

FRANCHISE DISCLOSURE DOCUMENT



THE ALTERNATIVE BOARD®

The Business Owner's Strategic Advantage

TAB Boards International, Inc.
a Colorado corporation
11031 Sheridan Boulevard
Westminster, Colorado 80020
(303) 839-1200
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TAB Boards International, Inc. offers franchises for the operation of a business that uses the Licensed Methods under the Trademarks to (1) form boards (“**TAB Boards**”) of business leaders; (“**TAB Members**”); (2) facilitate monthly meetings of TAB Boards (“**TAB Board Meetings**”); and (3) provide business coaching sessions, which may but are not required to include, SBL Coaching (collectively, the “**TAB Business**”). TAB Members are individuals that participate in the TAB Board Meetings and/or receive business coaching (“**TAB Members**”). TAB Business Franchisees also have the opportunity to generate revenue through (a) tools and programs introduced, developed or promoted by TAB Boards International, Inc; and (b) providing Ancillary Business services to TAB Members and Non-TAB Members (collectively, “**Additional Revenue from the TAB Opportunity**”). We refer to the TAB Business and the opportunity to earn Additional Revenue from the TAB Opportunity as the “**Total TAB Opportunity**.”

The total investment necessary to begin operation of a TAB Business Franchise ranges from \$91,361 to \$102,261. This includes between \$83,661 and \$84,936 that must be paid to the Franchisor.

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

You may wish to receive Your Franchise Disclosure Document in another format that is more convenient for You. To discuss the availability of a Franchise Disclosure Document in different formats, contact Susan Rhoads, TAB Boards International, Inc., 11031 Sheridan Boulevard, Westminster, Colorado 80020 (303-839-1200).

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise 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 of this Franchise Disclosure Document: March 24, 2014

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 FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the Franchisor, about other franchisors, or about franchising in Your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR TAB 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 ARBITRATION AND CERTAIN OTHER DISPUTES BY LITIGATION ONLY IN COLORADO OR THE STATE OF TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME. OUT-OF-STATE MEDIATION, ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN COLORADO THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MAY BE REQUIRED TO SIGN THE GUARANTY AND ASSUMPTION OF FRANCHISEE OBLIGATIONS MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, WHICH MAY PLACE THE 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 Franchise Disclosure Document in the states with franchise registration laws in which We have sought registration or exemption appear below.

TAB BOARDS INTERNATIONAL, INC.
STATE REGISTRATIONS

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and/or disclosure laws:

California	Effective date:	May 2, 2014
Hawaii	Effective date:	April 15, 2014
Illinois	Effective date:	April 29, 2014
Indiana	Effective date:	April 4, 2014
Maryland	Effective date:	
Michigan	Effective date:	April 8, 2014
Minnesota	Effective date:	April 22, 2014
New York	Effective date:	August 14, 2014
North Dakota	Effective date:	May 8, 2014
Rhode Island	Effective date:	April 29, 2015
South Dakota	Effective date:	April 22, 2014
Virginia	Effective date:	May 16, 2014
Washington	Effective date:	April 14, 2014
Wisconsin	Effective date:	March 27, 2014

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EXHIBITS

- A List Of State Agencies/Agents for Service of Process
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 - B-II Statement Of Ownership
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D	Field Support Training Services Agreement
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F	Operations Manual Table of Contents
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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document “**TAB**”, “**Us**”, “**Our**” or “**We**” means TAB Boards International, Inc., the “**Franchisor**.” “**You**”, “**Your**” or “**Franchisee**” means the person, corporation, limited liability company or partnership who buys the franchise. If the franchisee will be a corporation, limited liability company or partnership, “**You**”, “**Your**” and “**Franchisee**” will also mean the owners, shareholders, members and/or partners of the corporation, limited liability company or partnership and any Managing Party as defined in ITEM 15.

The Franchisor, Its Predecessors, And Affiliates And Their Prior Experience

TAB is a Colorado corporation formed on January 2, 1996 under the name “IHTAB, Inc.” We changed Our name to TAB Boards International, Inc. on April 4, 2002. We conduct business under Our corporate name and Our Trademarks (See ITEM 13). Our principal business address is 11031 Sheridan Boulevard, Westminster, Colorado 80020.

