not have the right to transfer or assign any of its obligations hereunder.

6. **Severability.** Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or terms or the remaining provisions or terms of this Agreement.

7. **Representations and Warranties.** The Recipient represents and warrants to SHELFGENIE that (a) the execution, delivery and performance by such Recipient of this Agreement constitutes the legal, valid and binding obligation of such Recipient and is enforceable against such Recipient in accordance with its provisions; and (b) such Recipient has derived or will derive a benefit from the transactions contemplated by the Franchise Agreement.

8. **Controlling Law.** This Agreement shall be governed by and construed in accordance with the laws of the state in which the recipient is domiciled at the time this Agreement is executed, without regard to principles of conflicts of law

9. **Headings.** The section headings in this Agreement are inserted for convenience only and shall not affect in any way the meanings or interpretations of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first above written.

Recipient

Name: _____

Name: _____

Name: _____

Name: _____

EXHIBIT 4

PERSONS HAVING OWNERSHIP OR CONTROL OF FRANCHISEE

Franchisee represents and warrants that the following is a list of the names and addresses of all of the persons having an ownership or control interest in Franchisee, directly or through one or more intermediaries:

<u>NAME</u>	<u>ADDRESS</u>	<u>PERCENTAGE OF OWNERSHIP OR DESCRIPTION OF CONTROL</u>
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EXHIBIT 5
QUESTIONNAIRE

See attached.

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, SHELFGENIE FRANCHISE SYSTEMS, LLC, (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a SHELFGENIE Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes ____ No ____
2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document? Yes ____ No ____
3. Did you sign a receipt for the Franchise Disclosure Document indicating the date on which you received it? Yes ____ No ____
4. Please provide the date on which you received the Franchise Disclosure Document and related Exhibits explaining SHELFGENIE Franchise.
_____, 20__
(month, day)
5. Please provide the date on which you received a completed copy, other than signatures, of the Franchise Agreement.
_____, 20__
(month, day)
6. Please provide the date on which you signed the Franchise Agreement.
_____, 20__
(month, day)
7. Have you discussed the benefits and risks of operating a SHELFGENIE Business with an attorney, accountant, or other professional advisor? Yes ____ No ____

YOU HAVE BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF FRANCHISOR'S OPERATIONS AND TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THIS FRANCHISE. IF YOU HAVE NOT OBTAINED SUCH ADVICE, YOU HAVE KNOWINGLY AND WILLINGLY ELECTED NOT TO DO SO.
8. Do you understand the risks associated with operating a SHELFGENIE Business? Yes ____ No ____
9. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes ____ No ____
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the business other than what is discussed in Item 19 of the Franchise Disclosure Document? Yes ____ No ____

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a SHELFGENIE Business?
Yes ____ No ____
12. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ____ No ____
13. Have you made an independent income and expenses projections for this franchise and the franchised business?
Yes ____ No ____
14. Have any of Franchisor's employees or representatives made any statement, promise or agreement concerning the amount or type of national account customers that may be available to you if you purchase this franchise?
Yes ____ No ____

* * *

Please understand that your responses to these questions are important to Franchisor and that Franchisor will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on _____, 20__.

Franchise Applicant

Name: _____

Name: _____

Name: _____

Name: _____

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND SHELFGENIE BUSINESSES LOCATED IN MARYLAND: Nothing in this Franchisee Disclosure Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT 6
MANUFACTURING AGREEMENT

See attached.

MANUFACTURING AGREEMENT

Between

**G-O Manufacturing L.L.C.
5500 Interstate North Parkway, Suite 250
Atlanta, GA 30328
770-955-4377**

And

“Franchisee”

MANUFACTURING AGREEMENT

MANUFACTURING AGREEMENT ("Agreement"), dated as of _____, 20__ (the "Agreement Date"), is entered into between G-O Manufacturing L.L.C., a Virginia limited liability company (the "Company"), and _____ ("Franchisee").

Recitals A.

A. The Company is engaged in the business of manufacturing & distributing custom moving shelving for cabinets along with various accessories, including the Glide-Out™, Basic, Classic and Designer product lines.

B. Franchisee owns and operates a SHELFGENIE franchised business pursuant to a Franchise Agreement dated as of _____ by and between ShelfGenie Franchise Systems, LLC ("Franchisor") and Franchisee (the "Franchise Agreement").

C. Pursuant to the Franchise Agreement, Franchisee is obligated to purchase and sell certain of the Company's products.

D. The Company agrees to sell to Franchisee certain of the Company's products in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, the Company and Franchisee agree as follows:

1. Definitions. Capitalized terms not defined in this Agreement have the meaning given them in the Franchise Agreement.

2. Grant and Acceptance. The Company hereby grants to Franchisee and Franchisee accepts, subject to the terms and limitations of this Agreement, a non-transferable, non-exclusive right during the Term to purchase the products listed in Schedule A (the "Products"), as that Schedule may be amended from time to time by the Company. Franchisee agrees to sell such Products to customers in compliance with the terms of the Franchise Agreement. The Company will use reasonable efforts to manufacture and ship Products and fill orders in a timely manner.

3. Franchisee not an Agent. Franchisee is not an agent, employee or legal representative of the Company for any purpose. Franchisee is not granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of the Company or to bind the Company in any manner. Franchisee is an independent dealer of the Products, buying and selling them for its own account and not on a commission basis.

4. Term. The term of this Agreement ("Term") shall run from the Agreement Date until terminated pursuant to the provisions hereof or until the termination or expiration of the Franchise Agreement.

5. Delivery, Acceptance of Products.

(a) Unless otherwise agreed, delivery, passage of title and risk of loss of the Products to Franchisee will occur at the time the Company delivers the Products to a carrier at the Company's warehouse or distribution point from which the Products are being shipped. (FOB shipping point)

(b) Whenever the Company has delivered to a carrier any Products ordered by Franchisee, whether the particular carrier has been designated in the shipping or routing instructions of Franchisee or not, the Company will not be responsible for delays or damages in shipment.

(c) Upon delivery of the Products to a carrier, a clean bill of lading will serve as conclusive evidence of the good condition of the Products.

(d) Products will be shipped by the means chosen by the Company, unless Franchisee requests a specific method, and in such packaging as selected by the Company.

(e) It is the responsibility of Franchisee to inspect the Products immediately upon receipt. Any claim for shortage must be made within twenty four (24) hours of Franchisee's receipt or within such other time as may be specified by the Company in writing. Any claim not made in writing and received by the Company within this time period will be deemed waived. All claims must be submitted according to the Company's current Claim Process Procedure which include the requirement for digital photos.

(f) Once delivered to the carrier, the Products may not be returned by Franchisee without the Company's prior written consent and on such terms and conditions as the Company may require. The Company will be responsible for delivering Products that correspond with the measurements taken and submitted by Franchisee. If there are errors in such measurements by Franchisee, Franchisee bears the risk of loss and must purchase such Products as if no errors had been made. Any modifications by the Company due to measurement errors will be treated as new orders. If Franchisee fails to take delivery of all or any part of a shipment upon arrival at the designated delivery point, then, in addition to any other remedy available to the Company, Franchisee will be liable for all transportation, loading, storage and other costs incurred by the Company by reason of Franchisee's failure to take delivery of the Products.

(g) No claim by Franchisee of any kind, whether or not as to the Products delivered or for non-delivery of the Products, and whether or not based on negligence, will be greater in amount than the purchase price of the Products in respect of which the claim is made. **IN NO EVENT WILL THE COMPANY BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES**, whether or not caused by or resulting from its negligence.

6. Orders; Prices and Terms.

(a) Franchisee agrees to comply with all of the Company's policies, practices and procedures as in effect from time to time relating to the placement and processing of Purchase Orders and shipment schedules. All Purchase Orders must be submitted through the Company's designed business system and shipment schedules submitted to the Company are subject to acceptance by the Company. The Company has the right to reject any Purchase Order for any reason. Franchisee expressly releases the Company from and will indemnify the Company for all liabilities for any loss or damage arising from the failure or delay of the Company to accept or fill any orders of Franchisee. Once a Purchase Order is submitted to the Company, Franchisee may cancel such order within the first business day without charge. Twenty four hours after submission of each Purchase Order, such Purchaser Order becomes not cancelable and Franchisee will be invoiced in full for material and labor for such Purchase Order.

(b) Franchisee shall purchase Products by submitting orders using the Company's approved business system called WishPortal ("WishPortal", including any successor business system) to the Company from time to time.

(c) The current price list will be set forth on Schedule A at the time of signing and may be altered, amended or replaced upon thirty (30) days notice to Franchisee (the "Price List"). So long as Franchisee is in compliance with the terms of the Franchise Agreement, Franchisee is permitted to be a part of the purchasing cooperative with all of the compliant franchisees whereby the prices shall be the price as listed in the Price List, less ten percent (10%). Otherwise, Franchisee must pay the prices listed in the Price List. Ordering guidelines and terms of shipment of the Products sold to Franchisee are as set forth on Schedule B. The Company may increase or decrease the prices of the Products paid by Franchisee at any time. The Company will notify Franchisee in writing within thirty (30) days of any such price increases or decreases and will apply such price increases or decreases to all Purchase Orders

made on or after the effective date of such price increase or decrease. Unless otherwise specified in writing, prices will be F.O.B. the Company's shipping point from which the Products are being shipped and will be exclusive of tariffs, duties, sales taxes, use taxes and similar levies and taxes, and all insurance, shipping, freight, delivery, handling and packaging charges ("Other Charges"). Any Other Charges the Company incurs or may be required to pay upon the sale or delivery of any of the Products to Franchisee will be added to the prices charged to Franchisee. Under no circumstances will the Company be obligated to make deliveries to Franchisee if any prior invoice remains unpaid beyond its due date or if Franchisee is otherwise in default in any of its obligations to the Company or under the Franchise Agreement.

(d) As security for the prompt payment of amounts due under this Agreement, Franchisee grants to the Company a purchase money security interest in Franchisee's interest in the Products wherever located and whether now owned or hereafter acquired by Franchisee (all of the foregoing being collectively referred to as "collateral"), until the purchase price for the Products has been paid in full to the Company. The Company's security interest will apply to and include all proceeds of the collateral, including but not limited to proceeds of any insurance with respect to any lost, stolen, damaged or destroyed items of collateral. Without the prior written consent of the Company, Franchisee will neither grant nor permit any other security interest, lien or encumbrance of any kind in any of the collateral. When requested by the Company, Franchisee will promptly execute all documents and perform all other actions, as may be requested by the Company for the purpose of perfecting and maintaining perfected the Company's security interest granted under this Section. The provisions of this Section will be deemed to be a security agreement and will survive the expiration or termination of this Agreement. The happening of any event under Section 10 or the breach of any representation, warranty or covenant in this Agreement will be a breach by Franchisee of this security agreement. Upon such a default, at the Company's option, all amounts owed to the Company by Franchisee, including without limitation the unpaid price of the Products purchased by Franchisee, will become immediately due and payable, and the Company may (i) exercise separately, successively or simultaneously all rights and remedies of a secured party under the Uniform Commercial Code in addition to all other rights and remedies granted to it in this Agreement, and (ii) apply the proceeds of disposition of collateral or other amounts collected toward the payment of Franchisee's obligations, in order of application as the Company may elect, and expenses in connection with the collection and disposition of the collateral and enforcement of the Company's rights and remedies hereunder, including reasonable attorneys' fees and legal expenses.

(e) By their execution of this Agreement, the principal owner or owners of Franchisee (the "Guarantors") agree to unconditionally guarantee (jointly and severally as the case may be) payment when due of all indebtedness and other liabilities and the performance of all obligations of Franchisee to the Company under this Agreement, together with all interest, attorneys' fees, costs and expenses of collection incurred by the Company in enforcing any such indebtedness, liabilities or obligations (collectively the "Liabilities"). In addition, each of the Guarantors expressly subordinates all indebtedness of Franchisee owing to him or her to the Liabilities. When requested by the Company, each of the Guarantors will execute any and all documents necessary to give effect to this Section. The provisions of this Section will survive the expiration or termination of this Agreement.

7. No Liability for Delays.

IN NO EVENT WILL THE COMPANY BE LIABLE FOR DIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHER DAMAGES, COSTS OR EXPENSES DUE TO ACTS OR DELAYS OCCASIONED BY FORCE MAJEURE OR ANY CAUSE BEYOND THE COMPANY'S REASONABLE CONTROL, INCLUDING BUT NOT LIMITED TO, STRIKES, LABOR CONTROVERSIES, FIRE, FLOOD, EARTHQUAKE, WINDSTORM, UNUSUALLY SEVERE WEATHER, ACTS OF GOD OR THE ELEMENTS, EMBARGOES, GOVERNMENT ORDERS OR RESTRICTIONS AS TO THE MANUFACTURE, SALE OR DELIVERY OF THE PRODUCTS, LOCKOUTS OR STOPPAGE OF WORK IN THE FACILITIES OF THE COMPANY, WAR, WARLIKE CONDITIONS, TERRORISM, CIVIL DISTURBANCES, FAILURE OF A SUPPLIER TO DELIVER TO THE COMPANY FOR ANY REASON, OR FOR ANY OTHER CAUSE, CONTINGENCY OR CIRCUMSTANCE NOT SUBJECT TO THE

COMPANY'S REASONABLE CONTROL AND WHICH PREVENTS OR HINDERS THE COMPANY'S PERFORMANCE.

8. Trademarks, Trade Names and Intellectual Property

(a) Any Products offered for resale or resold by Franchisee pursuant to this Agreement will be offered or sold only under such trademarks, trade names, service marks, symbols, logos and other designations (the "Trademarks") as are then used in connection with those Products by the Company, except as may be otherwise agreed to by the Company in writing. These Trademarks include, but are not limited to Glide-Out™, Basic, Classic, and Designer Lines and Glide-Around. Franchisee agrees not to remove, change, alter or distort the Trademarks affixed by the Company to the Products.

(b) It is understood and agreed that all Trademarks, patents, copyrights, trade secrets and other property rights with respect to the Products and their assembly and installation (the "Intellectual Property") are and will remain exclusively the property of the Company. Franchisee will not directly or indirectly obtain or attempt to obtain during the term of this Agreement or at any time thereafter, any right, title or interest by registration, patent, copyright or otherwise in or to the Intellectual Property owned or used by the Company or any of its affiliates. Franchisee agrees to take no action which would jeopardize, limit or interfere in any manner with the Company's ownership of and right to utilize its corporate name or the Intellectual Property. Franchisee agrees that it will not use in its or their corporate name or as a trade name, the Company's name or the name of any division, subsidiary or affiliate of the Company, or any variant or abbreviation of it, or the Intellectual Property, without the Company's prior written approval.

(c) Solely for the purpose of marketing the Products, Franchisee may, while this Agreement is in effect, indicate that it is an authorized distributor for the Products and may advertise the Products under the Trademarks as are then used in connection with the Products by the Company.

(d) Upon termination of the Term of this Agreement for any reason, Franchisee agrees to immediately discontinue advertising as an authorized distributor for the Products or advertising the Product themselves.

9. Warranty of Products.

(a) **What This Warranty Covers:** The Company warrants its parts and Products to be free of substantial defects in materials and workmanship from the original date of purchase under normal home or office use. This warranty is offered only to the original consumer purchaser and may not be transferred.

(b) **What The Company Will Do Under The Warranty:** During the warranty period, the Company at its option will repair or replace any part or Product that proves to have substantial defects in materials or workmanship, or the Company will provide an equivalent replacement Product. In keeping with the Company's policy of continuous product improvement, the Company reserves the right to change specifications in design and materials without notice and with no obligation to retrofit products G-O Manufacturing previously manufactured or distributed. (Shipping costs, labor costs, installation cost, etc. are the responsibility of Franchisee and/or the purchaser).

(c) **What This Warranty Does Not Cover:** This warranty does not cover any problems or damage which result from improper transportation, improper installation, mishandling, misuse, abuse, neglect, abnormal use, commercial use, improper maintenance, non-Company repairs, accidents or acts of God, such as hurricanes, fire, earthquakes or floods. This warranty and any applicable implied warranties do not cover incidental or consequential damages arising from any defects in the Product, such as labor charges for installation or removal of the Product or any associated Products. This warranty does not cover defects or damage caused by normal wear & tear, alterations, environmental conditions, humidity absorption or mold. In addition, variations in wood grain finish color, aging or other natural wood and stain characteristics are not considered defects and are not covered by this warranty.

10. Termination.

(a) In addition to any other rights and remedies the Company may have under this Agreement or any other agreement with Franchisee, the Company will have good cause and the right to cancel the Term immediately by written or oral notice to Franchisee, upon the happening of any of the following events:

(i) The expiration or termination of the Franchise Agreement for any reason;

(ii) Franchisee assigns or transfers or attempts to assign or transfer any interest in this Agreement without the prior written consent of the Company;

(iii) Any principal owner or principal officer of Franchisee dies or is incapacitated, unless a qualified person to continue the management of Franchisee's business has been approved by the Company;

(iv) Any principal owner or principal officer of Franchisee, or Franchisee itself, is convicted of a serious crime or takes any action which, in the opinion of the Company, adversely affects the reputation of Franchisee, the Company or the Products;

(v) Any case, proceeding, or other action is commenced, seeking to have an order for relief entered on Franchisee's behalf as debtor, or to adjudicate Franchisee as bankrupt or insolvent, or seeking a reorganization, liquidation or dissolution of Franchisee or Franchisee's debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the appointment of a receiver or trustee, custodian or similar official for Franchisee or for all or a substantial part of its assets; or (vi) Franchisee ceases to function as a going concern.

(b) In addition to any other rights and remedies the Company may have under this Agreement or any other agreement with Franchisee, the Company will have good cause and the right to terminate this Agreement upon ten (10) days' written notice to Franchisee upon the happening of any of the following events:

(i) Franchisee fails to pay any amount owing to the Company when due and the payment is not made within ten (10) days after written notice is given by the Company to Franchisee of the failure;

(ii) Franchisee defaults in the performance of any of its other obligations under this Agreement, and the default is not cured within thirty (30) days after written notice specifying the default is given by the Company to Franchisee.

(c) In addition to any other rights and remedies Franchisee may have under this Agreement or any other agreement, Franchisee will have the right to terminate this Agreement upon ten (10) days written notice to the Company upon the happening of any of the following events:

(i) The Company defaults in the performance of any of its obligations under this Agreement and the default is not cured within thirty (30) days after written notice specifying the default is given by Franchisee to the Company;

(ii) The Company ceases to function as a going concern; or

(iii) The Company ceases to sell all of the Products (including all of the replacement Products).

(d) Upon the termination or expiration of the Term:

(i) Franchisee will immediately cease to operate as a dealer of the Products and will cooperate with the Company and any person or entity designated by the Company to assume responsibility for distributing the Products to affect an orderly transfer of Franchisee's operations under this Agreement to the Company or to such other person or entity.

(ii) Franchisee will immediately cease to, in any manner, represent that it is acting in the capacity of a dealer of the Products, and will not, in the future for any commercial or business purpose represent or state that it was a former dealer for the Company or of the Products.

(iii) All amounts owed to the Company by Franchisee, including but not limited to the unpaid price of Products purchased by Franchisee, will become immediately due and payable, unless otherwise agreed to by the Company in writing. The Company will have the right to offset any credits or other amounts due to Franchisee against any amount due and owing by Franchisee to the Company.

(iv) THE COMPANY SHALL NOT BE LIABLE TO FRANCHISEE FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES AS A RESULT OF ANY BREACH OF THIS AGREEMENT BY THE COMPANY OR THE TERMINATION, EXPIRATION OR NONRENEWAL OF THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO DAMAGES ARISING FROM THE LOSS OF PROSPECTIVE PROFITS OR ANTICIPATED SALES, LOST BUSINESS OPPORTUNITIES OR EXPENDITURES, INVESTMENTS, LEASES OR OTHER COMMITMENTS IN CONNECTION WITH THE BUSINESS.

11. Indemnification. Franchisee will indemnify, defend and hold the Company and its officers, directors, employees and agents harmless from any and all claims, damages, losses, liabilities or expenses (including without limitation reasonable attorneys' fees) arising out of (a) any breach of a representation or warranty made by Franchisee in this Agreement, (b) the breach of any agreement made by Franchisee herein, or (c) Franchisee's performance of its obligations hereunder.

12. Attorneys' Fees. Franchisee shall pay any costs incurred by the Company in enforcing its rights herein, including reasonable attorneys' fees.

13. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Georgia, excluding conflicts of law provisions.

14. Entire Agreement. This Agreement and the Franchise Agreement constitute the entire agreement among the parties and supersedes all other prior agreements or undertakings, both written and oral, among the parties with respect to the subject matter hereof provided however, that nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that was furnished to Franchisee.

15. Inconsistent Provisions. The provisions of this Agreement supersede any provisions of the Company's general conditions of sale which may be inconsistent with it. Acknowledgment or acceptance of any order inconsistent with the terms of this Agreement or the making of deliveries pursuant to any such order will not be deemed an acceptance or approval of any such inconsistent provision.

16. Headings. The Section headings in this Agreement do not form a part of this Agreement, and do not limit or affect in any way the meaning of the Sections of this Agreement and are for convenience only.

17. Waiver. The failure of either party to insist on strict performance of any covenant or condition of this Agreement in any one or more instances, will not be construed as a waiver or

relinquishment of the covenant or condition in the future, but the covenant or condition will remain in full force and effect.

18. Severability. To the extent that a court or arbitrator does not or cannot modify provisions of this agreement, then the provision shall be severed. It is understood and agreed that if any portion of this Agreement is prohibited by or under the laws of any governmental authority in which this Agreement is used, or to which it is made applicable, that portion will be ineffective and void to the extent of the prohibition without invalidating any of the remaining provisions of this Agreement.

19. Assignment. This Agreement may be assigned by the Company, and the performance of its duties pursuant to this Agreement may be delegated. This Agreement may not be assigned or encumbered by Franchisee, and the performance of its duties under this Agreement may not be delegated, except with the prior written consent of the Company. This Agreement is binding upon and inures to the benefit of its parties, their successors and permitted assigns.