We began offering franchises in January 1996. Since Our inception, We have conducted and will continue to conduct TAB Businesses similar to the TAB Business You will operate through employee and independent contractor facilitators (“**Corporate Facilitators**” or “**Independent Facilitator Coaches**”). Our Corporate Facilitators or Independent Facilitator Coaches (who are not TAB employees) facilitate TAB Boards under Contract Facilitator Agreements (some of which were assigned to Us by Our predecessor, DCS) or Independent Facilitator Coach Agreements. We also offer, under a separate franchise disclosure document, area developer franchises to provide franchise development services for TAB Business Franchises and franchise support services to TAB Business Franchisees. We do not offer franchises in any other line of business; however, we may do so in the future.

Our registered agent for service of process in Colorado is Jason P. Zickerman and Our address for service of process in Colorado is 11031 Sheridan Boulevard, Westminster, Colorado 80020. Our agents for service of process for other states are listed in **Exhibit A**.

We have no parent companies. We have three affiliates (“**Affiliates**”), two of which provide products and services to Us or Our Franchisees. TAB's wholly owned subsidiary, IHTAB–Canada, Ltd., an Alberta, Canada corporation, began operating in 1998. In August 2004, IHTAB–Canada, Ltd. changed its name to TAB Boards International (Canada), Inc. On January 20, 2006, it was registered in Nova Scotia through an amalgamation and the business is now being conducted under the name TAB Boards International (Canada) Corporation (“**TBIC**”). Its principal business address is Building 2 Whitemud Business Park, 309 9622 42 Ave., Edmonton, Alberta, Canada T6E 5Y4. TBIC may spend funds on marketing for prospective Franchisees in Canada, but all franchise sales are conducted through Us. TBIC may provide marketing support services to Franchisees in the USA. It has never operated TAB Businesses nor has it marketed franchises in any other line of business.

Allen Fishman Business Consultants, Inc. is a Missouri corporation formed on June 18, 1990. AFBC was incorporated under the name F.R.D., Inc. before changing its name to AFBC. In January, 2014, AFBC changed its name to Fishman Business Consultants, Inc. (“**FBC**”). FBC has the same principal business address as Us. FBC operated a TAB Business as a franchisee in the St. Louis, Missouri metropolitan area and now operates a TAB Business franchise in the Boulder, Colorado area. FBC also creates and tests new methods for Us on marketing for TAB Members and facilitating TAB Boards. FBC permits Us to incorporate these new methods into the Licensed Methods. FBC does not offer franchises in this or any other line of business, but, FBC engages in other businesses.

Our predecessor and third Affiliate, Direct Communication Service, Inc. (“DCS”), a Missouri corporation, began operating TAB Boards in 1990. DCS was incorporated under the name Infinite Horizons, Inc. on May 23, 1990 and, in January 1996, changed its name to Direct Communication Service, Inc. DCS has the same principal business address as Us. DCS conducts business under the service marks INFINITE HORIZONS[®] and INFINITE HORIZONS[®] INSTITUTE. We acquired from DCS the TAB System and TAB Trademarks in 1997 and the SBL Trademarks and SBL System in 2005. From 1990 until May 1, 1996, DCS, formed and operated TAB Boards similar to the TAB Boards that You will conduct and developed, researched, tested and modified the TAB System. We started to use the SBL System services and products in 2000. DCS does not offer franchises in this or any other line of business.

The Franchise

We offer franchises for the operation of TAB Businesses that form TAB Boards of TAB Members, facilitate TAB Board Meetings and provide business coaching, which may include SBL Coaching, under the Trademarks and using the Licensed Methods. TAB Franchisees also have the opportunity to earn Additional Revenue from the TAB Opportunity from TAB Members and Non-TAB Members. TAB Members may also purchase Supplemental Products and Services from You, at fees or prices determined by You (See ITEM 16).

We refer to the TAB Trademarks and SBL Marks as the “**Trademarks**” (See ITEM 13). We refer to the TAB System, SBL System, Copyrighted Materials, Confidential Information and Trade Secrets, Operations Manual, Strategic Business Leadership[®] program and TAB Business Vantage[®] tool as the “**Licensed Methods**” (See ITEM 14). We reserve the right to change the Trademarks and Licensed Methods at any time in Our sole discretion.