20. Notices. Unless otherwise specified, any notice required or authorized under this Agreement will be given in writing by hand or by first class mail, telefax, telex or cable. All such notices will be delivered or sent to the respective parties at the addresses set forth on the first page of this Agreement or to such different address as either party may from time to time designate by notice properly given to the other under this Agreement. Notice will be deemed given on the date of service if personally served on a business day or on the date of transmission if sent by telex, telefax or cable on a business day. In all other instances, notice will be deemed given on the second business day following mailing, transmission or delivery.

FRANCHISEE:

By: _____
Title:

By: _____
Title:

**COMPANY:
G-O Manufacturing L.L.C.**

By: _____
Barry J. Falcon

GUARANTOR:

Name:
SSN:
Address:

Name:
SSN:
Address:

SCHEDULE A

THE PRODUCTS AND PRICES

To be attached at signing.

SCHEDULE B

TERMS

Ordering

1. Payment – 30% down with order via ACH; balance net 30 days. Franchisee is invoiced for order amount in full when the order is shipped. Balance payment is due in full net 30 days from the shipment date, via automatic ACH payment, with an initial credit limit of \$5,000. The guarantor section of this Agreement must be signed. (This may increase or decrease based on payment history) Otherwise all products must be paid in full prior to building.

Product Delivery

1. Method – FOB shipping point.

2. Shipping Options will depend on Volume, Order Quality and Product Selection. The Company has sole discretion related to the method of transportation and whether small boxes or pallets will be used. Generally, whether products will be shipped in small boxes or pallet shipments via common carrier are determined by the number of Product units in each wholesale order and the number of orders submitted together. The Company reserves the right to change the shipping methods and shipping/transportation providers with 30 days notice.

3. A shipping, handling and packaging charge of 25%- 30% (depending on products shipped) of the wholesale order before discounts will be assessed for all shipments shipped in boxes by ground transportation at the Company's choice. These charges are subject to change with 30 days notice.

4. A shipping, handling and packaging charge of 10%- 25% (depending on products shipped) of the wholesale order before discounts will be assessed for all shipments shipped by pallet. These charges are subject to change with 30 days notice.

EXHIBIT 7
SOFTWARE AGREEMENT

See attached.

SOFTWARE LICENSE AGREEMENT

This Software License Agreement (this "**Agreement**") is entered into as of _____, 20____, by and between ShelfGenie Franchise Systems, LLC, a Georgia limited liability company ("**ShelfGenie**"), and _____, a _____ ("**Licensee**").

RECITALS

A. ShelfGenie and Licensee entered into that certain franchise agreement dated _____, ____ (the "**Franchise Agreement**").

B. Pursuant to the Franchise Agreement, Licensee has been granted a franchise to operate a business that designs and installs customized solutions for new and existing cabinets, pantries and other structures identified by the trade name and service mark "SHELFGENIE".

C. ShelfGenie and its affiliates have developed proprietary customer relations management software known as WishPortal™ ("**Software**") which ShelfGenie makes available to its franchisees through its web site located at www._____.com (the "**Site**");

D. The Franchise Agreement requires Licensee to use and have access to the Software to be used as part of the franchised business; and

E. Licensee wishes to obtain a non-exclusive license to use the Software, and ShelfGenie is willing to grant such non-exclusive license to Licensee on the terms set forth in this Agreement.

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

1. **Software.**

1.1 **License Grant.** Subject to Licensee's compliance with the terms and conditions of this Agreement, ShelfGenie hereby grants Licensee a limited, personal, revocable, non-transferable, non-exclusive license during the term of this Agreement, to use the Software for internal business purposes and permit users authorized by Licensee ("**Users**") to use the Software for internal business purposes. The Software will be made available to Licensee under this Agreement in object code only; no source code is provided to Licensee under this Agreement.

1.2 **Delivery and Acceptance.** Following execution of this Agreement, ShelfGenie shall enable Licensee to download the Software from the Site, or shall otherwise make the Software available to Licensee. The Software (and any future Software updates or upgrades that ShelfGenie may make available to Licensee from time-to-time and which are included in the defined term "Software") will be deemed accepted upon ShelfGenie making the Software (or the relevant update or upgrade) available to Licensee.

1.3 **Restrictions.** Licensee may not, and will not permit or induce any third party (including, without limitation, any User) to: (i) decompile, reverse engineer, disassemble or otherwise attempt to reconstruct or discover the source code, underlying ideas or algorithms of any components of the Software; (ii) alter, modify, translate, adapt in any way, or prepare any derivative work based upon the Software; (iii) rent, lease, network, loan, pledge, encumber, sublicense, sell, distribute, disclose, assign or otherwise transfer the Software or any copy thereof; (iv) use the Software in commercial timesharing, rental or other sharing arrangements; or (v)

remove any proprietary notices from the Software or any related documentation or other materials furnished or made available hereunder. In addition, Licensee agrees to comply with all applicable local, state, national, and international laws, rules and regulations applicable to Licensee's use of the Software.

1.4 **Proprietary Rights.** ShelfGenie or its licensors retain all right, title and interest in and to the Software and related documentation and materials, including, without limitation, all patent, copyright, trademark, and trade secret rights, embodied in, or otherwise applicable to the Software, whether such rights are registered or unregistered, and wherever in the world those rights may exist. Licensee shall not commit any act or omission, or permit or induce any third party to commit any act or omission inconsistent with ShelfGenie's or its licensors' rights, title and interest in and to the Software and the intellectual property rights embodied therein or applicable thereto. All materials embodied in, or comprising the Software, including, but not limited to, graphics, user and visual interfaces, images, code, applications, and text, as well as the design, structure, selection, coordination, expression, "look and feel", and arrangement of the Software and its content, and the trademarks, service marks, proprietary logos and other distinctive brand features found in the Software ("**ShelfGenie Marks**"), are all owned by ShelfGenie or its licensors. This Agreement does not grant Licensee any license to use the the ShelfGenie Marks. Title to the Software shall not pass from ShelfGenie to Licensee, and the Software and all copies thereof shall at all times remain the sole and exclusive property of ShelfGenie. There are no implied rights or licenses in this Agreement. All rights are expressly reserved by ShelfGenie.

1.5 Third Party Software. ShelfGenie may in its sole discretion, make available third party software (“**Third Party Software**”) embedded in, or otherwise provided with, the Software. Third Party Software is expressly excluded from the defined term “Software” as used throughout this Agreement. Licensee’s use of the Third Party Software is subject to the applicable third party license terms which can be viewed at www._____, and such Third Party Software is not licensed to Licensee under the terms of this Agreement. If Licensee does not agree to abide by the applicable license terms for the Third Party Software, then Licensee may not access or use the Software or the Third Party Software.

1.6 Inspection. ShelfGenie shall have the right to review Licensee’s use of the Software (consistent with ShelfGenie’s inspections rights under the Franchise Agreement) to verify Licensee’s compliance with the terms of this Agreement.

2. Fees & Payment Terms.

2.1 Software License Fees. Licensee shall pay ShelfGenie a fee of One Thousand Dollars (\$1,000.00) at the time this Agreement is executed. Licensee shall pay ShelfGenie a monthly fee by the 10th day of each month during the term of this Agreement (the “**Technology Fee**”). This Technology Fee is for support, maintenance and access to the Software. The Technology Fee is currently Two Hundred Fifty Dollars (\$250.00) per month, plus One Hundred Dollars (\$100.00) per month for each additional User over three (3) users and the Technology Fee can be increased upon written notice by ShelfGenie. Currently, ShelfGenie has agreed to waive these fees so long as Licensee remains in good standing under the Franchise Agreement and this Agreement; provided, however, ShelfGenie reserves the right to, at any point during the term of this Agreement, discontinue waiving these fees and start charging these fees in the future.

2.2 Payment Terms. All payments under this Agreement shall be made in currently available funds and payments may be made by check, wire transfer, or by such other means as ShelfGenie may specify from time-to-time. All fees are payable in U.S. currency. All fees specifically exclude (and Licensee is responsible for) any and all applicable sales, use and other taxes, other than taxes based on ShelfGenie’s income. Any amounts due under this Agreement which are not paid within thirty (30) calendar days of their due date shall be subject to a late payment charge of the lower of: (i) one and one half percent (1.5%) per month (and shall thereafter bear interest at a rate of eighteen percent (18%) per annum until paid); and (ii) the highest interest rate permitted by applicable law. Each party is responsible for its own expenses under this Agreement. All fees payable under this Agreement are non-refundable. ShelfGenie will not issue any invoices for the fees due hereunder unless expressly requested by Licensee; provided however, that all fees are automatically due as set forth in this Section 3 irrespective of the date of issue of any invoice.

3. Term & Termination.

3.1 Term. Subject to termination as set forth in this Section 3, the term of this Agreement will commence on the

Effective Date and will continue for as long as any Software is being provided to Licensee under this Agreement. ShelfGenie may cease providing the Software at any point during the term of this Agreement upon sixty (60) days’ prior written notice to Licensee.

3.2 Termination.

(a) Either party may terminate this Agreement immediately without further notice if the other party breaches its obligations under this Agreement and does not remedy such breach within thirty (30) calendar days of the date on which the breaching party receives written notice of such breach from the non-breaching party.

(b) Either party may terminate this Agreement upon written notice to the other party: (i) upon the institution by the other party of insolvency, receivership or bankruptcy proceedings or any other act of bankruptcy or proceedings for the settlement of its debts; (ii) upon the institution of bankruptcy proceedings against the other Party, which are not dismissed or otherwise resolved in its favor within ninety (90) days thereafter; (iii) upon the other Party making a general assignment for the benefit of creditors, whether voluntary or involuntary, or calling a general meeting of the party’s creditors for purposes of compromising any of the party’s debts; or (iv) upon the other party dissolving, liquidating, winding up, or ceasing to conduct business in the ordinary course.

(c) ShelfGenie may terminate this Agreement immediately, if Licensee willfully and maliciously commits a material breach of Section 1.3 (Restrictions).

3.3 Effects of Termination. Upon the termination of this Agreement for any reason: (i) the licenses granted under this Agreement in respect of the Software shall immediately terminate and Licensee shall cease to use Software and shall cease making the Software or any services available to Users; (ii) Licensee shall pay to ShelfGenie the full amount of any outstanding fees due hereunder; and (iii) within ten (10) calendar days of such termination, each party shall destroy or return all confidential and/or proprietary information of the other party in its possession, and will not make or retain any copies of such information in any form, except that the receiving party may retain one (1) archival copy of such information solely for purposes of ensuring compliance with this Agreement. Notwithstanding the foregoing, the following terms shall survive the termination of this Agreement, together with any other terms which by their nature are intended to survive such termination: Sections 1.3 (Restrictions), 1.4 (Proprietary Rights), 2 (Fees & Payment Terms), 3.3 (Effects of Termination), 4 (Confidentiality), 5.2 (Disclaimer of Warranties), 6 (Indemnification), 7 (Limitation of Liability), 9 (Governing Law & Jurisdiction), 10 (Notices), and 11 (General Provisions).

4. Confidentiality.

4.1 General. If a party (the “**Receiving Party**”) obtains access to Confidential Information (as defined below) of the other party (the “**Disclosing Party**”) in connection with the

negotiation or performance of this Agreement, the Receiving Party agrees: (a) not to directly or indirectly disclose the Confidential Information to any third party except as contemplated by this Agreement; and (b) to use the Confidential Information only to perform its obligations and exercise its rights under this Agreement. The Receiving Party shall use at least the same degree of care to protect the Confidential Information of the Disclosing Party from unauthorized disclosure or access that the Receiving Party uses to protect its own Confidential Information, but not less than reasonable care. The Receiving Party shall immediately notify the Disclosing Party of any actual or suspected loss or unauthorized use, disclosure of or access to the Disclosing Party's Confidential Information of which it becomes aware and take all steps reasonably requested by the Disclosing Party to limit, stop or otherwise prevent such loss or unauthorized use, disclosure or access.

4.2 Confidential Information. "Confidential Information" shall mean: (a) all information about or belonging to the Disclosing Party or a third party that is disclosed or otherwise becomes known to the Receiving Party in connection with this Agreement and that is not a matter of public knowledge; (b) all trade secrets, customer information and intellectual property owned or licensed by the Disclosing Party; (c) all personal information about individuals contained in the Disclosing Party's records (including names, addresses, social security numbers, and credit card and other financial information); and (d) the Software. The terms of this Agreement are the Confidential Information of both parties, which may be disclosed by a party, only to the extent reasonably necessary, to its legal and financial advisors and to subcontractors or other third parties that will be providing services in connection with the Agreement and who are under an obligation to protect the confidentiality of the Confidential Information.

4.3 Exclusions. Any particular information of the Disclosing Party shall not be considered Confidential Information if it: (a) was previously rightfully known by the Receiving Party free of any obligation to keep it confidential; (b) is or becomes publicly known through no wrongful act of the Receiving Party; (c) is independently developed by the Receiving Party without reference to the Confidential Information of the Disclosing Party; or (d) is subject to disclosure pursuant to a subpoena, judicial or governmental requirement, or order, provided that the Receiving Party has given the Disclosing Party sufficient prior notice of such subpoena, requirement, or order, to permit the Disclosing Party a reasonable opportunity to object to the subpoena, requirement, or order and to allow the Disclosing Party the opportunity to seek a protective order or other appropriate remedy.

5. Warranties & Disclaimer of Warranties.

5.1 General Representations and Warranties. Each party represents and warrants to the other party that: (i) it has the full power and authority to enter into this Agreement and to carry out its obligations under this Agreement; and (ii) it has complied, and will in the future comply, with all applicable laws, rules and regulations in connection with the execution, delivery and performance of this Agreement.

5.2 Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH ABOVE IN THIS SECTION 6: (I) THE SOFTWARE ARE PROVIDED TO LICENSEE ON AN "AS IS" BASIS, WITH ANY AND ALL FAULTS, AND WITHOUT ANY WARRANTY OF ANY KIND; AND (II) SHELFGENIE EXPRESSLY DISCLAIMS ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SATISFACTORY QUALITY, AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. SHELFGENIE DOES NOT WARRANT THAT THE SOFTWARE WILL MEET LICENSEE'S OR ITS USERS' REQUIREMENTS, OR THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE SOFTWARE WILL BE CORRECTED. LICENSEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE USE OF THE SOFTWARE AND ALL RESULTS OF SUCH USE IS SOLELY AT LICENSEE'S AND ITS USERS' OWN RISK. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY SHELFGENIE OR ITS AUTHORIZED REPRESENTATIVES SHALL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF ANY WARRANTY. SOME JURISDICTIONS MAY NOT ALLOW THE EXCLUSION AND/OR LIMITATION OF IMPLIED WARRANTIES OR CONDITIONS, OR ALLOW LIMITATIONS ON HOW LONG AN IMPLIED WARRANTY LASTS, SO THE ABOVE LIMITATIONS OR EXCLUSIONS MAY NOT APPLY TO LICENSEE. IN SUCH EVENT, SHELFGENIE'S WARRANTIES AND CONDITIONS WITH RESPECT TO THE SOFTWARE WILL BE LIMITED TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW IN SUCH JURISDICTION.

6. Indemnification.

6.1 Indemnification. Licensee hereby agrees to indemnify, defend and hold harmless ShelfGenie and its parents, affiliates, subsidiaries, licensors, and third party service providers, and its and their respective officers, directors, employees, agents, representatives, and contractors (each, a "ShelfGenie Party"), from and against any and all liability and costs (including, without limitation, attorneys' fees and costs) incurred by any ShelfGenie Party in connection with any actual or alleged claim arising out of, or relating to: (i) Licensee's breach of this Agreement, or violation of any applicable law, rule or regulation and (ii) Licensee's gross negligence, fraudulent misrepresentation or willful misconduct.

6.2 Procedure. Counsel Licensee selects for the defense or settlement of a claim must be consented to by ShelfGenie prior to counsel being engaged to represent any ShelfGenie Party. Licensee and Licensee's counsel will cooperate as fully as reasonably required, and provide such information as reasonably requested, by ShelfGenie in the defense or settlement of any claim. ShelfGenie reserves the right, at its own expense, to assume the exclusive defense or settlement, and control of any matter otherwise subject to indemnification by Licensee. Licensee shall not in any event, consent to any judgment, settlement, attachment, or lien, or

any other act adverse to the interests of any ShelfGenie Party without the prior written consent of each relevant ShelfGenie Party.

7. Limitation of Liability.

7.1 Consequential Damages Waiver. UNDER NO CIRCUMSTANCES, SHALL ANY SHELFGENIE PARTY BE LIABLE TO LICENSEE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, RELIANCE, OR CONSEQUENTIAL DAMAGES, (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION AND THE LIKE) ARISING OUT OF OR RELATING TO THE USE AND/OR INABILITY TO USE THE SOFTWARE, REGARDLESS OF THE LEGAL THEORY UPON WHICH ANY CLAIM FOR SUCH DAMAGES IS BASED AND EVEN IF A SHELFGENIE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7.2 Limitation of Damages. WITHOUT LIMITING THE FOREGOING, IN NO EVENT SHALL THE SHELFGENIE PARTIES' TOTAL CUMULATIVE LIABILITY TO LICENSEE FOR ALL DAMAGES, LOSSES AND CAUSES OF ACTION (WHETHER IN CONTRACT, TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, OR OTHERWISE) EXCEED THE TOTAL AMOUNT OF FEES PAID BY LICENSEE TO SHELFGENIE DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE SHELFGENIE PARTIES' LIABILITY.

7.3 Failure of Essential Purpose. THE PARTIES AGREE THAT THESE LIMITATIONS SHALL APPLY EVEN IF THIS AGREEMENT OR ANY LIMITED REMEDY SPECIFIED HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE.

7.4 Jurisdictional Issues. Some jurisdictions may not allow the exclusion or limitation of incidental, special, consequential, or other damages, so the above limitations or exclusions may not apply to Licensee. In such event, the liability of the ShelfGenie Parties for such damages with respect to the Software will be limited to the greatest extent permitted by applicable law in such jurisdiction.

8. Export. Licensee acknowledges that the laws and regulations of the United States of America and foreign jurisdictions may restrict the export and re-export of certain commodities and technical data of United States of America origin, including the Software. Licensee agrees that it will not export or re-export the Software without the appropriate United States or foreign government licenses or permits.

9. Governing Law & Jurisdiction. This Agreement will be construed and enforced in all respects in accordance with the laws of the state of Georgia, without reference to its choice of law rules. Any action or proceeding permitted to be brought in court, shall be brought in the state courts located in the state and county in which ShelfGenie's principal place of business is located or the federal courts of the state and district in which ShelfGenie's principal place of business is located. For any action or proceeding permitted to be brought

in court, Licensee consents to the jurisdiction of the state courts located in the state and county in which ShelfGenie's principal place of business is located and the federal courts of the state and district in which ShelfGenie's principal place of business is located. The parties hereto waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The exclusive choice of jurisdiction and venue does not preclude the enforcement by either party hereto of any judgment obtained in such jurisdiction, in any appropriate jurisdiction. Notwithstanding anything in this Agreement to the contrary, ShelfGenie may seek injunctive or other equitable relief in any court of competent jurisdiction to protect any actual or threatened misappropriation or infringement of its intellectual property rights or those of its licensors, and Licensee hereby submits to the exclusive jurisdiction of such courts and waives any objection thereto on the basis of improper venue, inconvenience of the forum or any other grounds. Licensee agrees that any breach of the license restrictions or other infringement or misappropriation of the intellectual property rights of ShelfGenie or its licensors will result in immediate and irreparable damage to ShelfGenie for which there is no adequate remedy at law. The United Nations Convention on Contracts for the International Sale of Goods in its entirety is expressly excluded from this Agreement, including, without limitation, application to the Software provided hereunder. Furthermore, this Agreement will not be governed or interpreted in any way by referring to any law based on the Uniform Computer Information Transactions Act (UCITA) or any other act derived from or related to UCITA.

10. Notices. All notices permitted or required under this Agreement shall be in writing and shall be delivered by personal delivery, e-mail, or by certified or registered mail, return receipt requested, and shall be deemed given upon personal delivery, five (5) business days after deposit in the U.S. mail, or upon confirmation of transmission if sent by e-mail. Notices shall be sent to each party at their respective addresses as set forth in this Agreement, as such contact information may be updated by each party from time-to-time pursuant to this Section 11.

11. General Provisions. Licensee shall not assign this Agreement or transfer any of its rights hereunder, or delegate the performance of any of its duties or obligations arising under this Agreement, whether by merger, acquisition, sale of assets, operation of law, or otherwise, without the prior written consent of ShelfGenie. Any purported assignment in violation of the preceding sentence is null and void. Subject to the foregoing, this Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the parties thereto. Except as otherwise specified in this Agreement, this Agreement may be amended or supplemented only by a writing that refers explicitly to this Agreement and that is signed on behalf of both parties. No waiver will be implied from conduct or failure to enforce rights. No waiver will be effective unless in a writing signed on behalf of the party against whom the waiver is asserted. If any term of this Agreement is found invalid or unenforceable that term will be enforced to the maximum extent permitted by law and the remainder of this Agreement will remain in full force. The parties are independent contractors and nothing contained

herein shall be construed as creating an agency, partnership, or other form of joint enterprise between the parties. This Agreement represents the entire agreement between the parties relating to its subject matter and supersedes all prior and/or contemporaneous representations, discussions, negotiations and agreements, whether written or oral. Except for Licensee's payment obligations hereunder, neither party shall be liable to the other party or any third party for failure or delay in performing its obligations under this Agreement when such failure or delay is due to any cause beyond the control of the party concerned, including, without limitation, acts of God, governmental orders or restrictions, fire, or flood, provided

that upon cessation of such events such party shall thereupon promptly perform or complete the performance of its obligations hereunder. Except as otherwise expressly provided in this Agreement, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, in equity or otherwise. This Agreement may be entered into in one or more counterparts, each of which will be deemed an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SHELFGENIE FRANCHISE SYSTEMS, LLC

[Name of Licensee]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

EXHIBIT B

MULTI-UNIT DEVELOPMENT AGREEMENT

See attached.

MULTI-UNIT DEVELOPMENT AGREEMENT

between

**ShelfGenie Franchise Systems, LLC
a Georgia limited liability company
5500 Interstate North Parkway, Suite 250
Atlanta, GA 30328**

and

Dated: _____, 20__

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SHELFGENIE FRANCHISE SYSTEMS, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (“**Agreement**”) is made and entered into as of the ____ day of _____, 20__ (the “**Effective Date**”), by and between SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”), and _____, a _____ (“**Developer**”).