TAB Boards are an alternative to a formal board of directors. You or a Contract Facilitator that has satisfactorily completed Our training (See ITEM 15) (“**Facilitator**”) promotes, forms, organizes and facilitates the TAB Boards. During the monthly TAB Board Meeting, TAB Members and the Facilitator provide other TAB Members with advice on their challenges and opportunities. Facilitators also conduct business coaching, which may include SBL Coaching, with the TAB Members. Facilitators may also provide tools promoted by or developed by Us to TAB Members, and provide Ancillary Business services to TAB Members and Non-TAB Members.

You will operate a TAB Business per Our franchise agreement (“**Franchise Agreement**”) attached to this Franchise Disclosure Document as **Exhibit B** and in accordance with Our Operations Manual, Licensed Methods and standards. You will be granted a Protected Territory for Your TAB Business (See ITEM 12).

Other TAB Franchisees may operate under different forms of agreements and, consequently, Our obligations and rights with respect to Our various franchise owners may differ materially in certain circumstances, including marketing requirements. In particular, those who have been previously engaged by Us as a Corporate Facilitator, Independent Facilitator Coach or who have completed corporate contract facilitator training prior to November 30, 2003, may operate under different terms and/or forms of agreements.

We may pay a referral fee to You or Your Facilitators or TAB Members who refer a prospect to Us that purchases a TAB Business Franchise. These referring parties are not permitted to participate in any sales activity or promotional efforts in order to refer prospects. The program may not be available in all states. We have the right to discontinue the referral program at any time.

Market For Services Of The Business

The market for Your TAB Business includes business owners of companies that have offices in Your Protected Territory.

Competition

You will compete with peer group membership organizations and other business coaches, executive trainers and consultants who offer competitive services and products, including other franchise companies providing similar products and services.

Regulation

There may be regulations specific to the operation of the TAB Business in Your state and in Your Protected Territory. You should familiarize yourself with these and all federal, state or local laws of a more general nature which may affect the operation of Your TAB Business and businesses generally. You must, for example, comply with the employment, workers' compensation, telemarketing, faxing, Internet communications, insurance, corporate, tax, licensing, copyright and similar laws and regulations.

By executing the Franchise Agreement, You promise that You have familiarized yourself with the current laws and licensing requirements that govern the operation of the TAB Business in Your Protected Territory and that You agree to comply with any such current or future laws and licensing requirements before the opening of and during the operation of Your TAB Business.

ITEM 2

BUSINESS EXPERIENCE

Executive Chairman Of The Board of Directors – Allen E. Fishman

Mr. Fishman has been Our Chairman of the Board of Directors since January 2, 1996. He was also Our Chief Executive Officer until November 2008. He currently serves as Chief Executive Officer and a Director of FBC. Mr. Fishman is the President and a Director of Sun Development Company (“Sun”), a family owned Missouri corporation that manages real estate properties owned by Sun or owned by members of the Fishman family. He has held these positions since Sun's formation in 1985. He currently serves as President and Chairman of the Board of Directors of DCS. Mr. Fishman has held the positions of Chief Executive Officer, Chief Operating Officer, and a Director of DCS since 1990.

President/Chief Executive Officer/Director – Jason P. Zickerman

Mr. Zickerman joined TAB in May 2001 as Our Executive Vice President and Chief Operating Officer. He became a member of the Board of Directors on April 1, 2002. Since April 10, 2002, Mr. Zickerman has served as Vice-President of DCS, FBC and Sun. In January 2004, he assumed the role of Our President and Chief Operating Officer. He remained the Chief Operating Officer until November 2008, when he assumed the role of Chief Executive Officer.

Vice President– David Scarola

Mr. Scarola serves as Our Vice President as of April 2012. Prior to that Mr. Scarola served as Our Vice President of Information Technology from October 15, 2008 through April 2012. Before joining TAB, Mr. Scarola was the Chief Information Officer for ResortQuest International, Inc. in Denver, Colorado from August 15, 2005 until May 31, 2008

Chief Financial Officer – Ray Goshorn

Mr. Goshorn joined TAB in March 2009. From March 2009 through 2012, he acted as Our Director of Finance. As of January 2013, Mr. Goshorn acts as Our Chief Financial Officer. Prior to joining TAB, Mr. Goshorn served as Controller for Quiznos from 2005 to 2008 in Denver, Colorado.