INTRODUCTION

A. SHELFGENIE is in the business of franchising SHELFGENIE Businesses pursuant to a franchise agreement (each, a “**Franchise Agreement**”) and under the System, and the Proprietary Marks as described in the Franchise Agreement the current version of which is attached as Exhibit A to the Franchise Disclosure Document.

B. SHELFGENIE, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system relating to the management and operation of a business that markets, sells and installs products and accessories customized and built around homeowners’ and business owners’ needs to convert existing shelving in cabinets, counters, closets, pantries, bathrooms and other structures into moving shelving, including Glide-Outs™, Basic, Classics, Designer Lines and Glide Arounds, under the trade name and service mark “SHELFGENIE®” (the “**System**”).

C. SHELFGENIE has acquired certain rights to the SHELFGENIE® trademark and the SHELFGENIE and Design® trademark and any other trade names, service marks, trademarks and logos, as are now designated (and as may hereafter be designated) by SHELFGENIE in writing (the “**Proprietary Marks**”).

D. Developer is aware of the benefits of being identified with and being a franchisee of SHELFGENIE and using the Proprietary Marks and the System.

E. Developer has either previously entered into a Franchise Agreement with SHELFGENIE for the operation of a SHELFGENIE Business or Developer shall enter into a Franchise Agreement with SHELFGENIE for the operation of a SHELFGENIE Business simultaneously with the execution of this Agreement.

F. The Franchise Agreement that is part of the Franchise Disclosure Document delivered to Developer along with this Agreement shall be defined as the “**Current Franchise Agreement**”.

G. Developer desires to obtain area development rights to establish and operate SHELFGENIE Businesses from SHELFGENIE within a specific geographic area and according to a specified time schedule.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, SHELFGENIE and Developer hereby agree as follows:

ARTICLE 1
TERM

Section 1.1 Term. The term of this Agreement (the “**Term**”) shall begin on the Effective Date. Unless terminated earlier according to the terms and conditions of this Agreement, the Term and all development rights granted hereunder shall expire on the date that is the earlier of the date on which the

last Franchise Agreement is signed and the date on which the last Franchise Agreement must be signed pursuant to the Development Schedule.

ARTICLE 2 **TERRITORY EXCLUSIVITY**

Section 2.1 Development Territory. During the Term, and subject to the terms and conditions of this Agreement, SHELFGENIE grants Developer and Developer accepts the right to establish and operate SHELFGENIE Businesses in the area listed on Exhibit A attached hereto (the “**Development Territory**”). During the Term, so long as Developer is not in default under this Agreement, any Franchise Agreement or any other agreement with SHELFGENIE or any of its affiliates, neither SHELFGENIE nor any of its affiliates will operate or grant a franchise to any other person or entity to operate a SHELFGENIE Business within the Development Territory.

Section 2.2 Rights Reserved by SHELFGENIE. Except to the extent contemplated in Section 2.1, SHELFGENIE (on behalf of itself and its affiliates) retains the right, in its sole and absolute discretion to:

A. operate, franchise or license others to operate SHELFGENIE Businesses immediately outside of the Development Territory regardless of its proximity to the Development Territory;

B. operate, franchise or license others to operate similar businesses under any trade name, other than the Proprietary Marks, at any location within or outside of the Development Territory;

C. operate, franchise or license others to operate different businesses under any trade name, including the Proprietary Marks, at any location within or outside of the Development Territory;

D. sell products or services under any trademark, including the Proprietary Marks, at any location, including within or outside of the Development Territory through other channels of distribution, including but not limited to, the Internet, through dealers, hardware stores or other retail outlets or other home improvement businesses;

E. purchase, merge, acquire or affiliate with an existing competitive or non-competitive, franchise network, chain, entity or any other business regardless of the locations or territories of such other franchise, chain, entity or other business, and operate, franchise or license those businesses and/or be operated by, franchised by or licensed by those businesses under the Proprietary Marks or any other marks following such purchase, merger, acquisition or affiliation, regardless of location or proximity of locations or territories (which Developer acknowledges may be within or proximate to its Development Territory);

F. sell itself or themselves, their assets, the Proprietary Marks, the System, any other marks or any other system to a third party;

G. go public or engage in a private placement of some or all of any of their securities; and

H. undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

With regard to any of the above rights reserved by SHELFGENIE, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of any of the Proprietary Marks or any portion of the System and/or the loss of association with or identification of SHELFGENIE as a Developer or under this Agreement or as a Franchisee under any Franchise Agreement.

ARTICLE 3
DEVELOPMENT OBLIGATIONS

Section 3.1 Development Schedule. Developer shall begin selection, marketing, advertising and business planning efforts for and shall thereafter sign Franchise Agreements for, open and continuously operate the number of SHELFGENIE Businesses set forth on Exhibit B (the “**Development Schedule**”) attached hereto within each of the time periods described in the Development Schedule (“**Development Obligations**”). Developer must execute the then current form of the Franchise Agreement for each SHELFGENIE Business required to be developed under this Agreement within the time periods described in the Development Schedule. Further, Developer must open each SHELFGENIE Business within the time period described in the Development Schedule and in the Franchise Agreement for such SHELFGENIE Business.

Section 3.2 Force Majeure / Time is of the Essence. It is of material importance to SHELFGENIE that Developer timely performs all obligations under this Agreement and the Franchise Agreement for each SHELFGENIE Business. Should SHELFGENIE determine that Developer is unable to meet the Development Schedule solely as the result of force majeure, which includes strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including SHELFGENIE’s inability to deliver a Franchise Disclosure Document), and which Developer could not have avoided by the exercise of due diligence, the Development Schedule will be extended by the amount of time during which such force majeure existed as determined by SHELFGENIE.

Section 3.3 Confidentiality.

A. **Confidential Information.** Developer acknowledges that SHELFGENIE shall disclose or make known to Developer, and Developer shall be given access to and become acquainted with, certain confidential information, confidential materials and trade secrets, including, but not limited to, processes, methods, techniques, contracts, projected results, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and other data, designs, schematics, equipment, billing, samples, financial information and results and other information and know-how relating to the System or relating to or useful in SHELFGENIE’s business or SHELFGENIE Businesses (collectively, the “**Confidential Information**”). Confidential Information does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Developer or its owners, directors, officers, employees, agents, representatives or advisors, or (ii) is disclosed to Developer on a non-confidential basis from a source other than SHELFGENIE or its owners, directors, officers, employees, agents, representatives or advisors; provided, that such source is not known by Developer, after reasonable inquiry, to be bound by a confidentiality agreement with, or other obligation of secrecy to, SHELFGENIE or one of its subsidiaries or affiliates. Developer acknowledges that any information received from other franchisees/developers or any modifications made by Developer to the Confidential Information shall also be deemed Confidential Information which is the property of SHELFGENIE. Developer further acknowledges that the Confidential Information is considered confidential, proprietary and a trade secret.

B. **Nondisclosure of Confidential Information.** In consideration of SHELFGENIE’s granting Developer the rights granted in this Agreement and in recognition by Developer that the Confidential Information constitutes valuable and unique assets owned by or in the custody of SHELFGENIE, Developer hereby agrees and covenants that Developer shall not use the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of Developer’s obligations pursuant to this Agreement. Developer shall hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it or disclose it to anyone without SHELFGENIE’s prior written consent or as required by law. Developer agrees that the disclosure or use by a partner, shareholder, owner, spouse or member of the immediate family of Developer or its owners of the Confidential Information other than development of SHELFGENIE Businesses shall be deemed a breach and default by Developer of this Agreement. Developer further acknowledges that it would be an unfair method of competition for Developer or such partner, shareholder, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or

expertise received from SHELFGENIE for any use other than the development of SHELFGENIE Businesses in accordance with this Agreement.

Section 3.4 Diversion of Business, Competition With SHELFGENIE and Interference.

A. During and After the Term of this Agreement. Developer acknowledges the uniqueness of the System and agrees that SHELFGENIE is making the Confidential Information available to Developer in connection with Developer's obligations under this Agreement. Developer acknowledges and agrees that (a) Developer and the other individuals and entities required to comply with the Article 3 have received an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a SHELFGENIE Business and access to SHELFGENIE's standards, the Confidential Information and SHELFGENIE's trade secrets, and (b) the covenants and restrictions in this Article 3 (i) are reasonable, appropriate and necessary to protect SHELFGENIE's standards, the System, the Confidential Information, SHELFGENIE's trade secrets, other franchisees/developers operating under the System, the goodwill of the System, relationships with SHELFGENIE's prospective and existing customers, and SHELFGENIE's legitimate interests; and (ii) do not cause undue hardship on Developer or any of the other individuals and entities required by this Article 3 to comply with the covenants and restrictions. Developer acknowledges that it would be an unfair method of competition to use or duplicate any of the Confidential Information received from SHELFGENIE for any other use.

(a) Non-Interference. Developer covenants that during the Term of this Agreement and for a two (2) year period thereafter, neither Developer nor any person required to execute a Guaranty and Subordination Agreement for Developer's Obligations ("**Guarantors**"), will, either on their own behalf or on behalf of any other person, directly or indirectly influence or attempt to influence any employee, officer, director, agent, consultant, representative, contractor, supplier, distributor, franchisee, developer, customer or other business contact of SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers, to terminate or modify his, her or its position or relationship with SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers.

(b) Non-Competition During the Term. Developer covenants that during the Term, neither Developer nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, developer or in any other capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Development Territory and/or within a twenty five (25) mile radius of the borders of the Development Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(c) Non-Competition After the Term. Developer covenants that for two (2) years following the Term, neither Developer nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, developer or in any management or operational capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Development Territory and/or within a twenty five (25) mile radius of the borders of the Development Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(d) Non-Disturbance. In addition to and not in limitation of the other provisions of this Article 3, neither Developer nor any Guarantor shall in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers.

B. Reasonableness of Restrictions. Developer and each Guarantor acknowledge and confirm that the length of the term and geographical restrictions contained in this Article 3 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Developer acknowledges and confirms that its, its Guarantors' and their principals', full, uninhibited and faithful observance of each of the covenants contained in this Article 3 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Article 3 will not impair its, its Guarantors' or their principals' ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to them or otherwise to obtain income required for the comfortable support of such persons and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

C. Enforcement. Developer acknowledges that any breach of any provision contained in this Article 3 by any Guarantor shall be deemed a breach by Developer. Developer acknowledges that to disregard the provisions of this Article 3 would effectively foreclose SHELFGENIE from selling other franchises and Developer could be unjustly enriched and unfairly derive benefit from the goodwill of and training from SHELFGENIE. Moreover, SHELFGENIE's franchisees/developers and SHELFGENIE Businesses could be severely disadvantaged if Developer competes against them using the Proprietary Marks or other Confidential Information. Therefore, it is the manifest intent of Developer and SHELFGENIE that, in the event that any court shall finally hold that the time or territory or any other provision stated in this Article 3 constitutes an unreasonable restriction upon Developer or any of the Guarantors, then such unenforceable covenant shall be amended to relate to such lesser period or geographical area as shall be enforceable or, if deemed appropriate by such court, deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining covenants to be enforced. In the event of Developer's actual or threatened breach or default of this Article 3, (i) SHELFGENIE shall be entitled to an *ex parte* injunction (without notice to or service of process upon Developer) restraining Developer from any such actual or threatened breach or default, (ii) Developer agrees that SHELFGENIE's harm shall be irreparable and SHELFGENIE has no adequate remedy at law to prevent such harm, and (iii) SHELFGENIE shall not be required to show any actual damage or to post any bond or other security before obtaining injunctive relief.

D. Assignment. The provisions of the confidentiality, nondisclosure, noninterference, non-competition, non-solicitation and non-disturbance provisions in this Article 3 are assignable by SHELFGENIE and shall inure to the benefit of SHELFGENIE, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SHELFGENIE, the resulting entity shall step into the place of SHELFGENIE, without any additional consent of or notice to Developer, as if the term SHELFGENIE were defined in this Agreement to include such entity.

Section 3.5 Modification of Covenants. Developer understands, acknowledges and agrees that SHELFGENIE shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Article 3 without Developer's consent, effective immediately upon receipt by Developer of written notice thereof. Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

Section 3.6 Additional Parties. Developer shall require its officers, directors, shareholders, owners, members, partners, agents, representatives and managerial employees and each of the Guarantors to execute a Nondisclosure and Noninterference Agreement attached as Exhibit D to this Agreement and which contains restrictive language similar to this Article 3.

Section 3.7 Enforcement of Nondisclosure and Noninterference Agreement. For the individuals required to execute Nondisclosure and Noninterference Agreements required under Section 3.6, Developer shall be responsible for compliance and enforcement of such Nondisclosure and Noninterference Agreements and Developer shall immediately notify SHELFGENIE upon discovery of any breach of any Nondisclosure and Noninterference Agreement. Developer's failure to comply with this Section 3.7 shall be a default under this Agreement. At SHELFGENIE's option, SHELFGENIE as a third-party beneficiary of the Nondisclosure and Noninterference Agreements may commence or assume (even if Developer has undertaken to commence enforcement) the enforcement of any Nondisclosure

and Noninterference Agreement and require Developer to indemnify SHELFGENIE in connection with such enforcement action.

ARTICLE 4 DEVELOPMENT FEE

Section 4.1 Development Fee. Upon the execution of this Agreement, Developer shall pay SHELFGENIE a development fee (the "**Development Fee**") equal to _____ dollars (\$_____) (which shall be calculated by taking eighty percent (80%) of the Initial Franchise Fee listed in the Current Franchise Agreement multiplied by the number of SHELFGENIE Businesses that Developer is granted the right to develop hereunder).

Section 4.2 Developer's Payment Obligations Absolute and Not Refundable. Developer recognizes that SHELFGENIE incurs administrative and other expenses in relation to the execution of this Agreement, and that SHELFGENIE forfeits other development opportunities as a result of this Agreement. For this reason, no part of the Development Fee is refundable under any circumstances. Further, Developer agrees that its obligations to make any payments as specified in this Agreement and any other agreement entered into with SHELFGENIE or any of its affiliates with respect to any of the SHELFGENIE Businesses and the rights of SHELFGENIE and its affiliates to receive such payments are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Developer has or may have against SHELFGENIE, any of its affiliates or against any other person for any reason whatsoever.

Section 4.3 Guarantee of Developer's Obligations. As security for all monetary and other obligations of Developer to SHELFGENIE, (and its affiliates) the individual who is a Developer, the shareholders of a corporate Developer; the partners of a general partnership or limited partnership Developer; or the beneficial owners of the equity interests of any other entity constituting the Developer, and all of the spouses of the foregoing, if any, shall execute and deliver to SHELFGENIE their personal, absolute and continuing, joint and several guarantee of Developer's obligations hereunder in the form of the Guaranty and Subordination Agreement attached hereto as Exhibit C.

ARTICLE 5 FRANCHISE AGREEMENT

Section 5.1 Franchise Agreement. Developer shall execute the then current form of Franchise Agreement for every SHELFGENIE Business Developer opens, owns or operates, whether or not pursuant to this Agreement. Notwithstanding the foregoing, the then current form of Franchise Agreement shall be modified by this Agreement so that during the Initial Term of each such Franchise Agreement, Royalty Fee and Marketing Contribution will be the same as listed in the Current Franchise Agreement. Within the times specified in the Development Schedule, Developer must execute a Franchise Agreement for each SHELFGENIE Business in accordance with this Agreement. However, Developer shall not sign a Franchise Agreement until such time as SHELFGENIE has complied with any applicable disclosure and waiting periods according to law. Developer acknowledges that the Franchise Agreements which it is required to sign pursuant to this Agreement may differ from each other in their financial and/or other provisions.

Section 5.2 Compliance with Franchise Agreement. Upon signing a Franchise Agreement, Developer must fully comply with all of the terms and conditions contained therein. HOWEVER, DEVELOPER DOES NOT OBTAIN ANY RIGHTS AS A FRANCHISEE FOR A PARTICULAR LOCATION UNTIL A FRANCHISE AGREEMENT IS EXECUTED BY BOTH DEVELOPER AND SHELFGENIE.

Section 5.3 SHELFGENIE's Discretion. Developer acknowledges that each of the SHELFGENIE Businesses must be developed and operated in accordance with SHELFGENIE's standards and in accordance with the applicable Franchise Agreement. Developer agrees and recognizes that SHELFGENIE may refuse to grant a Franchise Agreement for a SHELFGENIE Business if SHELFGENIE

believes, in its reasonable judgment, that Developer does not have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude and business acumen to operate multiple locations) to properly develop and operate the proposed SHELFGENIE Business. SHELFGENIE's approval, however, shall not be deemed to be a warranty of Developer's financial or other ability to develop and operate the SHELFGENIE Businesses to be developed under this Agreement.

ARTICLE 6 ASSIGNABILITY

Section 6.1 Assignment by SHELFGENIE. SHELFGENIE shall have the absolute right to assign or delegate this Agreement or all or any part of its rights or obligations pursuant to this Agreement to any person or entity without the consent of Developer. Upon the assignment or delegation by SHELFGENIE of its rights and obligations under this Agreement and delivery of written notice to Developer thereof, SHELFGENIE shall be released from all obligations and liabilities pursuant to this Agreement.

Section 6.2 Assignment by Developer. This Agreement has been entered into by SHELFGENIE in reliance upon Developer's personal skills and qualifications. Therefore, Developer shall not, without SHELFGENIE's prior written consent, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, restrict or otherwise encumber (each, a "**Transfer**") any interest in nor offer, permit or suffer the Transfer of (A) any interest in this Agreement, (B) any interest in the business operated under this Agreement, or (C) any ownership interest in Developer, without SHELFGENIE's prior written consent. Any purported Transfer without SHELFGENIE's prior written consent shall be null and void and shall constitute a default by Developer. If SHELFGENIE grants its consent to a Transfer, such consent shall be further conditioned upon the following:

A. Developer pays SHELFGENIE and its affiliates all amounts owed to SHELFGENIE or its affiliates under this Agreement and any other agreements between Developer and SHELFGENIE or one of its affiliates;

B. Developer pays to SHELFGENIE a non-refundable transfer fee in the amount of five thousand dollars (\$5,000) for each undeveloped SHELFGENIE Business;

C. Developer and each of its officers, directors, shareholders, members, owners (as well as all guarantors of this Agreement) shall execute a general release (in a form approved by SHELFGENIE) releasing SHELFGENIE of any and all claims which Developer (or any of the other persons or entities listed above) has or may have against SHELFGENIE or any of its affiliates or any of their respective officers, directors, owners, employees and agents arising out of this development relationship, a franchise relationship or otherwise, to the extent permitted by applicable law;

D. The proposed transferee assumes all of Developer's obligations and liabilities, provided that, such assumption shall not relieve Developer of any such obligations or liabilities, and the shareholders, members, owners of the transferee and their spouses, execute a guarantee; and E. Developer and transferee meet any other requirements that SHELFGENIE may have to consent to the transfer.

Section 6.3 No Subfranchising. Developer shall not offer, sell, or negotiate the sale of any SHELFGENIE Business to any third party, either in Developer's name or on behalf of SHELFGENIE or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Developer the right to do so.

ARTICLE 7
DEFAULT AND TERMINATION

Section 7.1 Termination of Development Rights. In the event Developer Breaches this Agreement, SHELFGENIE may terminate all of Developer's rights under this Agreement ("**Development Rights**"), upon written notice to Developer. A breach of this Agreement by Developer shall include, without limitation, the following:

- (a) Developer fails to meet the Development Obligations;
- (b) Developer or any owner of Developer (or any successor thereto or personal representative thereof) purports to make a Transfer to any third party without SHELFGENIE's prior written consent;
- (c) Developer becomes insolvent or makes a general assignment for the benefit of creditors; or proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or a petition in bankruptcy is filed by Developer or such a petition, if filed against Developer, is not opposed by Developer; or Developer is adjudicated a bankrupt or insolvent; or a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or any such involuntary petition, adjudication, proceeding or appointment is not dismissed within sixty (60) days thereafter; or
- (d) Developer breaches any Franchise Agreement, development agreement or other agreement between Developer and SHELFGENIE or one of its affiliates and such breach, if curable, is not cured within the applicable time period for cure.

Section 7.2 Failure to Meet Obligations. IF DEVELOPER FAILS TO COMPLETE ANY OF DEVELOPER'S OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING MEETING THE DEVELOPMENT SCHEDULE DEADLINES, SHELFGENIE HAS THE RIGHT TO TERMINATE DEVELOPER'S RIGHTS UNDER THIS AGREEMENT AND DEVELOPER WILL HAVE NO FURTHER RIGHTS IN THE DEVELOPMENT TERRITORY EXCEPT THAT DEVELOPER WILL RETAIN THE RIGHTS UNDER ANY FRANCHISE AGREEMENT TO WHICH DEVELOPER IS A PARTY, PROVIDED THAT DEVELOPER IS NOT IN DEFAULT UNDER THE APPLICABLE FRANCHISE AGREEMENT. A DEFAULT AND TERMINATION UNDER THIS AGREEMENT DOES NOT CONSTITUTE A DEFAULT AND TERMINATION UNDER ANY FRANCHISE AGREEMENT BETWEEN DEVELOPER AND SHELFGENIE UNLESS THE DEFAULT AND TERMINATION UNDER THIS AGREEMENT WAS THE RESULT OF A DEFAULT UNDER A FRANCHISE AGREEMENT.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Notices. All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by telecopier, mailed by certified mail with return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

If to SHELFGENIE:

ShelfGenie Franchise Systems, LLC
Attn: P. Allan Young
5500 Interstate North Parkway, Suite 250
Atlanta, Georgia 30328
Facsimile: (320) 923-8858

If to Developer:

Facsimile: (____) ____ - _____

Notices shall be deemed to have been received as follows: by personal delivery or telecopier -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the notice was given to the overnight delivery service; and certified mail -- three days after the date of mailing.

Section 8.2 Severability. If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of the Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

Section 8.3 Waivers. The failure or delay of either party at any time to require performance by the other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power or remedy hereunder. Any waiver by either party of any breach of any provision of this Agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement. No notice to or demand on any party in any circumstance shall, of itself, entitle such party to any other or further notice or demand in similar or other circumstances.