Chief Innovation Officer – Jeffrey Polino

Mr. Polino serves as Our Chief Innovation Officer as of February 1, 2013. Prior to that, he served as Our Director of Franchise Acquisition since July 2010. Prior to that he served as Our Vice President Global Membership Development from April 2008 until July 2010 and Our TAB Membership Developer from November 1, 2005 until April 2008.

Director of Training - Dana Besbris

Ms. Besbris serves as Our Director of Training as of September 2013. Prior to that she served as Our Training Coordinator from July 2011 until September 2013 and as Executive Assistant from November 2006 until July 2011.

Director of Campaign Operation - Eduardo Pinzon

Mr. Pinzon serves as Our Director of Campaign Operations since June 1, 2013. Prior to that he served as Our Director of MIS from December 2001 until June 1, 2013.

Director of Sales - Greg Walker

Mr. Walker serves as Our Director of Sales as of August 2013. He also holds the position of President at PCS Systems, Inc. in Aurora, Colorado since April 1999 to present.

Director of Member Acquisition - Jeff Arnold

Mr. Arnold serves as Our Director of Member Acquisition as of January 2014. Prior to that, Mr. Arnold served as Our Field Support Trainer from March 2013 - December 31, 2013. Before joining TAB, Mr. Arnold served as Director of Market Development for Slimgenics Management Group from May 2011 through March 2014 located in Denver, Colorado. He also holds the position of Managing Member of SJN, LLC from 2009 until present and Managing Member of NSA, LLC from 2002 until present. SJN, LLC and NSA, LLC are located in Denver, Colorado.

Franchise Acquisition Specialist– David Halpern

Mr. Halpern joined TAB in September 1993. In January 2004 he acted as Our Chief Innovative Officer and President Ex Officio. From January 1, 2012 until January 1, 2014, Mr. Halpern acted as Our Director of Franchise Acquisition. As of January 1, 2014, Mr. Halpern acts as our Franchise Acquisition Specialist.

Franchise Acquisition Specialist - Robert Andrew Dorman

Mr. Dorman joined TAB in October 2013. Prior to joining TAB, Mr. Dorman served as New Tower Business Development for Master Tech Services from January 2012 until June 2013 in Golden, Colorado, the Sales Executive at Business Enterprise Institute from April 2011 until November 2011 in Golden, Colorado and Inside Sales at Service Magic from August 2006 until April 2009 in Golden, Colorado.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4

BANKRUPTCY

David Halpern, Our Franchise Acquisition Specialist, filed a bankruptcy petition under Chapter 7 of the U.S. Bankruptcy Code on November 12, 2013 (In re: Halpern Case No. 13-28610-HRT). On February 12, 2014 the bankruptcy court entered a discharge.

ITEM 5

INITIAL FEES

When You sign a Franchise Agreement, You must pay us the initial franchise fee (“**Initial Franchise Fee**”), the initial training fee (“**Initial Training Fee**”) and the marketing fee for Your required mass marketing campaign and other initial marketing for You TAB Business (“**Marketing Fee**”).

Initial Franchise Fee

The uniform Initial Franchise Fee is \$44,000 for the right to join the system to operate a TAB Business using the Licensed Methods. We participate in the VetFran program. Veterans of the United States armed services will receive a 10% discount on the Initial Franchise Fee. You will pay this non-refundable Initial Franchise Fee at the time You sign the Franchise Agreement.

Initial Training Fee

You must pay the non-refundable Initial Training Fee of \$19,500 for the Initial Training Program. Our Initial Training Program includes Our six-day Training Program at Our headquarters, up to 16 days of Field Support Training in Your Protected Territory, up to two days of Advanced Business Development Training at Our headquarters, weekly New Franchisee Business Coaching for six months and on-line training.