Section 8.4 Remedies Cumulative. Except as otherwise expressly provided in this Agreement, no remedy in this Agreement conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy hereunder shall preclude any other or further exercise thereof.

Section 8.5 Enforcement Costs. If any civil action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs, incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the prevailing party.

Section 8.6 Jurisdiction and Venue. Any action or proceeding arising out of or relating to this Agreement and required to be mediated pursuant to this Agreement shall be mediated in the state and county in which SHELFGENIE's principal place of business is located. Any action or proceeding permitted to be brought in court, shall be brought in the state courts located in the state and county in which SHELFGENIE's principal place of business is located or the federal courts of the state and district in which SHELFGENIE's principal place of business is located. For any action or proceeding permitted to be brought in court, Developer consents to the jurisdiction of the state courts located in the state and county in which SHELFGENIE's principal place of business is located and the federal courts of the state and district in which SHELFGENIE's principal place of business is located. The parties hereto waive all

questions of personal jurisdiction or venue for the purposes of carrying out this provision. The exclusive choice of jurisdiction does not preclude the enforcement by either party hereto of any judgment obtained in such jurisdiction, in any appropriate jurisdiction.

Section 8.7 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement and all claims arising from the relationship between SHELFGENIE and Developer will be governed by the laws of the State of Georgia, without regard to principles of conflicts of law. If, however, any provision of this Agreement would not be enforceable under the laws of the State of Georgia and the Developer is located outside of the State of Georgia, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where Developer is located.

Section 8.8 Survival. All covenants, agreements, representations and warranties made in this Agreement or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

Section 8.9 Limitations on Legal Actions.

(A) IN NO EVENT WILL SHELFGENIE BE LIABLE TO DEVELOPER FOR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR SHELFGENIE'S RELATIONSHIP WITH DEVELOPER. Developer hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against SHELFGENIE, its affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, arising out of any cause whatsoever (whether that cause is based on contract, negligence, strict liability, tort or otherwise) and agrees that in the event of a dispute, Developer is limited to the recovery of actual damages sustained by it.

(B) THE PARTIES HEREBY MUTUALLY AND WILLINGLY WAIVE A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

(C) ANY DISAGREEMENT BETWEEN DEVELOPER (AND ITS GUARANTORS AND OWNERS) AND SHELFGENIE (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND DEVELOPER (AND ITS GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST SHELFGENIE (AND ITS AFFILIATES, OWNERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

(D) UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE "**ORDER**"), SHELFGENIE IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN ACTS OF TERRORISM AS DEFINED IN THE ORDER. ACCORDINGLY, DEVELOPER DOES NOT, AND HEREAFTER WILL NOT ENGAGE IN ANY TERRORIST ACTIVITY. IN ADDITION, DEVELOPER IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. DEVELOPER IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY.

Section 8.10 Mediation. Except as otherwise expressly permitted by this Agreement to be brought initially in court, any controversy or claim arising out of or relating to this Agreement or the breach or violation hereof, shall be subject to non-binding mediation by the parties. The dispute must first be

submitted to non-binding mediation in the county and state in which SHELFGENIE's principal offices are located, unless the parties mutually agree to another location (the "**Mediation**"). The Mediation shall be conducted under the then current Center for Public Resources ("**CPR**") Procedure for Resolution of Franchise Disputes (the "**CPR Mediation Rules**") except to the extent the CPR Mediation Rules differ from the terms and conditions of this Agreement, in which event, the terms and conditions of this Agreement shall be applied. SHELFGENIE and Developer shall select the mediator from the CPR Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, CPR shall make the selection. The cost of the Mediation, including the mediator's fee and expenses, shall be split equally between SHELFGENIE and Developer. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or other proceeding for any purpose. The mediator may not be called as a witness in any court or other proceeding for any purpose.

Section 8.11 Acknowledgments by Developer.

A. Developer acknowledges that Developer has had the opportunity to independently investigate, analyze and construe both the opportunity being offered hereunder and the terms and provisions of this Agreement, utilizing the services of such independent attorneys, accountants or other advisers as Developer so elected.

B. Developer acknowledges receipt of this Agreement and SHELFGENIE's Franchise Disclosure Document at least fourteen (14) days before execution hereof or the making of a payment to SHELFGENIE. In addition, if any unilateral modifications have been made to this Agreement, Developer acknowledges that it had at least seven (7) days to review them.

C. DEVELOPER HAS BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF SHELFGENIE'S OPERATIONS AND TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THIS FRANCHISE. IF DEVELOPER HAS NOT OBTAINED SUCH ADVICE, DEVELOPER REPRESENTS THAT IT KNOWINGLY AND WILLINGLY ELECTED NOT TO DO SO. DEVELOPER ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF SHELFGENIE WHICH HAVE LED DEVELOPER TO ENTER INTO THIS AGREEMENT AND DEVELOPER HEREBY WAIVES ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. DEVELOPER UNDERSTANDS AND ACKNOWLEDGES THAT THE SUCCESS OF THE DEVELOPMENT UNDER THIS AGREEMENT AND ANY OF THE SHELFGENIE BUSINESSES IS SPECULATIVE AND THAT WHETHER DEVELOPER SUCCEEDS IN THE DEVELOPMENT OR ANY OF THE SHELFGENIE BUSINESSES IS DEPENDENT UPON DEVELOPER'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF THE DEVELOPER'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF SHELFGENIE. DEVELOPER FURTHER UNDERSTANDS THAT SOME DEVELOPERS ARE MORE OR LESS SUCCESSFUL THAN OTHER DEVELOPERS AND THAT SHELFGENIE HAS MADE NO REPRESENTATION THAT DEVELOPER WILL DO AS WELL AS ANY OTHER DEVELOPER.

D. DEVELOPER ACKNOWLEDGES THAT DEVELOPER AND EACH GUARANTOR HAS RECEIVED, READ AND UNDERSTANDS THIS AGREEMENT AND ITS EXHIBITS; THAT DEVELOPER AND EACH GUARANTOR HAS HAD AN OPPORTUNITY TO ASK SHELFGENIE ALL OF THEIR QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM AND THAT SHELFGENIE HAS ANSWERED ALL SUCH QUESTIONS TO DEVELOPER'S AND EACH GUARANTOR'S COMPLETE SATISFACTION.

Section 8.12 Construction. This Agreement shall not be construed more strongly against any party regardless of who is responsible for its preparation. The headings contained in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and shall not limit or

otherwise affect in any way the meaning or interpretation of this Agreement. The Introduction paragraphs are hereby incorporated into this Agreement.

Section 8.13 Entire Agreement. The terms and conditions contained herein and all exhibits and documents referenced herein constitute the entire agreement between the parties regarding the subject matter herein, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, provided, however, that nothing in this Agreement or any related agreement is intended to disclaim the representations made by SHELFGENIE in the Franchise Disclosure Document that was furnished to Developer. Certain state laws may require an addendum to this Agreement, these addenda, if any, requested by such states are included in Exhibit I to the Franchise Disclosure Document. No amendment or modification to this Agreement will be binding on either party unless it is written and fully executed by both parties.

Section 8.14 General Release and Covenant Not To Sue. In consideration of SHELFGENIE's agreement to enter into this Agreement, Developer, for itself and if Developer is a corporation, partnership, limited liability company, or other entity for Developer's directors, officers, shareholders, partners, members, employees, agents, and attorneys, and for Developer's affiliates and their directors, officers shareholders, partners, members, employees, agents, and attorneys, and for the successors and assigns of any of them, releases and forever discharges SHELFGENIE and SHELFGENIE's parents, subsidiaries, and affiliates and the respective officers, directors, stockholders, employees, agents, attorneys, contractors, legal successors, and assigns of each of the forgoing entities (in their corporate and individual capacities), of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, controversies, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or in equity, that Developer and/or Developer's officers, directors, stockholders, agents, heirs, executors, administrators, legal successors and assigns, ever had, now has, or that they hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the Effective Date, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

SHELFGENIE FRANCHISE SYSTEMS, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT A (Multi-Unit Development Agreement)

DEVELOPMENT TERRITORY

The Development Territory is: _____.

Zip Code Listing

Map Attached

The Development Territory is the listed zip codes shown on this Exhibit A as those zip codes are known as of _____, 20____. The zip codes are visually shown on the attached maps. If a zip code is added inside the boundary on the maps, that new zip code will become part of the Development Territory. If a zip code on the border of the Development Territory gets larger, or a new zip code is created that results in an expansion of the border of the Development Territory as shown in the map, SHELFGENIE has full discretion on how to appropriate changes for Developer's Development Territory and SHELFGENIE's determination shall become Developer's Development Territory. Notwithstanding the foregoing, SHELFGENIE is not obligated to expand the Development Territory beyond the listed zip codes. In the event of a conflict between the listed zip codes and the map, the listed zip codes will govern.

EXHIBIT B (Multi-unit Development Agreement)

DEVELOPMENT SCHEDULE

Beginning Date _____

Ending Date _____

Unit Number	Franchise Agreement must be executed by:

EXHIBIT C (Multi-unit Development Agreement)

GUARANTY

GUARANTY AND SUBORDINATION AGREEMENT

THIS GUARANTY AND SUBORDINATION AGREEMENT (“**Guaranty**”) is executed as of this ___ day of , 20___, by each of the undersigned (individually a “**Guarantor**”, or collectively, the “**Guarantors**”) in favor of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”) and each of the SHELFGENIE Parties (as hereinafter defined).

WHEREAS, the Guarantors agreed to enter into this Guaranty as an inducement to and a condition of the execution of the Multi-unit Development Agreement (the “**Development Agreement**”) dated as of even date herewith, by and between SHELFGENIE and _____ (“**Developer**”).

WHEREAS, Guarantors receive benefits from the Developer as a direct result of SHELFGENIE entering into the Development Agreement and granting franchises to Developer.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Guarantors each hereby absolutely, unconditionally and jointly and severally guarantee to SHELFGENIE, the prompt and complete payment and performance when due (whether by reason of demand, maturity, acceleration or otherwise) of any and all of the hereinafter defined Guaranteed Obligations of the Developer.

1. For purposes of this Guaranty, all present and future indebtedness (fees, interest, collection costs and expenses and other amounts), liabilities and obligations of Developer to SHELFGENIE or any of SHELFGENIE’s affiliates (collectively, the “**SHELFGENIE Parties**”), evidenced by, referenced in or arising under the Development Agreement or any other agreement (whether or not in effect on the date hereof, but including any Manufacturing Agreement between Developer and G O Manufacturing L.L.C.), shall be collectively referred to as the “**Guaranteed Obligations.**” In addition, “**Guaranteed Obligations**” shall also include all costs and expenses (including without limitation, attorneys’ fees and costs) incurred by any SHELFGENIE Party in attempting or effecting the enforcement of this Guaranty or collection hereunder (whether or not litigation shall be commenced in aid thereof), or in connection with bankruptcy or insolvency proceedings relating hereto.

2. To the extent permitted by law, each Guarantor hereby expressly waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the Guarantors may have against Developer arising as a result of the Guarantors’ execution of and performance under this Guaranty, for the express purpose that none of the Guarantors shall be deemed a “creditor” of Developer under any applicable bankruptcy law with respect to Developer’s obligations to the SHELFGENIE Parties, (ii) any right to require any SHELFGENIE Party to: (a) proceed against Developer for any payment required under the Development Agreement, (b) proceed against or exhaust any security from Developer, (c) take any action to assist any of the Guarantors in seeking reimbursement or subrogation in connection with this Guaranty, or (d) pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Developer, (iii) any benefit of, any right to participate in, any security now or hereafter held by any SHELFGENIE Party, and (iv) acceptance and notice of acceptance by the SHELFGENIE Parties of the Guarantors’ undertakings under this Guaranty; all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest; notices of dishonor; and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and any other notices and legal or equitable defenses to which any of the Guarantors may be entitled. Without affecting the obligations of the undersigned under this Guaranty, the SHELFGENIE Parties may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Development Agreement or any indebtedness or obligation of Developer, or settle, adjust, release, or compromise any claims against Developer or any Guarantors, make advances for the purpose of performing any obligations of Developer under the Development Agreement, assign the Development Agreement or the right to receive any sum payable thereunder, and the Guarantors each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Development Agreement. The SHELFGENIE Parties shall have no present or future duty or obligation to the

Guarantors under this Guaranty, and each of the Guarantors waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Developer, any other Guarantor, or any collateral securing any obligations of Developer to any SHELFGENIE Party.

3. The Guarantors each acknowledge and agree that this Guaranty is a guarantee of payment and performance and not of collection and that the obligations of the Guarantors hereunder may be enforced directly against any or all of the Guarantors independently of and without proceeding against the Developer or any other Guarantor or guarantor of the Developer. The Guarantors further acknowledge and agree to the following with respect to the Guaranteed Obligations of any Guarantor(s), none of which will affect any of the other Guarantors or release any of the other Guarantors from their obligations hereunder: (i) that any of the SHELFGENIE Parties may from time to time extend the time of payment, change the interest rates and/or renew or change the manner, place, time and terms of payment of and make any other changes with respect to any or all of the Guaranteed Obligations; (ii) that any of the SHELFGENIE Parties may from time to time release and otherwise deal with any Guarantor or other guarantor of the Developer; (iii) that any of the SHELFGENIE Parties may from time to time exercise or refrain from exercising any rights against or with respect to the Developer or any Guarantor or other guarantor of the Developer and otherwise act or refrain from acting with respect to the Developer or any Guarantor or other guarantor of the Developer; and (iv) that any of the SHELFGENIE Parties may from time to time settle or compromise any or all of the Guaranteed Obligations with the Developer, all without notice to or the consent of any of the Guarantors.

4. No invalidity, irregularity or unenforceability of any or all of the Guaranteed Obligations shall affect, impair or be a defense to this Guaranty. The liability of the Guarantors hereunder shall in no way be affected or impaired by any acceptance by any of the SHELFGENIE Parties of any collateral or other guarantees for any of the Guaranteed Obligations, or by any failure, neglect or omission on the part of any of the SHELFGENIE Parties to realize upon or protect any of the Guaranteed Obligations or any collateral therefor or guarantees thereof.

5. If claim is ever made upon any of the SHELFGENIE Parties for repayment or recovery of any amount(s) received by any of the SHELFGENIE Parties in payment or on account of any of the Guaranteed Obligations and any of the SHELFGENIE Parties repays all or part of said amount(s) by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such SHELFGENIE Party or any property or assets of such SHELFGENIE Party, or (ii) any settlement or compromise of any such claim effected by such SHELFGENIE Party with any such claimant, then and in such event the Guarantors each agree that any such judgment, decree, order, settlement or compromise shall be binding on each of the Guarantors, notwithstanding any cancellation of any note or other agreement, document or instrument evidencing such Guaranteed Obligations or of this Guaranty, and the Guarantors shall be and remain liable to such SHELFGENIE Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such SHELFGENIE Party. This Guaranty shall continue to be effective or be reinstated, as the case may be, if (a) at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any of the SHELFGENIE Parties upon the insolvency, bankruptcy or reorganization of the Developer or otherwise, all as though such payment had not been made, or (b) the Guarantors (or any of them) are released or the liability of the Guarantors (or any of them) hereunder is reduced in consideration of a payment of money or transfer of property or grant of a security interest by the Developer, the Guarantors or any other person or entity and such payment, transfer or grant is rescinded or must otherwise be returned by any of the SHELFGENIE Parties upon the insolvency, bankruptcy or reorganization of such person or entity or otherwise, all as though such payment, transfer or grant had not been made.

6. The Guarantors each hereby represent and warrant to SHELFGENIE that (i) the execution, delivery and performance by such Guarantor of this Guaranty constitutes the legal, valid and binding obligation of such Guarantor and is enforceable against such Guarantor in accordance with its provisions; and (ii) such Guarantor has derived or will derive a benefit from the transactions contemplated by the Development Agreement.

7. No delay by any of the SHELFGENIE Parties in exercising any of its options, powers or rights under this Guaranty or a partial or single exercise thereof shall constitute a waiver thereof. No waiver of any of the rights of any of the SHELFGENIE Parties hereunder and no modification or amendment of this Guaranty shall be deemed to be made by such SHELFGENIE Party unless the same shall be in writing, duly executed by such SHELFGENIE Party, and each such waiver (if any) shall apply only with respect to the specific instance involved and shall in no way impair the rights of any of the SHELFGENIE Parties or the obligations of any of the Guarantors to any of the SHELFGENIE Parties in any other respect at any other time. In the event any one or more of the provisions contained in this Guaranty should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Guaranty shall not be affected or impaired thereby.

8. All payments made under or pursuant to this Guaranty may be allocated among the portions of the Guaranteed Obligations and the other obligations of the Guarantors hereunder in such order as SHELFGENIE may determine in its sole and absolute discretion.

9. This Guaranty is a continuing guarantee which shall remain in full force and effect and shall not be terminable until the date when all of the Guaranteed Obligations shall have been fully, finally and indefeasibly paid in cash or otherwise satisfied to SHELFGENIE's sole and absolute discretion.

10. This Guaranty shall be governed by and construed in accordance with the substantive laws of the State of Georgia (without reference to conflict of law principles).

11. This Guaranty shall be binding on the respective heirs, personal representatives, successors and permitted assigns of the Guarantors and shall inure to the benefit of the representatives, successors and assigns of each of the SHELFGENIE Parties. None of the Guarantors shall have the right to transfer or assign any of its obligations hereunder. Each of the SHELFGENIE Parties may transfer its rights hereunder to any of its affiliates or to the purchaser of all or substantially all of its assets.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty as of the date and year first above written.

GUARANTORS:

Name: _____

Address: _____

City, State, Zip _____

SS#: _____

Name: _____

Address: _____

City, State, Zip _____

SS#: _____

Name: _____

Address: _____

City, State, Zip _____

SS#: _____

Name: _____

Address: _____

City, State, Zip _____

SS#: _____

EXHIBIT D (Multi-unit Development Agreement)
NONDISCLOSURE AND NONINTERFERENCE AGREEMENT

**NONDISCLOSURE AND NONINTERFERENCE AGREEMENT
(For All States Except Georgia)**

THIS NONDISCLOSURE AND NONINTERFERENCE AGREEMENT (“**Agreement**”) is made and given this ____ day of _____, 20__, by the undersigned (“**Recipient**”) in favor of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”) and each of the SHELFGENIE Related Parties (as hereinafter defined).

RECITALS:

WHEREAS, _____ (“**Developer**”) entered into that certain Development Agreement (the “**Development Agreement**”) with SHELFGENIE dated _____, 20__ for the development of SHELFGENIE Businesses (the “**Businesses**”); and

WHEREAS, Recipient receives benefits from Developer as a direct result of SHELFGENIE entering into the Development Agreement;

WHEREAS, pursuant to Section 3.6 of the Development Agreement, Developer agreed to require Recipient to execute this Agreement.

NOW, THEREFORE, in consideration of the covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Recipient agrees as follows:

1. Confidentiality and Non-Disclosure.

(a) Recipient agrees that effective immediately and at all times hereafter, Recipient shall hold in the strictest confidence and shall not make personal use of, nor disclose to any person or entity, any Confidential Information relating to SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers (collectively, the “**SHELFGENIE Related Parties**”), without the express written consent of SHELFGENIE.

(b) As used in this Agreement, “**Confidential Information**” includes, but is not limited to, the following: manuals, processes, methods, techniques, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, skills, performance specifications, technical and other data, designs, schematics, equipment, set-up, billing, samples, products and services information (including information regarding all existing products and services and any future or planned products or services), financial information and results and other information and know-how relating to or useful in the business or operations of any of the SHELFGENIE Related Parties. “**Confidential Information**” does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Developer or its directors, officers, owners, employees, agents, representatives or advisors (including without limitation Recipient), or (ii) is disclosed to Recipient on a non-confidential basis from a source other than any of the SHELFGENIE Related Parties; provided, that such source is not known by Recipient, after reasonable inquiry, to be bound by a confidentiality agreement with or other obligation of secrecy to any of the SHELFGENIE Related Parties.

(c) Recipient acknowledges that any and all Confidential Information of SHELFGENIE is proprietary, unique and commercially sensitive in nature and has been developed over time and reflects a substantial investment. Recipient further acknowledges that SHELFGENIE maintains substantial secrecy concerning the Confidential Information and that, absent disclosure by one of the SHELFGENIE Related Parties to Recipient, Recipient could not otherwise have readily ascertained by proper means, and/or have acquired knowledge of such Confidential Information.

(d) Recipient may only disclose the Confidential Information protected by this Agreement to the extent Recipient is required to make such disclosure by law and is ordered by a court or

administrative agency of competent jurisdiction to make such disclosure; provided, however, Recipient shall give SHELFGENIE prompt written notice of same such that SHELFGENIE may apply to such court or other administrative agency for applicable protective orders in connection with same.

2. Non-Competition; Non-Solicitation.

(a) Recipient agrees that during the Non-Competition Period, he, she or it shall not directly or indirectly: (i) engage in Competition in the Development Territory (defined in the Development Agreement); (ii) induce or encourage or attempt to induce or encourage or aid others in inducing or encouraging any employee of any of the SHELFGENIE Related Parties to leave the employ of such SHELFGENIE Related Party or in any way interfere with the relationship between any of the SHELFGENIE Related Parties and any of their respective employees; (iii) induce or encourage any supplier, distributor, customer or other business contact of any of the SHELFGENIE Related Parties to change their relationship with any of the SHELFGENIE Related Parties; or (iv) interfere with, disturb, disrupt or decrease or otherwise jeopardize the business of any of the SHELFGENIE Related Parties.

(b) As used in this Agreement, "**Competition**" means the engagement by Recipient or Recipient's direct or indirect ownership, management, operation, control, consultation to, employment by or other participation in any Competitive Operation. "**Competitive Operation**" means any business that engages in, owns, invests in, manages or controls any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems or any other business similar to the business of any of the SHELFGENIE Related Parties. "**Non-Competition Period**" commences on the date of this Agreement and continues so long as Recipient (or any trust of which said Recipient is a trustee or beneficiary or any entity of which Recipient or Recipient's spouse is an officer, director, shareholder, member, partner or owner) is an officer, director, owner, agent, representative and/or managerial employee of Developer and for an additional period of two (2) years thereafter. "**Non-Competition Area**" means in the Development Territory and/or within a twenty five (25) mile radius of the borders of the Development Territory (whether or not franchised). Notwithstanding the foregoing, a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended, shall not be considered Competition.

3. Non-Solicitation of Clients. In addition to, and not in lieu of, the other non-solicitation provisions in this Agreement, for a period of two (2) years after the expiration, Transfer (as defined in the Development Agreement) or termination of the Development Agreement for any reason, and whether voluntary or involuntary and whether for cause or without cause, Recipient will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any existing client or identified prospective client with whom Recipient or its employees or agents have had direct or indirect contact or about whom Recipient or its employees or agents have learned confidential information and/or trade secrets by virtue of the operation of the SHELFGENIE Business pursuant to the Development Agreement ("**Clients**"), other than Clients that Developer has not had contact with within the two (2) years immediately preceding the expiration, Transfer or termination of the Development Agreement.

4. Remedies. Recipient acknowledges and agrees that the restrictive covenants set forth in this Agreement are necessary to protect SHELFGENIE's legitimate business interest, including, without limitation, SHELFGENIE's strong interest in preserving and protecting the Confidential Information and its business relations. Recipient further acknowledges and agrees that the covenants are fair and reasonable in scope, area and duration. Recipient further acknowledges and agrees that SHELFGENIE will suffer irreparable harm from a breach by Recipient of any of the covenants contained in this Agreement and that SHELFGENIE has no adequate remedy at law to prevent such harm. Therefore, in the event of an actual or threatened breach by Recipient of any of the provisions of this Agreement, SHELFGENIE shall have the following rights and remedies, each of which shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to SHELFGENIE at law or in equity: (i) the right and remedy to obtain an ex parte injunction (without notice to or service of process upon Recipient) restraining Recipient from any actual or threatened breach and SHELFGENIE shall not be required to show any actual damage or to post any bond or other security prior to obtaining such injunction; (ii) the right and remedy to apply to any court of

law or equity of competent jurisdiction for specific performance and/or injunctive or other equitable relief in order to enforce or prevent any violation of the provisions hereof; and (iii) the right and remedy to require Recipient to account for and pay over to SHELFGENIE all compensation, profit, monies, accruals, increments or other benefits derived or received by Recipient or by any other person as a result of, or in any way incident to, any conduct or transactions constituting such a breach.

5. **Modification of Covenants.** Recipient understands, acknowledges and agrees that SHELFGENIE shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Agreement without Recipient's consent, effective immediately upon receipt by Recipient of written notice thereof. Recipient agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

6. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of SHELFGENIE, its parents, affiliates, subsidiaries, successors and assigns, and shall be binding upon Recipient and Recipient's legal representatives. SHELFGENIE may assign or transfer its rights hereunder. Recipient shall not have the right to transfer or assign any of its obligations hereunder.

7. **Severability.** Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or terms or the remaining provisions or terms of this Agreement.

8. **Representations and Warranties.** The Recipient represents and warrants to SHELFGENIE that (a) the execution, delivery and performance by such Recipient of this Agreement constitutes the legal, valid and binding obligation of such Recipient and is enforceable against such Recipient in accordance with its provisions; and (b) such Recipient has derived or will derive a benefit from the transactions contemplated by the Development Agreement.

9. **Controlling Law.** This Agreement shall be governed by and construed in accordance with the laws of the state in which the recipient is domiciled at the time this Agreement is executed, without regard to principles of conflicts of law

10. **Headings.** The section headings in this Agreement are inserted for convenience only and shall not affect in any way the meanings or interpretations of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first above written.

Recipient

Name: _____

Name: _____

Name: _____

Name: _____

**NONDISCLOSURE AND NONINTERFERENCE AGREEMENT
(For Georgia)**

THIS NONDISCLOSURE AND NONINTERFERENCE AGREEMENT (“Agreement”) is made and given this ____ day of _____, 20__, by the undersigned (“Recipient”) in favor of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (“**SHELFGENIE**”) and each of the SHELFGENIE Related Parties (as hereinafter defined).

RECITALS:

WHEREAS, _____ (“**Developer**”) entered into that certain Development Agreement (the “**Development Agreement**”) with SHELFGENIE dated _____, 20__ for the development of SHELFGENIE Businesses (the “**Businesses**”); and

WHEREAS, Recipient receives benefits from Developer as a direct result of SHELFGENIE entering into the Development Agreement;

WHEREAS, pursuant to Section 3.6 of the Development Agreement, Developer agreed to require Recipient to execute this Agreement.

NOW, THEREFORE, in consideration of the covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Recipient agrees as follows:

1. Confidentiality and Non-Disclosure.

(a) Recipient agrees that effective immediately and at all times hereafter, Recipient shall hold in the strictest confidence and shall not make personal use of, nor disclose to any person or entity, any Confidential Information relating to SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers (collectively, the “**SHELFGENIE Related Parties**”), without the express written consent of SHELFGENIE.

(b) As used in this Agreement, “**Confidential Information**” includes, but is not limited to, the following: manuals, processes, methods, techniques, contracts, projected results, supplier lists (including existing and potential supplier information), pricing, marketing, computer programs, skills, performance specifications, technical and other data, designs, schematics, equipment, set-up, billing, samples, products and services information (including information regarding all existing products and services and any future or planned products or services), financial information and results and other information and know-how relating to or useful in the business or operations of any of the SHELFGENIE Related Parties. “**Confidential Information**” does not include information which (i) becomes generally known to the public other than as a result of a disclosure by Developer or its directors, officers, owners, employees, agents, representatives or advisors (including without limitation Recipient), or (ii) is disclosed to Recipient on a non-confidential basis from a source other than any of the SHELFGENIE Related Parties; provided, that such source is not known by Recipient, after reasonable inquiry, to be bound by a confidentiality agreement with or other obligation of secrecy to any of the SHELFGENIE Related Parties.

(c) Recipient acknowledges that any and all Confidential Information of SHELFGENIE is proprietary, unique and commercially sensitive in nature and has been developed over time and reflects a substantial investment. Recipient further acknowledges that SHELFGENIE maintains substantial secrecy concerning the Confidential Information and that, absent disclosure by one of the SHELFGENIE Related Parties to Recipient, Recipient could not otherwise have readily ascertained by proper means, and/or have acquired knowledge of such Confidential Information.

(d) Recipient may only disclose the Confidential Information protected by this Agreement to the extent Recipient is required to make such disclosure by law and is ordered by a court or

administrative agency of competent jurisdiction to make such disclosure; provided, however, Recipient shall give SHELFGENIE prompt written notice of same such that SHELFGENIE may apply to such court or other administrative agency for applicable protective orders in connection with same.

2. **Non-Competition; Non-Solicitation.**

(a) Recipient agrees that during the Non-Competition Period, he, she or it shall not directly or indirectly: (i) engage in Competition in the Development Territory (defined in the Development Agreement); (ii) induce or encourage or attempt to induce or encourage or aid others in inducing or encouraging any employee of any of the SHELFGENIE Related Parties to leave the employ of such SHELFGENIE Related Party or in any way interfere with the relationship between any of the SHELFGENIE Related Parties and any of their respective employees; (iii) induce or encourage any supplier, distributor, customer or other business contact of any of the SHELFGENIE Related Parties to change their relationship with any of the SHELFGENIE Related Parties; or (iv) interfere with, disturb, disrupt or decrease or otherwise jeopardize the business of any of the SHELFGENIE Related Parties.

(b) As used in this Agreement, "**Competition**" means the engagement by Recipient or Recipient's direct or indirect ownership, management, operation, control, consultation to, employment by or other participation in any Competitive Operation. "**Competitive Operation**" means any business that engages in, owns, invests in, manages or controls any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems or any other business similar to the business of any of the SHELFGENIE Related Parties. "**Non-Competition Period**" commences on the date of this Agreement and continues so long as Recipient (or any trust of which said Recipient is a trustee or beneficiary or any entity of which Recipient or Recipient's spouse is an officer, director, shareholder, member, partner or owner) is an officer, director, owner, agent, representative and/or managerial employee of Developer and for an additional period of two (2) years after the conclusion of such relationship with Developer and/or Business (including the conclusion of the operation of the Business by virtue of termination, expiration or a Transfer (as defined in the Development Agreement)). "**Non-Competition Area**" means in the Development Territory and/or within a fifteen (15) mile radius of the Development Territory (whether or not franchised). Notwithstanding the foregoing, a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended, shall not be considered Competition.

3. **Remedies.** Recipient acknowledges and agrees that the restrictive covenants set forth in this Agreement are necessary to protect SHELFGENIE's legitimate business interest, including, without limitation, SHELFGENIE's strong interest in preserving and protecting the Confidential Information and its business relations. Recipient further acknowledges and agrees that the covenants are fair and reasonable in scope, area and duration. Recipient further acknowledges and agrees that SHELFGENIE will suffer irreparable harm from a breach by Recipient of any of the covenants contained in this Agreement and that SHELFGENIE has no adequate remedy at law to prevent such harm. Therefore, in the event of an actual or threatened breach by Recipient of any of the provisions of this Agreement, SHELFGENIE shall have the following rights and remedies, each of which shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to SHELFGENIE at law or in equity: (i) the right and remedy to obtain an ex parte injunction (without notice to or service of process upon Recipient) restraining Recipient from any actual or threatened breach and SHELFGENIE shall not be required to show any actual damage or to post any bond or other security prior to obtaining such injunction; (ii) the right and remedy to apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other equitable relief in order to enforce or prevent any violation of the provisions hereof; and (iii) the right and remedy to require Recipient to account for and pay over to SHELFGENIE all compensation, profit, monies, accruals, increments or other benefits derived or received by Recipient or by any other person as a result of, or in any way incident to, any conduct or transactions constituting such a breach.

4. **Modification of Covenants.** Recipient understands, acknowledges and agrees that SHELFGENIE shall have the right, in its sole and absolute discretion, to reduce the scope of any covenants set forth in this Agreement without Recipient's consent, effective immediately upon receipt by

Recipient of written notice thereof. Recipient agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable to the extent permitted by applicable law.

5. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of SHELFGENIE, its parents, affiliates, subsidiaries, successors and assigns, and shall be binding upon Recipient and Recipient's legal representatives. SHELFGENIE may assign or transfer its rights hereunder. Recipient shall not have the right to transfer or assign any of its obligations hereunder.

6. **Severability.** Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or terms or the remaining provisions or terms of this Agreement.

7. **Representations and Warranties.** The Recipient represents and warrants to SHELFGENIE that (a) the execution, delivery and performance by such Recipient of this Agreement constitutes the legal, valid and binding obligation of such Recipient and is enforceable against such Recipient in accordance with its provisions; and (b) such Recipient has derived or will derive a benefit from the transactions contemplated by the Development Agreement.

8. **Controlling Law.** This Agreement shall be governed by and construed in accordance with the laws of the state in which the recipient is domiciled at the time this Agreement is executed, without regard to principles of conflicts of law

9. **Headings.** The section headings in this Agreement are inserted for convenience only and shall not affect in any way the meanings or interpretations of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first above written.

Recipient

Name: _____

Name: _____

Name: _____

Name: _____

EXHIBIT C

LIST OF STATE ADMINISTRATORS

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

LIST OF STATE AGENCIES

California

Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

Florida

Department of Agriculture and
Consumer Services
Mayo Building
407 S. Calhoun Street
Tallahassee, FL 32399
(850) 410-3754

Hawaii

Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

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

Michigan

Michigan Department of Attorney
General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Registration and Licensing
Division
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-4026

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

New York State Department of Law
Bureau of Investor Protection and
Securities
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8211

North Dakota

North Dakota Securities Department
600 East Boulevard, State Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex; Bldg 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

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

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

EXHIBIT D

AGENTS FOR SERVICE OF PROCESS

NOTE: SOME STATES REQUIRE THAT SHELFGENIE CONSENT TO SERVICE OF PROCESS UPON CERTAIN AGENCIES. IF SHELFGENIE IS REGISTERED IN A STATE, IT WILL HAVE CONSENTED TO SERVICE OF PROCESS BY THE REQUIRED AGENCY. THE LISTING OF A STATE BELOW DOES NOT MEAN THAT SHELFGENIE HAS SO CONSENTED.

Unless otherwise listed:

P. Allan Young
5500 Interstate North Parkway
Suite 250
Atlanta, GA 30328

California

California Commissioner of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
1-866-275-2677

Hawaii

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

Illinois

Eric R. Riess
12 Wolf Creek Drive, Suite 100
Belleville, Illinois 62226

AND

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

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Minnesota

Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

New York

New York Secretary of State
NYS Department of State
41 State Street
Albany, New York 12231-0001

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capital, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
701-328-4712

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex; Bldg 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

Director of the Division of Securities
Department of Labor and Regulation
445 E. Capital Avenue
Pierre, South Dakota 57501
(605) 773-4823

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Washington

Securities Administrator
Washington State Dept of Financial Institutions
150 Israel Road
Tumwater, Washington 98501

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703

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EXHIBIT F
GENERAL RELEASE

See attached.

GENERAL RELEASE

THIS GENERAL RELEASE (the “**General Release**”) is made by the undersigned (hereinafter “**Releasor**”) for the benefit of SHELFGENIE FRANCHISE SYSTEMS, LLC, a Georgia limited liability company (hereinafter, “**SHELFGENIE**”), on this ____ day of _____, 20____.

RECITALS:

WHEREAS, Releasor is a SHELFGENIE franchisee and operates a SHELFGENIE franchised business (the “Franchised Business”) pursuant to that certain franchise agreement (the “**Franchise Agreement**”) dated _____;

WHEREAS, Releasor desires to renew its franchise with SHELFGENIE or desires SHELFGENIE’s consent to _____ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges SHELFGENIE and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys’ fees, accounting fees or experts’ fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and SHELFGENIE.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term “Releasor” shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of SHELFGENIE and any and all of SHELFGENIE’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by SHELFGENIE with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which SHELFGENIE's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

8. A state specific addenda is attached hereto as Exhibit (1) and incorporated herein by this reference.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

By: _____
Name: _____
Title: _____

EXHIBIT G
LIST OF FRANCHISEES

See attached.

EXHIBIT G-1
OPERATING FRANCHISEES
(As of December 31, 2012)

ALABAMA

Rosinity
Attention: Charlie Rose
407 Meadowlark Drive, Suite 100
Shelbyville, TN 37160
(866) 426-3905
Assigned Territory: Huntsville

CALIFORNIA

B3Sales, Inc.
Attention: Bob Batesole
4 Montgomery
Mission Viejo, CA 92692
(949) 306-6502
Assigned Territory: Los Angeles #1

B3Sales, Inc.
Attention: Bob Batesole
4 Montgomery
Mission Viejo, CA 92692
(949) 306-6502
Assigned Territory: Los Angeles #3

Inland Cities
Attention: Daryl Santella
44489 Town Center Way
Palm Desert, CA 92260
(760) 271-7479
Assigned Territory: Palm Springs/Redmonds

LH & S Enterprises
Attention: Lorna Ross
409 N. Pacific Coast Highway
Suite 554
Redondo Beach, CA 90277
(310) 633-3570
Los Angeles #7

LH & S Enterprises
Attention: Lorna Ross
409 N. Pacific Coast Highway
Suite 554
Redondo Beach, CA 90277
(310) 633-3570
Los Angeles #11

COLORADO

Shelf Conversions of Denver LLC
Attention: Rosmarie Rae
9079 E. Panorama Circle #403
Centennial, CO 80112
(720) 301-2565
Assigned Territory: Denver #1 (around Aurora, Centennial)

Shelf Conversions of Denver, LLC
Attention: Rosemarie Rae
909 E. Panorama Circle #403
Centennial, CO 80112
(720) 301-2565
Assigned Territory: Denver #2 (around Lakewood, Morrison, Conifer)

Shelf Conversions of Denver, LLC
Attention: Rosemarie Rae
909 E. Panorama Circle #403
Centennial, CO 80112
(720) 301-2565
Assigned Territory: Denver #3 (around Brighton, Commerce City)

Cedar Lane Books, Inc.
Attention: Troy Cook
5180 Brandywine Dr.
Loveland, CO 80538
(970) 443-2567
Assigned Territory: Fort Collins (around Livermore, Fraser, Wiggins)

Cedar Lane Books, Inc.
Attention: Troy Cook
5180 Brandywine Dr.
Loveland, CO 80538
(970) 443-2567
Assigned Territory: Denver #4 (around Northglenn, Arvada, Central City)

Kyan Services, Inc.
Attention: Richard Gretz
87 North Rocky Cliff Trail
Franktown, CO 80116
(720) 733-9003
Assigned Territory: Colorado Springs

CONNECTICUT

J & M Custom Solutions, Inc
Attention: Mark B. Shames
68 Comstock Hill Ave.
Norwalk, CT 06850
(203) 803-0419
Assigned Territory: CT#4 (around New Hartford, Watertown, Southington)

J & M Custom Solutions, Inc
Attention: Mark B. Shames
68 Comstock Hill Ave.
Norwalk, CT 06850
(203) 803-0419
Assigned Territory CT #2 (around Wallingford, Haven, Norwich)

Lookout Solutions, LLC
Attention: Alex Modica
7 Lookout Road
Norwalk, CT 06850
(203) 644-2052
Assigned Territory: CT#3 (around Naugatuck, West Haven)

JMS Management Company, LLC
Attention: Joe Sassano
2 Millers Lane
Ridgefield, CT 06877
(203) 431-0228
Assigned Territory: CT#1 (around Danbury, Westpoint)

DISTRICT OF COLUMBIA

Cabinet Magic, Inc.
Attention: Joe Johnson
822 Duke St.
Alexandria, VA 22314
(703) 622-0019
Assigned Territory: DC #3

FLORIDA

DLV Enterprises, LLC
Attention: Linda Visger
10701 Glen Lakes Dr.
Bonita Springs, FL 34135
(239) 777-3163
Assigned Territory: Fort Myers #1 (around Page Park, Naples)

InGenieous Solutions, LLC
Attention: Pauline Hamian
10935 SW 138th Court
Miami, FL 33186
(305) 380-9164
Assigned Territory: Miami #1 (around Homestead, North Miami Beach)

MICHEV, Inc.
Attention: Bret Chevrier
45 SW Seminole Street, Unit #1
Stuart, FL 34994
(203) 721-4684
Assigned Territory: Miami #8

MICHEV, Inc.
Attention: Bret Chevrier
45 SW Seminole Street, Unit #1
Stuart, FL 34994
(203) 721-4684
Assigned Territory: Port St. Lucie

Sparks Solutions, Inc.
Attention: Mona Sparks
14411 Altamaha Court
Orlando, FL 32827
(407) 808-5925
Assigned Territory: Orlando #2 (around Apopka, Pine Hills)

Sparks Solutions, Inc.
Attention: Mona Sparks
14411 Altamaha Court
Orlando, FL 32827
(407) 808-5925
Assigned Territory: Orlando #3 (around Lake Buena Vista, Azalea Park)

Sparks Solutions, Inc.
Attention: Mona Sparks
14411 Altamaha Court
Orlando, FL 32827
(407) 808-5925
Assigned Territory: Orlando #4

24 Squared, Inc.
Attention: Michael Grothe
4210 32nd Lane East
Bradenton, FL 34208
(941) 321-8863
Assigned Territory: Sarasota #1

24 Squared, Inc.
Attention: Michael Grothe
4210 32nd Lane East
Bradenton, FL 34208
(941) 321-8863
Assigned Territory: Tampa #2

Cabinet Wishes, Inc.
Attention: Phil & Nancy Lavelly
10 Dame Kathryn Drive
Savannah, GA 31411
(912) 598-5146
Assigned Territory: Jacksonville #1

Sandigan, Inc.
Attention: Bonjet Sandigan
3524 Lone Pine Road
Delray Beach, FL 33445
(901) 466-6606
Assigned Territory: Miami #4

Sandigan, Inc.
Attention: Bonjet Sandigan
3524 Lone Pine Road
Delray Beach, FL 33445
(901) 466-6606
Assigned Territory: Miami #5

Sandigan, Inc.
Attention: Bonjet Sandigan
3524 Lone Pine Road
Delray Beach, FL 33445
(901) 466-6606
Assigned Territory: Miami #6

Sandigan, Inc.
Attention: Bonjet Sandigan
3524 Lone Pine Road
Delray Beach, FL 33445
(901) 466-6606
Assigned Territory: Miami #7

GEORGIA

VanLeuven, Inc.
Attention: Julie Van Leuven
3891 Locklear Way
Atlanta, GA 30360
(770) 380-1994
Assigned Territory: Atlanta Mid (around Chamblee, Decatur, Stone Mtn.)