Marketing Fee

The non-refundable Marketing Fee is for the cost of the required Mass Marketing Campaign and six months of the Marketing Commitment (See ITEM 11). The Marketing Fee is \$18,800. The Marketing Fee covers the costs of (1) acquiring a Marketing List for Your Protected Territory as defined in the Operations Manual; (2) at least one attempt to call a subset of Your Marketing List (where phone numbers are available) inviting them to a Marketing Event or a one-on-one meeting for your required Mass Marketing Campaign; and (3) the Marketing Commitment for six months, which currently includes marketing to a pro-rata share of the Marketing List each month as set out in the Operations Manual. Marketing Support may also include other marketing tactics, such as email and direct mail in Our discretion.

Satellite Website URL and Set Up Fee

If You do not already have a TAB CRM System or a TAB Satellite Website, You will pay TAB the then current Satellite Website URL and Set Up Fee at the time You sign the Satellite Website Agreement. The current amount of the Satellite Website URL and Set Up Fee is \$288 and is non-refundable.

ITEM 6

INITIAL FEES

(1) Type of Fee¹	(2) Amount	(3) Date Due	(4) Remarks
Royalty Fee	20% of the annual Gross Revenue from the TAB Opportunity from \$1.00 - \$150,000; and 10% of the annual Gross Revenue from the TAB Opportunity from \$150,001 and greater.	Monthly by the 10th business day following the end of each month.	Gross Revenue from the TAB Opportunity is defined in Note 2 . The Gross Revenue from the TAB Opportunity calculation is re-set each calendar year.
Minimum Royalty Fee	Beginning on the tenth month from Your Start of Business Operations, You will pay the greater of the Royalty Fee or the Minimum Royalty Fee. The Minimum Royalty Fee is: (1) from months 10 through 13, \$450; (2) from months 14 through 18, \$900; (3) from months 19 through 24, \$1,350; and (4) from month 25 through the Term, \$1,800.	Monthly by the 10th business day following the end of each month.	If You are a Transferee or are already a Facilitator, You will begin paying the \$1,800 Minimum Royalty Fee beginning the first day of the month of Your Start of Business Operations.

(1) Type of Fee¹	(2) Amount	(3) Date Due	(4) Remarks
Member Administration and Support Fee ³	\$10 for each of Your TAB Members.	Monthly by the 10th business day following the end of each month.	Beginning on the first day of the month of Your Start of Business Operations or as of the date You sign the Franchise Agreement if You are a Transferee or are already a Facilitator.
Marketing Development Fee	For the first 12 months from Your Start of Business Operations, 2% of Your Gross Received Revenue. Beginning on the 13th month from Your Start of Business Operations the greater of: (1) \$200; or (2) 2% of Your Gross Received Revenue for the previous month.	Monthly by the 10th business day following the end of each month.	“ Gross Received Revenue ” means all Membership Dues and Business Assessment Fees received by You or Us.
Technology Fee	Our then current fee. Our current fee is \$116 per month.	Monthly.	The Technology Fee is for the use of the CRM System and Satellite Website. The Technology Fee may change upon prior notice to You if the software vendor changes the license fee, We change vendors or We change functionality. You will be required to use the CRM System for the first year of Your business operations. After the first year, you may cancel the CRM System license.
Portion of the Business Assessment Fee	The greater of (1) \$100; or (2) 20% of the activation fee charged to new TAB Members.	At the time the new Member Application is submitted.	You will not pay an additional Royalty Fee or Minimum Royalty Fee on the Business Assessment Fee.

(1) Type of Fee¹	(2) Amount	(3) Date Due	(4) Remarks
International Conference Facilitator Registration Fee ⁴	The then current International Conference Facilitator Registration Fee, which is currently \$1,400.	Annually, in the month the fees become due, which is currently in July or August of each year.	You will be required to pay the International Conference Facilitator Registration Fee even if You do not attend the International Conference.
Updating Marketing List	Our then current cost to purchase a new Marketing List. Currently, the cost for a new Marketing List is .20 per record.	Upon receipt of invoice.	You will be required to update Your Marketing List each year.
Confirmation Promotional Gift	The then current rate. Our current fee for the Confirmation Promotional Gift is \$8.00 each.	As invoiced.	You will be required to provide a Confirmation Promotional Gift for each individual who signs up to attend Your Marketing Event for Your required Marketing Event up to a maximum of \$400. We may change the Confirmation Promotional Gift at any time.
FST Travel and Living Expenses	Travel, accommodation and living expenses incurred while providing Field Support Training Services up to a maximum of \$1,500 per four days.	Upon receipt of invoice from Us.	
Additional Marketing Support Fee	Our then current fee, depending on the type of support You request.	Upon receipt of invoice from TAB.	You and TAB will agree to the cost of any Additional Marketing Support that You request TAB's marketing or sales department to provide (See ITEM 11).
Field Support Training Service Fee for Additional Field Support Training Services	Our then current Field Support Training Service Fee. Our current fee is \$1,500 for four days of Field Support Training Services.	Upon receipt of invoice from TAB.	You will not pay a Field Support Training Service Fee for Field Support Training provided to You as part of the Initial Training Program.