Cabinet Wishes, Inc.
Attention: Phil & Nancy Lavelly
10 Dame Kathryn Drive
Savannah, GA 31411
(912) 598-5146
Assigned Territory: Savannah #1

VanLeuven, Inc.
Attention: Julie Van Leuven
3891 Locklear Way
Atlanta, GA 30360
(770) 3801994
Assigned Territory: Atlanta #2 (around Lawrenceville & Duluth)

VanLeuven, Inc.
Attention: Julie Van Leuven
3891 Locklear Way
Atlanta, GA 30360
(770) 3801994
Assigned Territory: Atlanta #1 (around Alpharetta, Roswell, Dunwoody)

VanLeuven, Inc.
Attention: Julie Van Leuven
3891 Locklear Way
Atlanta, GA 30360
(770) 3801994
Assigned Territory: Atlanta #3 (around Kennesaw, Marietta, Woodstock)

Lakeside Concepts, LLC
Attention: Steven Gagliano
143 Lakeside Drive
Peachtree City, GA 30269
(678) 665-7997
Assigned Territory: Atlanta South

ILLINOIS

Organized Kitchen, LLC
Attention: Mike & Lorie Diletti
340 N. Main St.
Glen Ellyn, IL 60137
(630) 596-7449
Assigned Territory: Chicago #3 (around Wheeling, Park Ridge)

Organized Kitchen, LLC
Attention: Mike & Lorie Diletti
340 N. Main St.
Glen Ellyn, IL 60137
(630) 596-7449
Assigned Territory: Chicago #6 (around Hanover Park, Addison, Bellwood)

Turnbull, Inc.
Attention: Jeff Sassano
1248 Bainbridge Dr.
Naperville, IL 60563
(630) 258-0559
Assigned Territory; Chicago #2 (around Elk Grove Village, Elgin, Vernon Hills)

Turnbull, Inc.
Attention: Jeff Sassano
1248 Bainbridge Dr.
Naperville, IL 60563
(630) 258-0559
Assigned Territory; Chicago #8 (around Cicero, Westmont, Burbank)

K2J Enterprises, LLC
Attention: Keith Bradley
2201 Portside Lakes Court
Plainfield, IL 60586
(815) 272-3186
Assigned Territory: Chicago #7 (around Aurora, St. Charles, Naperville)

K2J Enterprises, LLC
Attention: Keith Bradley
2201 Portside Lakes Court
Plainfield, IL 60586
(815) 272-3186
Assigned Territory: Chicago #10 (around Orland Park, Joliet, Gardner)

INDIANA

Immeasurably More, Inc.
Attention: Richard Lyons
13096 Frogmore St.
Carmel, IN 46032
(317) 616-8440
Assigned Territory: Indianapolis #1 (around Noblesville, Carmel, Pendleton)

Immeasurably More, Inc.
Attention: Richard Lyons
13096 Frogmore St.
Carmel, IN 46032
(317) 616-8440
Assigned Territory: Indianapolis #2 (around Lawrence, Greenfield, Brownsburg)

KENTUCKY

Shelving Solutions, LLC
Attention: Charlie Robbins
6601 Broadhale Drive
Louisville, KY 40291
(502) 794-0794
Assigned Territory: Louisville #1

MARYLAND

PS 119 Enterprise LLC
Attention: Arline Williams
2424 59th Place
Cheverly, MD 20785
(301) 773-9813
Assigned Territory: DC #5

PS 119 Enterprise LLC
Attention: Arline Williams
2424 59th Place
Cheverly, MD 20785
(301) 773-9813
Assigned Territory: DC #3

PS 119 Enterprise LLC
Attention: Arline Williams
2424 59th Place
Cheverly, MD 20785
(301) 773-9813
Assigned Territory: DC #6

MASSACHUSETTS

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Boston #4 (around Cambridge, Brookline)

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Boston #3

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Boston #6

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Boston #2

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Boston #1

MICHIGAN

DKM Designs, Inc.
Attention: Deborah K Marwill
7170 Pebble Park Drive
West Bloomfield, MI 48322
(248) 766-3341
Assigned Territory: Detroit #1

AKWMS PLUS Corp.
Attention: Al Williams
23475 Edinburgh
Southfield, MI 48033
(248) 420-3903
Assigned Territory: Detroit #3

MINNESOTA

Marck Company, Inc.
Attention: Lawrence Barrett
6612 Pawnee Rd.
Edina, MN 55439
(612) 597-9452
Assigned Territory: Twin Cities #1 (around St. Paul, Cottage Grove)

Marck Company, Inc.
Attention: Lawrence Barrett
6612 Pawnee Rd.
Edina, MN 55439
(612) 597-9452
Assigned Territory: Twin Cities #2 (around Richfield, Burnsville)

Marck Company, Inc.
Attention: Lawrence Barrett
6612 Pawnee Rd.
Edina, MN 55439
(612) 597-9452
Assigned Territory: Twin Cities #3 (around Plymouth, Minneapolis)

Marck Company, Inc.
Attention: Lawrence Barrett
6612 Pawnee Rd.
Edina, MN 55439
(612) 597-9452
Assigned Territory: Twin Cities #4

NEBRASKA

Jason Krajewski
Attention: Jason Krajewski
6508 N 149 Ave
Omaha, NE 68116
402-304-1390
Assigned Territory: Omaha

NEW HAMPSHIRE

JJ Enterprises, LLC
Attention: Jim Milligan
60 Nandina Drive
Tyngsboro, MA 01879
978-239-9198
Assigned Territory: New Hampshire #1

NEW JERSEY

BRR Home Essentials, Inc.
Attention: Ben Rozenblat
2005 Taggart Drive
Belle Meade, NJ 08502
(908) 431-0491
Assigned Territory: New Jersey #3

BRR Home Essentials, Inc.
Attention: Ben Rozenblat
2005 Taggart Drive
Belle Meade, NJ 08502
(908) 431-0491
Assigned Territory: New Jersey #2

SS Enterprises, LLC
Attention: Scott Orshan
42 East Rayburn Road
Millington, NJ 07946
908-553-3807
Assigned Territory: NJ #1,

SS Enterprises, LLC
Attention: Scott Orshan
42 East Rayburn Road
Millington, NJ 07946
908-553-3807
Assigned Territory: N #2

SS Enterprises, LLC
Attention: Scott Orshan
42 East Rayburn Road
Millington, NJ 07946
908-553-3807
Assigned Territory: NJ #3

Jemilex, Inc
Attention: Dave Myers
9 Skyview Drive
Ivyland, PA 18974
267-250-8197
Assigned Territory: NJ #9

NEW YORK

Lookout Solutions, LLC
Attention: Alex Modica
7 Lookout Road
Norwalk, CT 06850
(203) 644-2052
Assigned Territory: Yonkers (around White Plains, Mount Vernon)

JMS Management Company, LLC
Attention: Joe Sassano
2 Millers Lane
Ridgefield, CT 06877
(203) 431-0228
Assigned Territory: Peekskill (around Hyde Park, Bedford)

Kaplan Group, LLC
Attention: Adam Kaplan (i)
Address - 140 E. 46th Street, Unit #4J
New York, NY 10017
(770) 374-5744
Assigned Territory: Long Island #3

Kaplan Group, LLC
Attention: Adam Kaplan (i)
Address - 140 E. 46th Street, Unit #4J
New York, NY 10017
(770) 374-5744
Assigned Territory: Long Island #4

Kaplan Group, LLC
Attention: Adam Kaplan (i)
Address - 140 E. 46th Street, Unit #4J
New York, NY 10017
(770) 374-5744
Assigned Territory: Long Island #5

Kaplan Group, LLC
Attention: Adam Kaplan (i)
Address - 140 E. 46th Street, Unit #4J
New York, NY 10017
(770) 374-5744
Assigned Territory: Long Island #6

NORTH CAROLINA

Top Shelf Ventures, LLC
Attention: Andy Pittman
722 Cranbrook Rd.
Raleigh, NC 27609
(919) 810-9072
Assigned Territory: Raleigh Durham #1 (around Chapel Hill, Burlington)

Top Shelf Ventures, LLC
Attention: Andy Pittman
722 Cranbrook Rd.
Raleigh, NC 27609
(919) 810-9072
Assigned Territory: Raleigh Durham #2 (around New Hope, Fuquay Varina)

Top Shelf Ventures, LLC
Attention: Andy Pittman
722 Cranbrook Rd.
Raleigh, NC 27609
(919) 810-9072
Assigned Territory: Greensboro

Carscon Enterprises, LLC
Attention: Brian Sacco (i)
4111 Kronos Place, Charlotte, NC 28210
(704) 705-0005
Assigned Territory: Charlotte #2

Carscon Enterprises, LLC
Attention: Brian Sacco (i)
4111 Kronos Place, Charlotte, NC 28210
(704) 705-0005
Assigned Territory: Charlotte #3

Carscon Enterprises, LLC
Attention: Brian Sacco
4111 Kronos Place, Charlotte, NC 28210
(704) 705-0005
Assigned Territory: Charlotte #1

OHIO

Saunders Business Ventures
Attention: Michael Saunders
240 Lakeside Circle
Marysville, OH 43040
937-243-5848
Assigned Territory: Columbus #1

Saunders Business Ventures
Attention: Michael Saunders
240 Lakeside Circle
Marysville, OH 43040
937-243-5848
Assigned Territory: Columbus #2

OKLAHOMA

Green Country Green, LLC
Attention: Jeff Robinson
7551 S. Sandusky Ave.
Tulsa, OK 74136
(918) 630-6637
Assigned Territory: Tulsa #1 around Owasso, Bixby)

Green Country Green, LLC
Attention: Jeff Robinson
7551 S. Sandusky Ave.
Tulsa, OK 74136
(918) 630-6637
Assigned Territory: Oklahoma City #1

OREGON

TVNS Ventures, Inc.
Attention: Thimmappa Anekonda
1424 Greentree Circle
Lake Oswego, OR 97034
503-459-1586
Assigned Territory: Portland #1

TVNS Ventures, Inc.
Attention: Thimmappa Anekonda
1424 Greentree Circle
Lake Oswego, OR 97034
503-459-1586
Assigned Territory: Portland #2

TVNS Ventures, Inc.
Attention: Thimmappa Anekonda
1424 Greentree Circle
Lake Oswego, OR 97034
503-459-1586
Assigned Territory: Portland #3

PENNSYLVANIA

Bauknight Enterprises, Inc.
Attention: Dean Bauknight
3112 Woodridge Drive
Landisville, PA 17538
(717) 475-9699
Assigned Territory: Lancaster

Jemilex, Inc
Attention: Dave Myers
9 Skyview Drive
Ivyland, PA 18974
267-250-8197
Assigned Territory: Philly #1

Jemilex, Inc
Attention: Dave Myers
9 Skyview Drive
Ivyland, PA 18974
267-250-8197
Assigned Territory: Philly #4

Jemilex, Inc
Attention: Dave Myers
9 Skyview Drive
Ivyland, PA 18974
267-250-8197
Assigned Territory: Philly#5

The Simon Initiative, Inc
Attention: Craig Simon
119 Windsor Court
Cranberry Township, PA 16066
724-321-2973
Assigner Territory: Pittsburg #1

The Simon Initiative, Inc
Attention: Craig Simon
119 Windsor Court
Cranberry Township, PA 16066
724-321-2973
Assigner Territory: Pittsburg #2

The Simon Initiative, Inc
Attention: Craig Simon
119 Windsor Court
Cranberry Township, PA 16066
724-321-2973
Assigner Territory: Pittsburg #3

TENNESSEE

Rosinity
Attention: Charlie Rose
407 Meadowlark Drive, Suite 100
Shelbyville, TN 37160
(866) 426-3905
Assigned Territory: Nashville #1 (around Lebanon, Brentwood, Smyrna)

Rosinity
Attention: Charlie Rose
407 Meadowlark Drive, Suite 100
Shelbyville, TN 37160
(866) 426-3905
Assigned Territory: Nashville #2 (around Hendersonville, Franklin)

TEXAS

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Austin #2 (around Dripping Springs, Lakeway, Buda)

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Austin #1

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Houston #5

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Houston #3 (around Sugar Land, Richmond, Katy)

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Houston #4 (around Piney Point Village, Spring Valley, Hedwig Village)

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Houston #1

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Houston #2

Elliott & Lee Ventures, Inc.
Attention: Rick Trahan
3001 Oakhurst Avenue
Austin, TX 78703
(512) 771-7894
Assigned Territory: Houston #7

Thorough-Clean, LLC
Attention Rick Nicosia
120 Kendall Ridge
Boerne, TX 78015
(210) 241-4357
Assigned Territory: San Antonio #1 (around Hollywood Park, China Grove)

Thorough-Clean, LLC
Attention Rick Nicosia
120 Kendall Ridge
Boerne, TX 78015
(210) 241-4357
Assigned Territory: San Antonio #2

Pollock Enterprises, LLC
Attention: Dave Pollock
6841 Virginia Pkwy Suite 103-157
McKinney, TX 75071
(214) 437-7726
Assigned Territory: Dallas #1 (around Irving, University Park)

Pollock Enterprises, LLC
Attention: Dave Pollock
6841 Virginia Pkwy Suite 103-157
McKinney, TX 75071
(214) 437-7726
Assigned Territory: Dallas #2 (around Denton, Grapevine)

DDKM Enterprises, INC.
Attention: David Waxman
3213 Seaton Court
Flower Mound TX 75028
(214) 718-4222
Assigned Territory: North Dallas

DDKM Enterprises, INC.
Attention: David Waxman
3213 Seaton Court
Flower Mound TX 75028
(214) 718-4222
Assigned Territory: Dallas #4

Pollock Enterprises, LLC
Attention: Dave Pollock
6841 Virginia Pkwy Suite 103-157
McKinney, TX 75071
(214) 437-7726
Assigned Territory: Dallas #3 around Frisco, McKinney, Allen)

Pollock Enterprises, LLC
Attention: Dave Pollock
6841 Virginia Pkwy Suite 103-157
McKinney, TX 75071
(214) 437-7726
Assigned Territory: Dallas #6 (around Denton, Grapevine)

VIRGINIA

Cabinet Magic, Inc.
Attention: Joe Johnson
822 Duke St.
Alexandria, VA 22314
(703) 622-0019
Assigned Territory: DC #2 (around Alexandria, Burke, Groveton)

Cabinet Magic, Inc.
Attention: Joe Johnson
822 Duke St.
Alexandria, VA 22314
(703) 622-0019
Assigned Territory: DC #1

Matt Ferguson Properties, LLC
Attention: Matt Ferguson
8321 Owl Lane
Hanover, VA 23069
(804) 690-3975
Assigned Territory: Richmond #1 (around Glen Allen, Bon Air)

Matt Ferguson Properties, LLC
Attention: Matt Ferguson
8321 Owl Lane
Hanover, VA 23069
(804) 690-3975
Assigned Territory: Fredericksburg (around Glen Allen, Bon Air)

Matt Ferguson Properties, LLC
Attention: Matt Ferguson
8321 Owl Lane
Hanover, VA 23069
(804) 690-3975
Assigned Territory: Richmond 3

Matt Ferguson Properties, LLC
Attention: Matt Ferguson
8321 Owl Lane
Hanover, VA 23069
(804) 690-3975
Assigned Territory: Virginia #4

WASHINGTON

Regala Enterprises, LLC
Attention: Alan Regala
6231 45th Avenue Northeast
Seattle, WA 98115
(650) 641-0051
Assigned Territory: Seattle #2

Regala Enterprises, LLC
Attention: Alan Regala
6231 45th Avenue Northeast
Seattle, WA 98115
(650) 641-0051
Assigned Territory: Seattle #4

Regala Enterprises, LLC
Attention: Alan Regala
6231 45th Avenue Northeast
Seattle, WA 98115
(650) 641-0051
Assigned Territory: Seattle #5

Regala Enterprises, LLC
Attention: Alan Regala
6231 45th Avenue Northeast
Seattle, WA 98115
(650) 641-0051
Assigned Territory: Seattle #3

WISCONSIN

Turnbull, Inc.
Attention: Jeff Sassano
1248 Bainbridge Dr.
Naperville, IL 60563
(630) 258-0559
Assigned Territory; Milwaukee #2

EXHIBIT G-2

AGREEMENTS SIGNED, BUT NOT OPERATING

(As of December 31, 2012)

FLORIDA

24 Squared, Inc.
Attention: Michael Grothe
4210 32nd Lane East
Bradenton, FL 34208
(941) 321-8863
Assigned Territory: Tampa #1

Cabinet Wishes, Inc.
Attention: Phil & Nancy Lavelly
10 Dame Kathryn Drive
Savannah, GA 31411
(912) 598-5146
Assigned Territory: Jacksonville #2

GEORGIA

Lakeside Concepts, LLC
Attention: Steven Gagliano
143 Lakeside Drive
Peachtree City, GA 30269
(678) 665-7997
Assigned Territory: Atlanta #5

KENTUCKY

Shelving Solutions, LLC
Attention: Charlie Robbins
6601 Broadhale Drive
Louisville, KY 40291
(502) 794-0794
Assigned Territory: Lexington

MASSACHUTTS

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Cape Cod

NEW JERSEY

Jemilex, Inc.
Attention: Dave Myers (i)
9 Skyview Drive, Ivyland, PA 18974
(267) 250-8197
Assigned Territory: NJ #10

EXHIBIT G-3

**TERMINATIONS, CANCELLATIONS, TRANSFERS AND NON-RENEWALS
DURING MOST RECENT FISCAL YEAR**

Cancellations and Non-Renewals:

None.

Terminations:

CALIFORNIA

TDL Building Group, Inc.
Troy LaCoursiere
2131 Commonwealth Avenue
San Diego, CA 92104
(619) 980-8280
Assigned Territory: San Diego 1, 2, 4

Transfers:

NORTH CAROLINA

Gas Enterprises, Inc.
Attention: Fred Harzstark
15140 Legend Oaks Court
Fort Mill, SC 29707
(803) 246-5577
(Lives in SC, but territory is in NC)

TEXAS

Rick Piacenti Corp.
Attention: Rick Piacenti
526 Kingwood Dr., Suite 344
Kingwood, TX 77339
(713) 898-4844

Rick Piacenti Corp.
Attention: Rick Piacenti
526 Kingwood Dr., Suite 344
Kingwood, TX 77339
(713) 898-4844

Repurchase:

MICHIGAN

Marbeck Corporation
Attention: Mark C. Stradtner
4317 Vassar Dr.
Troy, MI 48085
(248) 229-5740

SOUTH CAROLINA

RNJS 62, LLC
Attention: RJ Mohlman
403 Thornblade Boulevard
Greenville, SC 29650
(864) 451-1406

EXHIBIT G-4

DEVELOPERS

(As of December 31, 2012)

FLORIDA

24 Squared, Inc.
Attention: Michael Grothe
4210 32nd Lane East
Bradenton, FL 34208
(941) 321-8863
Assigned Territory: Tampa #1

Cabinet Wishes, Inc.
Attention: Phil & Nancy Lavelly
10 Dame Kathryn Drive
Savannah, GA 31411
(912) 598-5146
Assigned Territory: Jacksonville #2

GEORGIA

Lakeside Concepts, LLC
Attention: Steven Gagliano
143 Lakeside Drive
Peachtree City, GA 30269
(678) 665-7997
Assigned Territory: Atlanta #5

KENTUCKY

Shelving Solutions, LLC
Attention: Charlie Robbins
6601 Broadhale Drive
Louisville, KY 40291
(502) 794-0794
Assigned Territory: Lexington

MASSACHUTTES

JeffRaff Services, LLC
Attention: Jeffrey Cohen &
Raffi Iskenderian
51 Silver Hill Road
Sudbury, MA 01776
(617) 699-8098
Assigned Territory: Cape Cod

NEW JERSEY

Jemilex, Inc.
Attention: Dave Myers (i)
9 Skyview Drive, Ivyland, PA 18974
(267) 250-8197
Assigned Territory: NJ #10

EXHIBIT G-5

**DEVELOPER TERMINATIONS, CANCELLATIONS AND NON-RENEWALS
DURING MOST RECENT FISCAL YEAR**

Terminations, Cancellations and Non-Renewals

None.

Transfers

None.

EXHIBIT G-6

LIST OF COMPANY-OWNED LOCATIONS

(As of December 31, 2012)

Our affiliates listed below own locations in the following states:

FLORIDA

Cabinet Essentials Atlanta, LLC (2 assigned territories)
Attention: P. Allan Young
5500 Interstate North Parkway
Suite 250
Atlanta, GA 30328
(770) 955-4377

ILLINOIS

Cabinet Essentials Atlanta, LLC (5 assigned territories)
Attention: P. Allan Young
5500 Interstate North Parkway
Suite 250
Atlanta, GA 30328
(770) 955-4377

MARYLAND

Cabinet Essentials Atlanta, LLC (1 assigned territory)
Attention: P. Allan Young
5500 Interstate North Parkway
Suite 250
Atlanta, GA 30328
(770) 955-4377

SOUTH CAROLINA

Cabinet Essentials Atlanta, LLC (1 assigned territory)
Attention: P. Allan Young
5500 Interstate North Parkway
Suite 250
Atlanta, GA 30328
(770) 955-4377

EXHIBIT H
FINANCIAL STATEMENTS

See attached.

SHELFGENIE FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

ADERHOLT & HORTON, LLC
CERTIFIED PUBLIC ACCOUNTANTS

100 Concourse Parkway • Suite 175
Birmingham, Alabama 35244

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INDEPENDENT AUDITORS' REPORT

To the Member
ShelfGenie Franchise Systems, LLC
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of ShelfGenie Franchise Systems, LLC (a wholly-owned entity of Cabinet Essentials Group, LLC) which comprise the balance sheets of as of December 31, 2012 and 2011, and the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ShelfGenie Franchise Systems, LLC as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Aderholt & Horton, LLC

Birmingham, Alabama

March 11, 2013

SHELFGENIE FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
December 31, 2012 and 2011

	<i>2012</i>	<i>2011</i>
ASSETS		
Current Assets		
Cash	\$ 578,783	\$ 338,112
Accounts receivable - trade	168,727	88,736
Accounts receivable - advertising fees	-	86,005
Notes receivable	6,857	28,803
Deferred franchise sales cost	-	50,000
Prepaid expenses	<u>60,998</u>	<u>95,507</u>
Total Current Assets	815,365	687,163
Property and Equipment		
Office equipment and furnishings	27,025	26,177
Fixtures and displays	13,770	13,770
Accumulated depreciation	<u>(24,872)</u>	<u>(20,550)</u>
	15,923	19,397
Other Assets		
Intangibles - net of amortization	58,369	86,977
Due from related parties	7,542	11,874
Note receivable	<u>-</u>	<u>19,302</u>
	<u>65,911</u>	<u>118,153</u>
	<u>\$ 897,199</u>	<u>\$ 824,713</u>
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 148,343	\$ 124,716
Deferred franchise fee income	-	81,000
Deferred royalty fee income	32,503	19,593
Advertising fund liability	24,275	-
Deposits	4,909	-
Due to related party	<u>53,290</u>	<u>173,988</u>
Total Current Liabilities	263,320	399,297
Member's Equity	<u>633,879</u>	<u>425,416</u>
	<u>\$ 897,199</u>	<u>\$ 824,713</u>

See accompanying notes to financial statements.

SHELFGENIE FRANCHISE SYSTEMS, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Years Ended December 31, 2012 and 2011

	<i>2012</i>	<i>2011</i>
Revenues		
Franchise and multi-unit development initial fees	\$ 1,005,157	\$ 673,000
Royalty fees	619,599	500,285
Other marketing, transfer and training fees	<u>821,651</u>	<u>674,849</u>
Total Revenues	2,446,407	1,848,134
Cost of franchise operations	66,506	88,204
Selling, general and administrative	2,062,529	1,585,349
Depreciation and amortization	<u>40,596</u>	<u>38,465</u>
Total Operating Expenses	<u>2,169,631</u>	<u>1,712,018</u>
Operating Income	276,776	136,116
Other income (expense):		
Interest income	730	1,047
Other income	100	-
Contribution to advertising fund	(59,243)	-
Charitable contributions	<u>(9,900)</u>	<u>(420)</u>
Net Income	208,463	136,743
Member's equity at beginning of period	<u>425,416</u>	<u>288,673</u>
Member's Equity at End of Period	<u>\$ 633,879</u>	<u>\$ 425,416</u>

See accompanying notes to financial statements.

SHELFGENIE FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2012 and 2011

	<i>2012</i>	<i>2011</i>
Cash Flows From Operating Activities		
Net income	\$ 208,463	\$ 136,743
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	40,596	38,465
Changes in operating assets and liabilities:		
Increase in receivables	6,014	(52,087)
(Increase) Decrease in notes receivable	41,248	(1,293)
(Increase) Decrease in deferred franchise sales cost	50,000	(7,200)
(Increase) Decrease in prepaid expense	34,509	(84,457)
Increase (Decrease) in accounts payable	23,627	73,462
Increase in deferred royalty fee income	12,910	1,593
Increase in advertising fund liability	24,275	-
Increase in deposits	4,909	-
Increase (Decrease) in deferred franchise fee income	<u>(81,000)</u>	<u>81,000</u>
Net Cash Provided By Operating Activities	365,551	186,226
Cash Flows From Investing Activities		
Purchase of property and equipment	(848)	(1,970)
Purchase of intangible assets	<u>(7,665)</u>	<u>(24,891)</u>
Net Cash Used By Investing Activities	(8,513)	(26,861)
Cash Flows From Financing Activities		
Decrease in due to related parties	<u>(116,367)</u>	<u>(105,994)</u>
Net Cash Used By Financing Activities	(116,367)	(105,994)
Net Increase (Decrease) in Cash and Cash Equivalents	240,671	53,371
Cash and cash equivalents at beginning of year	<u>338,112</u>	<u>284,741</u>
Cash and Cash Equivalents at End of Year	<u>\$ 578,783</u>	<u>\$ 338,112</u>

See accompanying notes to financial statements.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE A – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

ShelfGenie Franchise Systems, LLC (the Company) custom designs, builds and installs Glide-Out™ shelving systems for home owners through a network of franchises operating under the brand name ShelfGenie®. The Glide-Out™ shelving systems are provided by an affiliate, G-O Manufacturing, LLC. The Company was organized on November 29, 2007 as a Georgia Limited Liability Company.

Basis of Presentation

ShelfGenie Franchise Systems, LLC is wholly owned by Cabinet Essentials Group, LLC. The financial statements include only the accounts of ShelfGenie Franchise Systems, LLC.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

We have performed a review of subsequent events through March 11, 2013, the date the financial statements were issued, and concluded there were no events or transactions occurring during this period that required recognition or disclosure in our financial statements.

Reclassification

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2012 presentation.

Revenue Recognition

The Company accounts for its revenue in accordance with Accounting Standards Codification (“ASC”) 952-605, *Franchisors, Revenue Recognition*. The Company’s revenues are comprised of the following components:

Initial Franchise Fee Revenues: The Company recognizes franchise fee revenue when all material obligations to prepare the franchisee for operations have been completed and all material initial services to be provided by the Company have been performed. Obligations to prepare the franchisee for operations are substantially complete upon completion by the franchisee of the Company’s training program. Multi-unit development sales, wherein the Company sells the rights to develop a territory or market are recognized upon signature of the Multi-Unit Development Agreement and the substantial completion of all the Company’s obligations with the opening of the first franchise. Substantial completion includes conducting a market and trade area analysis which is completed prior to the execution of the Multi-Unit Development Agreement. Accordingly, the Company recognizes this fee in full upon receipt and with the opening of the first franchise under the Multi-Unit Development Agreement.

Royalty Revenues: The Company earns royalty revenues from its franchisees. The Company’s franchise agreement requires the franchisee to pay the Company royalty fees based upon a set percentage of the franchisee’s revenues. Agreements dated prior to March 2012 include a 4% royalty. Agreements dated March 2012 and forward include a 5% royalty. Royalty revenues are recognized upon the completion of product installation by the Company’s franchisees.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE A – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketing and Advertising Fees: The Company collects marketing and advertising fees from its franchisees and units owned by Company affiliates. The Company's franchise agreement requires the franchisee to pay the Company marketing and advertising fees equal to 2 percent of their revenues. Marketing and advertising fees are administered by the Company exclusively for expenses associated with providing marketing and advertising services. The Company is constructively obligated to expend the marketing and advertising fees it collects from franchisees in accordance with the franchise agreement; as such, no income or loss to the Company is generated. For the years 2012 and 2011, the Company expended more on advertising than was contributed by franchisees and the Company affiliate owned units. In addition to the advertising fees paid by Company affiliate owned units, the Company contributed \$59,243 to the advertising funds. The Company has determined that it is an agent in this transaction and, accordingly, records only the difference between advertising cost expended and the amount collected on a net basis.

Other Revenues: Other revenues include ancillary fees the Company earns from franchisees including business service fees for the generation of sales appointments, training fees, and unit transfer fees. Other revenues also include service fees for providing local media advertising on behalf of franchisees.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months when purchased.

Accounts and Notes Receivable

The Company's accounts and notes receivable are composed of trade receivables and accounts receivable from future advertising fees. The Company establishes an allowance for doubtful accounts based on management's assessment of the collectability of specific accounts. As of December 31, 2012, management does not consider any specific account to be doubtful for collection.

Concentration of Credit Risk

Certain financial instruments potentially subject the Company to concentrations of credit risks. These instruments consist of temporary cash investments and accounts receivable. The Company places its temporary cash deposits with high quality financial institutions. At times, such deposits may be in excess of the FDIC insurance limit.

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, notes receivable, accounts payable and accrued expenses approximate their fair values due to the short-term maturities of these instruments.

Property and Equipment

Property and equipment consists of office equipment, office furnishings, fixtures and displays. Routine repairs and maintenance are expensed as incurred. It is the Company's policy to capitalize property and equipment over \$500. Depreciation is computed using primarily the MACRS double declining balance method and the straight-line method. Furnishings, fixtures and equipment are depreciated over estimated useful lives ranging from five to seven years. Depreciation expense for the years ended December 31, 2012 and 2011, was \$4,323 and \$4,783, respectively.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE A – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising and Promotional Costs

Certain marketing and advertising costs are related under the franchisee agreement to the marketing and advertising fees collected from franchisees. Any excess cost is accounted for as a receivable due from the future receipts of the franchise marketing fees. Collected fees and Company contributions in excess of cost are reflected as a liability. The remaining marketing and advertising costs are expensed as incurred. The Company had an advertising fund liability of \$24,275 as of December 31, 2012 related to its constructive obligation for marketing and advertising fees collected in excess of costs incurred. The accounts receivable from future advertising fees for the year ended December 31, 2011 was \$86,005. Net advertising expense was \$86,573 and \$139,907 for the years ended December 31, 2012 and 2011, respectively.

Intangible and Long-Lived Assets

Intangible and long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The Company tests for impairment by comparing the asset's undiscounted cash flow to its carrying value and, if impaired, it is written down to fair value based on either discounted cash flows or appraised values.

NOTE B – UNIT OPERATING STATISTICS

Franchise location information for the years ended December 31, 2012 and 2011 is summarized as follows:

	<i>2012</i>	<i>2011</i>
Open at beginning of year	99	85
Opened during the year	29	20
Terminated or closed during the year	<u>5</u>	<u>6</u>
Open at end of year	<u>123</u>	<u>99</u>
 Franchise locations	 <u>123</u>	 <u>99</u>

For the years ended December 31, 2012 and 2011 affiliated companies operated 9 and 20 units, respectively. These units pay advertising fees only. The units are operating to grow market awareness with the plan of being sold to prospective franchisees.

NOTE C – NOTES RECEIVABLE

The Company, at times, finances a portion of the initial franchise fees for the purchase of franchises. The terms of the promissory notes vary but typically require periodic payments and bear interest at 8 percent.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE D – DEFERRED FRANCHISE SALES COST

Direct franchise sales cost of \$50,000 at December 31, 2011 was deferred. These costs directly relate to deferred initial and unrecognized multi unit franchise sales.

NOTE E – INTANGIBLE ASSETS

Intangible assets are amortized using a straight-line method. Software and franchise development costs are amortized over five years. Servicemarks are amortized over fifteen years. The amortization expense for the years ended December 31, 2012 and 2011 was \$36,273 and \$33,681, respectively. On December 31, 2012, intangible assets consisted of the following:

	<i>Gross</i> <i>Carrying</i> <i>Amount</i>	<i>Accumulated</i> <i>Amortization</i>	<i>Net</i> <i>Carrying</i> <i>Amount</i>
Software	\$ 57,006	\$ (27,389)	\$ 27,617
Franchise Development Cost	124,500	(103,750)	20,750
Servicemarks	<u>11,080</u>	<u>(3,078)</u>	<u>8,002</u>
	<u>\$ 192,586</u>	<u>\$ (134,217)</u>	<u>\$ 58,369</u>

NOTE F – DEFERRED INCOME

At December 31, 2011, initial franchise fees of \$81,000 were deferred pending completion by the franchisee of the Company’s training program. For the years ended December 31, 2012 and 2011 the Company recorded deferred royalty income of \$32,503 and \$19,593, respectively, related to royalty fees collected on franchisee order deposits where the product installation was not complete.

NOTE G – MEMBER’S EQUITY

The Company is owned by a single member. There was no change in the membership during the years ended December 31, 2012 and 2011.

NOTE H - STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Company considers all monies in banks and highly liquid investments with original maturity dates of less than three months when purchased to be cash equivalents.

NOTE I – INCOME TAXES

The Company as a single-member limited liability company is disregarded for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members of Cabinet Essentials Group, LLC and taxed depending on their personal tax situations. Accordingly, the financial statements do not reflect a provision for income taxes.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE J – COMMITMENTS

The Company has entered into consulting agreements with outside contractors. The agreements are generally for a term of one year or less from inception and renewable unless either the Company or the consultant terminates such agreement by written notice.

NOTE K – RELATED PARTY TRANSACTIONS

Customer Management Group, LLC, a commonly owned affiliate, provided administrative and management services to the Company amounting to \$1,080,000 for the year ended December 31, 2012 and \$864,000 for the year ended December 31, 2011. Management services include services related to back office support and a call center.

G-O Manufacturing, LLC, a commonly owned affiliate, provides Glide-Out™ brand products to the Company's franchises. Each franchisee enters into an agreement with G-O Manufacturing, LLC upon execution of the franchise agreement. The agreement establishes pricing and terms for the product.

At December 31, 2012 and 2011, the amounts owed to Customer Management Group, LLC for expense advances and management services were \$53,290 and \$173,988, respectively.

NOTE L – REVENUE AND CUSTOMER CONCENTRATION

The Company's revenue is generated from the home improvement industry in the United States. It is probable that at some future time initial franchise revenue will decline because sales predictably should reach a saturation point.

SHELFGENIE FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

A DERHOLT & HORTON, LLC
CERTIFIED PUBLIC ACCOUNTANTS

100 Concourse Parkway • Suite 175
Birmingham, Alabama 35244

INDEPENDENT AUDITORS' REPORT

To the Member
ShelfGenie Franchise Systems, LLC
Marietta, Georgia

We have audited the accompanying balance sheets of ShelfGenie Franchise Systems, LLC (a wholly-owned entity of Cabinet Essentials Group, LLC) as of December 31, 2011 and 2010, and the related statements of income and member's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Aderholt & Horton, LLC

February 17, 2012
Birmingham, Alabama

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SHELFGENIE FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
December 31, 2011 and 2010

	<i>2011</i>	<i>2010</i>
ASSETS		
Current Assets		
Cash	\$ 338,112	\$ 284,741
Accounts receivable - trade	88,736	9,629
Accounts receivable - advertising fees	86,005	113,025
Notes receivable	28,803	35,819
Deferred franchise sales cost	50,000	42,800
Prepaid expenses	<u>95,507</u>	<u>11,050</u>
Total Current Assets	687,163	497,064
Property and Equipment		
Office equipment and furnishings	26,177	24,207
Fixtures and displays	13,770	13,770
Accumulated depreciation	<u>(20,550)</u>	<u>(15,766)</u>
	19,397	22,211
Other Assets		
Intangibles - net of amortization	86,977	95,767
Due from related parties	11,874	509
Note receivable	<u>19,302</u>	<u>10,993</u>
	<u>118,153</u>	<u>107,269</u>
	<u>\$ 824,713</u>	<u>\$ 626,544</u>
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 124,716	\$ 51,254
Deferred franchise fee income	81,000	-
Deferred royalty fee income	19,593	18,000
Due to related party	<u>173,988</u>	<u>268,617</u>
Total Current Liabilities	399,297	337,871
Member's Equity	<u>425,416</u>	<u>288,673</u>
	<u>\$ 824,713</u>	<u>\$ 626,544</u>

See accompanying notes to financial statements.

SHELFGENIE FRANCHISE SYSTEMS, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Years Ended December 31, 2011 and 2010

	<i>2011</i>	<i>2010</i>
Revenues		
Franchise and multi-unit development initial fees	\$ 673,000	\$ 992,000
Royalty fees	500,285	328,486
Other marketing, transfer and training fees	<u>674,849</u>	<u>546,100</u>
Total Revenues	1,848,134	1,866,586
Cost of franchise operations	88,204	108,109
Selling, general and administrative	1,585,349	1,599,467
Depreciation and amortization	<u>38,465</u>	<u>35,542</u>
Total Operating Expenses	<u>1,712,018</u>	<u>1,743,118</u>
Operating Income	136,116	123,468
Other income (expense):		
Interest income	1,047	2,999
Interest expense	-	(108)
Contributions	<u>(420)</u>	<u>-</u>
Net Income	136,743	126,359
Member's equity at beginning of period	288,673	162,314
Member contributions (distributions)	<u>-</u>	<u>-</u>
Member's Equity at End of Period	<u>\$ 425,416</u>	<u>\$ 288,673</u>

See accompanying notes to financial statements.

SHELFGENIE FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010

	<i>2011</i>	<i>2010</i>
Cash Flows From Operating Activities		
Net income	\$ 136,743	\$ 126,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,465	35,542
Changes in operating assets and liabilities:		
Increase in receivables	(52,087)	(122,654)
(Increase) Decrease in notes receivable	(1,293)	25,301
Increase in deferred franchise sales cost	(7,200)	(5,800)
Increase in prepaid expense	(84,457)	(7,250)
Increase (Decrease) in accounts payable	73,462	(69,832)
Increase in deferred royalty fee income	1,593	18,000
Increase (Decrease) in deferred franchise fee income	<u>81,000</u>	<u>(80,000)</u>
Net Cash Provided (Used) By Operating Activities	186,226	(80,334)
Cash Flows From Investing Activities		
Purchase of property and equipment	(1,970)	(2,915)
Purchase of intangible assets	<u>(24,891)</u>	<u>(4,050)</u>
Net Cash Used By Investing Activities	(26,861)	(6,965)
Cash Flows From Financing Activities		
Payments on capital lease obligation	-	(1,970)
Increase (Decrease) in due to related parties	<u>(105,994)</u>	<u>53,108</u>
Net Cash Provided (Used) By Financing Activities	(105,994)	51,138
Net Increase (Decrease) in Cash and Cash Equivalents	53,371	(36,161)
Cash and cash equivalents at beginning of year	<u>284,741</u>	<u>320,902</u>
Cash and Cash Equivalents at End of Year	<u>\$ 338,112</u>	<u>\$ 284,741</u>

See accompanying notes to financial statements.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE A – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

ShelfGenie Franchise Systems, LLC (the Company) custom designs, builds and installs Glide-Out™ shelving systems for home owners through a network of franchises operating under the brand name ShelfGenie®. The Glide-Out™ shelving systems are provided by an affiliate, G-O Manufacturing, LLC. The Company was organized on November 29, 2007 as a Georgia Limited Liability Company.

Basis of Presentation

ShelfGenie Franchise Systems, LLC is wholly owned by Cabinet Essentials Group, LLC. The financial statements include only the accounts of ShelfGenie Franchise Systems, LLC.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

We have performed a review of subsequent events through February 17, 2012, the date the financial statements were issued, and concluded there were no events or transactions occurring during this period that required recognition or disclosure in our financial statements.

Reclassification

Certain items previously reported in specific financial statement captions have been reclassified to conform to the 2011 presentation.

Revenue Recognition

The Company accounts for its revenue in accordance with Accounting Standards Codification (“ASC”) 952-605, *Franchisors, Revenue Recognition* and ASC 605-25, “Revenue Arrangements with Multiple Deliverables”. The Company’s revenues are comprised of the following components:

Initial Franchise Fee Revenues: The Company recognizes franchise fee revenue when all material obligations to prepare the franchisee for operations have been completed and all material initial services to be provided by the Company have been performed. Obligations to prepare the franchisee for operations are substantially complete upon completion by the franchisee of the Company’s training program. Multi-unit development sales, wherein the Company sells the rights to develop a territory or market are recognized upon signature of the Multi-Unit Development Agreement and the substantial completion of all the Company’s obligations with the opening of the first franchise. Substantial completion includes conducting a market and trade area analysis which is completed prior to the execution of the Multi-Unit Development Agreement. Accordingly, the Company recognizes this fee in full upon receipt and with the opening of the first franchise under the Multi-Unit Development Agreement.

Royalty Revenues: The Company earns royalty revenues from its franchisees. The Company’s franchise agreement requires the franchisee to pay the Company royalty fees equal to 4 percent of their revenues. Royalty revenues are recognized upon the completion of product installation by the Company’s franchisees.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE A – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketing and Advertising Fees: The Company collects marketing and advertising fees from its franchisees. The Company's franchise agreement requires the franchisee to pay the Company marketing and advertising fees equal to 2 percent of their revenues. Marketing and advertising fees are administered by the Company exclusively for expenses associated with providing marketing and advertising services. The Company is constructively obligated to expend the marketing and advertising fees it collects from franchisees in accordance with the franchise agreement; as such, no income or loss to the Company is generated. For the years 2011 and 2010, the Company expended more on advertising than was contributed by franchisees. The Company has determined that it is an agent in this transaction and, accordingly, records only the excess of advertising cost expended on a net basis.

Other Revenues: Other revenues include ancillary fees the Company earns from franchisees including business service fees for the generation of sales appointments, training fees, and unit transfer fees. Other revenues also include service fees for providing local media advertising on behalf of franchisees.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months when purchased.

Accounts and Notes Receivable

The Company's accounts and notes receivable are composed of trade receivables and accounts receivable from future advertising fees. The Company establishes an allowance for doubtful accounts based on management's assessment of the collectability of specific accounts. As of December 31, 2011, management does not consider any specific account to be doubtful for collection.

Concentration of Credit Risk

Certain financial instruments potentially subject the Company to concentrations of credit risks. These instruments consist of temporary cash investments and accounts receivable. The Company places its temporary cash deposits with high quality financial institutions. At times, such deposits may be in excess of the FDIC insurance limit.

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, notes receivable, accounts payable and accrued expenses approximate their fair values due to the short-term maturities of these instruments.

Property and Equipment

Property and equipment consists of office equipment, office furnishings, fixtures and displays. Routine repairs and maintenance are expensed as incurred. It is the Company's policy to capitalize property and equipment over \$1,000. Depreciation is computed using primarily the MACRS double declining balance method and the straight-line method. Furnishings, fixtures and equipment are depreciated over estimated useful lives ranging from five to seven years. Depreciation expense for the years ended December 31, 2011 and 2010, was \$4,783 and \$5,756, respectively.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE A – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising and Promotional Costs

Beginning in 2010, certain marketing and advertising costs in excess of the marketing and advertising fees collected from franchisees were accounted for as a receivable due from the future receipts of the franchise marketing fees with the remaining marketing and advertising costs expensed as incurred. The Company had no accrued liability as of December 31, 2011 or 2010 related to its constructive obligation for marketing and advertising fees collected in excess of costs incurred. The accounts receivable from future advertising fees for the years ended December 31, 2011 and 2010, was \$86,005 and \$113,025, respectively. Net advertising expense was \$139,907 and \$67,575 for the years ended December 31, 2011 and 2010, respectively.

Intangible and Long-Lived Assets

Intangible and long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The Company tests for impairment by comparing the asset's undiscounted cash flow to its carrying value and, if impaired, it is written down to fair value based on either discounted cash flows or appraised values.

NOTE B – UNIT OPERATING STATISTICS

Franchise location information for the years ended December 31, 2011 and 2010 is summarized as follows:

	<i>2011</i>	<i>2010</i>
Open at beginning of year	85	55
Opened during the year	20	30
Terminated or closed during the year	<u>6</u>	<u>-</u>
Open at end of year	<u>99</u>	<u>85</u>
Franchise locations	<u>99</u>	<u>85</u>

For the years ended December 31, 2011 and 2010 affiliated companies operated 20 and 7 units, respectively. These units pay advertising fees only. The units are operating to grow market awareness with the plan of being sold to prospective franchisees.

NOTE C – NOTES RECEIVABLE

The Company finances a portion of the initial franchise fees for the purchase of franchises. The terms of the promissory notes vary but typically require periodic payments and bear interest at 8 percent.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE D – DEFERRED FRANCHISE SALES COST

Direct franchise sales cost of \$50,000 at December 31, 2011, and \$42,800 at December 31, 2010, were deferred. These costs directly relate to deferred initial and unrecognized multi unit franchise sales.

NOTE E – INTANGIBLE ASSETS

Intangible assets are amortized using a straight-line method. Software and franchise development costs are amortized over five years. Servicemarks are amortized over fifteen years. The amortization expense for the years ended December 31, 2011 and 2010 was \$33,681 and \$29,786, respectively. On December 31, 2011, intangible assets consisted of the following:

	<i>Gross</i>		<i>Net</i>
	<i>Carrying</i>	<i>Accumulated</i>	<i>Carrying</i>
	<i>Amount</i>	<i>Amortization</i>	<i>Amount</i>
Software	\$ 49,341	\$ (16,755)	\$ 32,586
Franchise Development Cost	124,500	(78,850)	45,650
Servicemarks	<u>11,080</u>	<u>(2,339)</u>	<u>8,741</u>
	<u>\$ 184,921</u>	<u>\$ (97,944)</u>	<u>\$ 86,977</u>

NOTE F – DEFERRED INCOME

At December 31, 2011, initial franchise fees of \$81,000 were deferred pending completion by the franchisee of the Company's training program. For the years ended December 31, 2011 and 2010 the Company recorded deferred royalty income of \$19,593 and \$18,000, respectively, related to royalty fees collected on franchisee order deposits where the product installation was not complete.

NOTE G – CAPITAL LEASE OBLIGATION

On March 25, 2008, the Company became obligated under a lease agreement for the use of office furniture. The lease required 24 monthly payments of \$508. The company had the option to buy the equipment at the end of the lease term under a bargain purchase option agreement. The lease was paid off in 2010. The company has not entered into any other capital lease obligations in 2010 or 2011.

NOTE H – MEMBER'S EQUITY

The Company is owned by a single member. There was no change in the membership during the years ended December 31, 2011 and 2010.

NOTE I - STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Company considers all monies in banks and highly liquid investments with original maturity dates of less than three months when purchased to be cash equivalents.

SHELFGENIE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE I - STATEMENT OF CASH FLOWS (Continued)

For the year ended December 31, 2011 the Company did not incur any interest expense. Interest of \$108 was paid during the year ended December 31, 2010.

NOTE J – INCOME TAXES

The Company as a single-member limited liability company is disregarded for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members of Cabinet Essentials Group, LLC and taxed depending on their personal tax situations. Accordingly, the financial statements do not reflect a provision for income taxes.

NOTE K – COMMITMENTS

The Company has entered into consulting agreements with outside contractors. The agreements are generally for a term of one year or less from inception and renewable unless either the Company or the consultant terminates such agreement by written notice.

NOTE L – RELATED PARTY TRANSACTIONS

Customer Management Group, LLC, a commonly owned affiliate, provided administrative and management services to the Company amounting to \$864,000 for the year ended December 31, 2011 and \$720,000 for the year ended December 31, 2010. Management services include services related to back office support and a call center.

G-O Manufacturing, LLC, a commonly owned affiliate, provides Glide-Out™ brand products to the Company's franchisees. Each franchisee enters into an agreement with G-O Manufacturing, LLC upon execution of the franchise agreement. The agreement establishes pricing and terms for the product.

At December 31, 2011 and 2010, the amounts owed to Customer Management Group, LLC for expense advances and management services were \$173,988 and \$268,617, respectively.

NOTE M – REVENUE AND CUSTOMER CONCENTRATION

The Company's revenue is generated from the home improvement industry in the United States. It is probable that at some future time initial franchise revenue will decline because sales predictably should reach a saturation point.

EXHIBIT I

ADDENDA REQUIRED BY CERTAIN STATES

See attached.

ADDENDUM FOR CALIFORNIA

Notwithstanding anything contained in the foregoing Franchise Agreement, Multi-unit Development Agreement and the Franchise Disclosure Document to the contrary, the following provisions of the California Investment Law shall apply to any franchise or franchisee located in the State of California, which shall control to the extent of any inconsistency:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

We maintain the website found at the URL address www.shelfgenie.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.

Add to Item 3:

Neither us nor any Person listed in Item 2 of this Disclosure Document is the subject of any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such membership in that association or exchange.

Add to Item 17 and corresponding provisions in the Multi-unit Development Agreement and Franchise Agreement:

(1) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement or the multi-unit development agreement contains a provision that is inconsistent with the law, the law will control.

(2) Both the franchise agreement and the multi-unit development agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

(3) The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(4) The franchise agreement and the multi-unit development agreement both require application of the laws of Georgia. This provision may not be enforceable under California law.

(5) All other terms and provisions contained in the Franchise Agreement, Multi-unit Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Signature: _____

Title: _____

Date: _____

ADDENDUM FOR GEORGIA

Notwithstanding anything contained in the foregoing Franchise Agreement and Multi-unit Development Agreement to the contrary, the following provisions shall apply to any franchise or franchisee located in the State of Georgia, which shall control to the extent of any inconsistency:

1. Section 14.2 of the Franchise Agreement is amended as follows:

Section 14.2 Diversion of Business, Competition With SHELFGENIE and Interference.

(A) During and After the Term of this Agreement. Franchisee acknowledges the uniqueness of the System and agrees that SHELFGENIE is making the Operations Manual and the Confidential Information available to Franchisee only to operate the Franchised Business. Franchisee acknowledges that it would be an unfair method of competition to use or duplicate any of the Operations Manual or Confidential Information received from SHELFGENIE for any other use.

(i) Non-Interference. Franchisee covenants that during the Term of this Agreement and for a two (2) year period thereafter, neither Franchisee nor any person required to execute a Guaranty and Subordination Agreement for Franchisee's Obligations ("Guarantors"), will, either on their own behalf or on behalf of any other person, directly or indirectly influence or attempt to influence any employee, officer, director, agent, consultant, representative, contractor, supplier, distributor, franchisee, customer or other business contact of SHELFGENIE or any of its subsidiaries, affiliates or franchisees, to terminate or modify his, her or its position or relationship with SHELFGENIE or any of its subsidiaries, affiliates or franchisees.

(ii) Non-Competition During the Term. Franchisee covenants that during the Term, neither Franchisee nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Assigned Territory and/or within a fifteen (15) mile radius of the Assigned Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(iii) Non-Competition After the Term. Franchisee covenants that for two (2) years following the Term, neither Franchisee nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any management or operational capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Assigned Territory and/or within a fifteen (15) mile radius of the Assigned Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(iv) Non-Disturbance. In addition to and not in limitation of the other provisions of this Article 14, neither Franchisee nor any Guarantor shall in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of SHELFGENIE or any of its subsidiaries, affiliates or franchisees.

(B) Reasonableness of Restrictions. Franchisee and each Guarantor acknowledge and confirm that the length of the term and geographical restrictions contained in this Article 14 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Franchisee acknowledges and confirms that its, its Guarantors' and their principals', full, uninhibited and faithful observance of each of the covenants contained in this Article 14 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Article 14 will not impair its, its Guarantors' or their principals' ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to them or otherwise to obtain income required for the comfortable support of such persons and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

(C) Enforcement. Franchisee acknowledges that any breach of any provision contained in Article 14 by any Guarantor shall be deemed a breach by Franchisee. Franchisee acknowledges that to disregard the provisions of this Article 14 would effectively foreclose SHELFGENIE from selling other franchises and Franchisee could be unjustly enriched and unfairly derive benefit from the goodwill of and training from SHELFGENIE. Moreover, SHELFGENIE's franchisees and SHELFGENIE Businesses could be severely disadvantaged if Franchisee competes against them using the Proprietary Marks or other Confidential Information. Therefore, it is the manifest intent of Franchisee and SHELFGENIE that, in the event that any court shall finally hold that the time or territory or any other provision stated in this Article 14 constitutes an unreasonable restriction upon Franchisee or any of the Guarantors, then such unenforceable covenant shall be amended to relate to such lesser period or geographical area as shall be enforceable or, if deemed appropriate by such court, deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining covenants to be enforced. In the event of Franchisee's actual or threatened breach or default of this Article 14, (i) SHELFGENIE shall be entitled to an *ex parte* injunction (without notice to or service of process upon Franchisee) restraining Franchisee from any such actual or threatened breach or default, (ii) Franchisee agrees that SHELFGENIE's harm shall be irreparable and SHELFGENIE has no adequate remedy at law to prevent such harm, and (iii) SHELFGENIE shall not be required to show any actual damage or to post any bond or other security before obtaining injunctive relief.

(D) Assignment. The provisions of the confidentiality, nondisclosure, noninterference, non-competition, non-solicitation and non-disturbance provisions in this Article 14 are assignable by SHELFGENIE and shall inure to the benefit of SHELFGENIE, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SHELFGENIE, the resulting entity shall step into the place of SHELFGENIE, without any additional consent of or notice to Franchisee, as if the term SHELFGENIE were defined in this Agreement to include such entity.

2. Section 14.2 of the Multi-unit Development Agreement is amended as follows:

Section 3.4 Diversion of Business, Competition With SHELFGENIE and Interference.

(A) During and After the Term of this Agreement. Developer acknowledges the uniqueness of the System and agrees that SHELFGENIE is making the Confidential Information available to Developer in connection with Developer's obligations under this Agreement. Developer acknowledges and agrees that (a) Developer and the others individuals and entities required to comply with the Article 3 have received an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a SHELFGENIE Business and access to SHELFGENIE's standards, the Confidential Information and SHELFGENIE's trade secrets, and (b) the covenants and restrictions in this Article 3 (i) are reasonable, appropriate and necessary to protect SHELFGENIE's standards, the System, the Confidential Information, SHELFGENIE's trade secrets, other franchisees/developers operating under the System, the goodwill of the System, relationships with SHELFGENIE's prospective and existing customers, and SHELFGENIE's legitimate interests; and (ii) do not cause undue hardship on Developer or

any of the other individuals and entities required by this Article 3 to comply with the covenants and restrictions. Developer acknowledges that it would be an unfair method of competition to use or duplicate any of the Confidential Information received from SHELFGENIE for any other use.

(i) Non-Interference. Developer covenants that during the Term of this Agreement and for a two (2) year period thereafter, neither Developer nor any person required to execute a Guaranty and Subordination Agreement for Developer's Obligations ("Guarantors"), will, either on their own behalf or on behalf of any other person, directly or indirectly influence or attempt to influence any employee, officer, director, agent, consultant, representative, contractor, supplier, distributor, franchisee, developer, customer or other business contact of SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers, to terminate or modify his, her or its position or relationship with SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developers.

(ii) Non-Competition During the Term. Developer covenants that during the Term, neither Developer nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, developer or in any other capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Development Territory and/or within a fifteen (15) mile radius of the borders of the Development Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(iii) Non-Competition After the Term. Developer covenants that for two (2) years following the Term, neither Developer nor any Guarantor will, directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, developer or in any management or operational capacity whatsoever, be connected in any manner with the ownership, management, operation or control of or conduct a business which is (a) not a franchised SHELFGENIE Business or a company-owned SHELFGENIE Business, and (b) engaged in the ownership or operation of any business that converts existing shelving in cabinets, counters, closets or other structures into moving shelving or drawer systems in the Assigned Territory and/or within a fifteen (15) mile radius of the borders of the Development Territory (whether or not franchised) (provided that this restriction shall not apply to a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

(iv) Non-Disturbance. In addition to and not in limitation of the other provisions of this Article 3, neither Developer nor any Guarantor shall in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of SHELFGENIE or any of its subsidiaries, affiliates, franchisees or developer.

(B) Reasonableness of Restrictions. Developer and each Guarantor acknowledge and confirm that the length of the term and geographical restrictions contained in this Article 3 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Developer acknowledges and confirms that its, its Guarantors' and their principals', full, uninhibited and faithful observance of each of the covenants contained in this Article 3 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Article 3 will not impair its, its Guarantors' or their principals' ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to them or otherwise to obtain income required for the comfortable support of such persons and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

(C) Enforcement. Developer acknowledges that any breach of any provision contained in this Article 3 by any Guarantor shall be deemed a breach by Developer. Developer acknowledges that to disregard the provisions of this Article 3 would effectively foreclose SHELFGENIE from selling other franchises and Developer could be unjustly enriched and unfairly derive benefit from the goodwill of and training from SHELFGENIE. Moreover, SHELFGENIE's franchisees/developers and SHELFGENIE Businesses could be severely disadvantaged if Developer competes against them using the Proprietary Marks or other Confidential Information. Therefore, it is the manifest intent of Developer and SHELFGENIE that, in the event that any court shall finally hold that the time or territory or any other provision stated in this Article 3 constitutes an unreasonable restriction upon Developer or any of the Guarantors, then such unenforceable covenant shall be amended to relate to such lesser period or geographical area as shall be enforceable or, if deemed appropriate by such court, deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining covenants to be enforced. In the event of Developer's actual or threatened breach or default of this Article 3, (i) SHELFGENIE shall be entitled to an *ex parte* injunction (without notice to or service of process upon Developer) restraining Developer from any such actual or threatened breach or default, (ii) Developer agrees that SHELFGENIE's harm shall be irreparable and SHELFGENIE has no adequate remedy at law to prevent such harm, and (iii) SHELFGENIE shall not be required to show any actual damage or to post any bond or other security before obtaining injunctive relief.

(D) Assignment. The provisions of the confidentiality, nondisclosure, noninterference, non-competition, non-solicitation and non-disturbance provisions in this Article 3 are assignable by SHELFGENIE and shall inure to the benefit of SHELFGENIE, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SHELFGENIE, the resulting entity shall step into the place of SHELFGENIE, without any additional consent of or notice to Developer, as if the term SHELFGENIE were defined in this Agreement to include such entity.

3. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Signature: _____
Title: _____
Date: _____

ADDENDUM FOR ILLINOIS

Notwithstanding anything contained in the foregoing Franchise Agreement, Multi-unit Development Agreement and the Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Illinois Franchise Disclosure Act shall apply to any franchise or franchisee located in the State of Illinois and owned by an Illinois Franchisee, which shall control to the extent of any inconsistency:

Item 17v. and 17 w of the FDD and Section 17.13 and 17.9 of the Franchise Agreement and 8.6 and 8.7 of the Multi-unit Development Agreement : Choice of Law and Choice of Forum shall be Illinois. Any provision in the Franchise Agreement, including but not limited to Section 17.9 and 8.6, which designate jurisdiction or venue in a forum outside the State of Illinois is void.

Termination or Nonrenewal Franchise: The Illinois Franchise Disclosure Act requires SHELFGENIE to give you notice and opportunity to cure prior to termination except under certain conditions detailed in 815 ILCS 705/19. Consequently, Illinois law may supersede the provisions in Section 12.1 of the Franchise Agreement, Section 7.1 of the Multi-unit Development Agreement, and Items 17f and 17g of the FDD.

Participation in Trade Associations: SHELFGENIE will not in any way restrict any Franchisee from joining or participating in any trade association.

Release. 815 ILCS 705/41 provides that the rights provided by the Illinois Franchise Disclosure Act of 1987 (the "Act") along with other laws of the State of Illinois may not be waived. Consequently, any release of claims or acknowledgements of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or any other law of the State of Illinois shall be void and hereby deleted with respect to claims under the Act or any other law of the State of Illinois.

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

Limitation of Period for Legal Actions. Franchisee and SHELFGENIE agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

Signature: _____
Title: _____
Date: _____

ADDENDUM FOR MARYLAND

The following provisions of the Maryland Franchise Registration and Disclosure Law (“Maryland Franchise Law”) shall apply to any franchises sold or offered for sale within the State of Maryland, located in this State or to a Maryland resident, which shall control to the extent of any inconsistency in the Franchise Disclosure Document (“FDD”), Franchise Agreement or Multi-unit Development Agreement:

Any general release, estoppel or waiver required by the terms and conditions of the Franchise Agreement or Multi-unit Development Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law and Item 17 of the Franchise Disclosure Document and the respective provisions of the Franchise Agreement and Multi-unit Development Agreement are amended accordingly.

Item 17v. and 17 w of the FDD and Section 17.9 of the Franchise Agreement and 8.6 of the Multi-unit Development Agreement: Under certain circumstances, the Franchise Agreement requires you to submit to a court proceeding in the state and county where our principal place of business is located. These provisions may run contrary to the Maryland Franchise Law. Therefore, nothing will preclude you from being able to enter into litigation with us in Maryland, so long as the nature of the litigation is not the type of dispute, controversy, claim, action or proceeding which would be subject to arbitration under the Franchise Agreement or Multi-unit Development Agreement. Nothing in the Franchise Agreement, Multi-unit Development Agreement or the Franchise Disclosure Document is intended to preclude you from asserting your rights, if any, under the Maryland Franchise Law. You are permitted to sue us in Maryland for claims arising under the Maryland Franchise Law. Any claims arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise. Item 17 of the FDD and the respective provisions of the Franchise Agreement and Multi-unit Development Agreement are amended accordingly.

Section 12.1 of the Franchise Agreement and 7.1 of the Multi-Development Agreement, at the end of said Sections, add the following sentence: “The provision in this Franchise Agreement or Multi-unit Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law, Title 11, United States Code Section 101 et seq.”

Section 17.20 of the Franchise Agreement and Section 8.11 of the Multi-unit Development Agreement: Any provision of Section 17.20 of the Franchise Agreement or Section 8.11 of the Multi-unit Development Agreement that requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

All other terms and provisions contained in the Franchise Agreement, Multi-unit Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Signature: _____
Title: _____
Date: _____

ADDENDUM FOR MINNESOTA

Notwithstanding anything contained in the foregoing Franchise Agreement, Multi-unit Development Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

1. The following paragraph is added to Section 6.5 of the Franchise Agreement:

We agree to protect you against claims of infringement or unfair competition with respect to your authorized use of the Trademarks when, in our opinion of counsel, your rights granted therein warrant protection.

2. Section 17.9 of the Franchise Agreement, Section 8.6 of the Multi-unit Development Agreement and the cover sheet and Item 17v and 17w of the FDD are modified to provide the following: Minn. Stat. §§80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document, Multi-unit Development Agreement or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or our rights to any procedure, forum or remedies provided for by the law of Minnesota.
3. Sections 2.2 and 17.13 of the Franchise Agreement, Section 8.7 of the Multi-unit Development Agreement and Item 17 of the FDD are hereby modified to provide the following: With respect to franchises governed by Minnesota law, the we will comply with Minn. Stat. Sect 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you will be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement or the Multi-unit Development Agreement, if applicable.
4. Sections 2.2 and 11.3 of the Franchise Agreement and Section 6.2 of the Multi-unit Development Agreement are hereby modified as follows: Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.
5. Section 17.8 of the Franchise Agreement and Section 8.9 of the Multi-unit development Agreement are modified to eliminate the waiver of jury trial.
6. Nothing herein shall be construed to provide that FRANCHISEE has waived its rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or that Franchisee has consented to liquidated damages, termination penalties or judgment notes.
7. All other terms and provisions contained in the Franchise Agreement, Multi-unit Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Signature: _____

Title: _____

Date: _____

ADDENDUM FOR NORTH DAKOTA

The following modifies and supersedes the Franchise Disclosure Document (“FDD”), Franchise Agreement and the Multi-unit Development Agreement with respect to franchises offered for sale or sold in the State of North Dakota, as followings:

1. Covenants not to compete upon termination, expiration of the Franchise Agreement may not be enforceable if inconsistent with the provisions of North Dakota law.
2. If the Franchise Agreement or Multi-unit Development requires franchisee to consent to litigation being conducted in a forum other than the State of North Dakota, it may be unenforceable to the extent that it conflicts with North Dakota law.
3. If the Franchise Agreement or Multi-unit Development Agreement requires that it be governed by a state’s law, other than the State of North Dakota, it may be unenforceable to the extent that it conflicts with the North Dakota law.
4. The waiver of trail by jury and waiver of exemplary and punitive damages in the Franchise Agreement and Multi-unit Development Agreement may not be enforceable under North Dakota law.
5. If the franchisee is required to sign a release upon renewal of the Franchise Agreement or Multi-unit Development Agreement, this may be unenforceable to the extent that it conflicts with North Dakota law.
6. If the Franchise Agreement or Multi-unit Agreement requires franchisees to consent to a limitation of claims, the statute of limitations under North Dakota law will apply.
7. If the Franchise Agreement or Multi-unit Agreement requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement or Multi-unit Agreement, these provisions are hereby modified to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. All other terms and provisions contained in the Franchise Agreement, Multi-unit Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Signature: _____
Title: _____
Date: _____

ADDENDUM FOR RHODE ISLAND

The following modifies and supersedes the Franchise Disclosure Document (“FDD”), Franchise Agreement and the Multi-unit Development Agreement with respect to franchises offered for sale or sold in the State of Rhode Island, as followings:

Section 17.13 of the Franchise Agreement and Section 8.7 of the Multi-unit Development Agreement is modified to provide that Rhode Island Law applies.

All other terms and provisions contained in the Franchise Agreement, Multi-unit Development Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Signature: _____
Title: _____
Date: _____

ADDENDUM FOR VIRGINIA

The following modifies and supersedes the Franchise Disclosure Document, Franchise Agreement and Multi-unit Development Agreement with respect to franchises offered for sale or sold in the State of Virginia:

The following is added to Item 17.h. of the FDD, and corresponding provisions in the Franchise Agreement and Multi-unit Development Agreement: Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Multi-unit Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Signature: _____
Title: _____
Date: _____

ADDENDUM FOR WASHINGTON

The following modifies and supersedes the Franchise Disclosure Document, Franchise Agreement and Multi-unit Development Agreement with respect to franchises offered for sale or sold in the State of Washington, as followings:

The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement or Multi-unit Development Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement or Multi-unit Development Agreement in your relationship with us including the areas of termination and renewal of your franchise.

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

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

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

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer

Signature: _____
Title: _____
Date: _____

EXHIBIT J
RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If ShelfGenie Franchise Systems, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale. However, some state franchise laws require ShelfGenie Franchise Systems, LLC to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If ShelfGenie Franchise Systems, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

The name, principal business address and telephone number of each franchise seller offering the franchise: P. Allan Young and _____ 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328, telephone number 770-955-4377.

Date of issuance: March 28, 2013

See Exhibit D for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated March 28, 2013, that includes the following Exhibits:

- A. Franchise Agreement;
- B. Multi-unit Development Agreement;
- C. List of State Administrators;
- D. Agents for Service of Process;
- E. Operations Manual Tables of Contents (including Field Guide);
- F. General Release;
- G. List of Franchisees;
- H. Financial Statements;
- I. Addenda Required by Certain States;
- J. Receipt.

Dated: _____

PROSPECTIVE FRANCHISEE:

Signature

Print Name

Spouse's Signature

Print Name

Company Name

Street Address

Telephone Number

City, State Zip Code

Please sign this copy of the receipt, date your signature, and return it to ShelfGenie Franchise Systems, LLC, 5500 Interstate North Parkway, Suite 250, Atlanta, GA 30328.

TO BE RETAINED BY YOU

RECEIPT

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Telephone Number

City, State Zip Code

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TO BE RETURNED TO SHELFGENIE FRANCHISE SYSTEMS, LLC