(1) Type of Fee¹	(2) Amount	(3) Date Due	(4) Remarks
Advanced Coaching Program	Our then current rate. Currently, the rate is \$2,500	Per invoice.	We offer a voluntary, six month advanced coaching program that You may elect to complete.
TAB Promotional Materials	Will vary, based on Our then current published price list.	When You place Your purchase order. We may deduct the cost from Amounts Collected on Your Behalf.	
Business Franchisee Coaching Service Fees and Expenses	You may pay this fee if You desire to continue to meet with Your business coach or if You fail to meet Your Marketing Threshold and We require You to meet with a business coach. You will pay the then current fee, which is \$200 per month.	As agreed.	
Interest	Lesser of 18% per annum or highest rate of interest allowed by law.	As incurred.	Begins to accrue from date of nonpayment or underpayment.
Contract Facilitator Training Fee and Expenses	The then current fee for Contract Facilitator Training. Currently the cost is \$2,000 for the then current Contract Facilitator Training plus travel and living expenses.	Two weeks before the beginning of the Contract Facilitator Training.	Contract Facilitator Training is required before a Contract Facilitator may facilitate a TAB Board Meeting or provide coaching to TAB Members. You may not be reimbursed for any amounts paid to Us for Contract Facilitator Training. You may require Your Contract Facilitator to pay for his/her travel and living expenses directly to third parties.
Transfer Fee and Training Fee for Purchaser of Franchise ⁵	\$7,500 and the Initial Training Fee at Our then current rate.	Payable upon transfer.	
Renewal Fee	\$5,000.	At least 90 days before renewing Your right to operate the TAB Business.	Paid when You sign a new Franchise Agreement.

(1) Type of Fee¹	(2) Amount	(3) Date Due	(4) Remarks
Fee Upon Continuing After Expiration of the Franchise Agreement or Holdover Fee	The greater of the Minimum Royalty Fee or 50% of Your Gross Revenue from the TAB Opportunity.	Monthly by the 10th business day of each month.	This is only paid if You acquire and continue to operate the TAB Business after the expiration of the Franchise Agreement or any renewal terms.
TAB Quality Review of TAB Board Meetings and/or Private Coaching Session	Reasonable travel and accommodation expenses of person doing the audit.	As incurred.	TAB has the right, without notice, to review Your TAB Board Meetings and/or private coaching sessions but We will not charge these fees for more than one review in any period of 36 months.
TAB Audit of Your Financial Records	Cost of inspection or audit, plus amount of understatement, if any, due plus interest.	Within 7 days of inspection or audit report.	Payable only if You fail to provide Us with required reports and records and/or You understate the amounts due Us by more than 2% in any month.
Indemnification and Costs and Attorneys' Fees	Variable.	As incurred.	You must reimburse Us if We are held liable for claims resulting from Your TAB Business operations. You must also pay Our attorneys' fees if We take legal action to enforce the Franchise Agreement due to Your breach.
Management Fee For Providing a Certified Facilitator Because of Your Death or Disability	50% of Gross Revenue from the TAB Opportunity.	As incurred.	Payable only if You or Your estate cannot provide an interim Facilitator.

(1) Type of Fee ¹	(2) Amount	(3) Date Due	(4) Remarks
Reimburse Us for Certain Taxes	The amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected by, or paid by Us or Our Affiliates, on account of services or goods furnished to You.	As incurred.	
Late Charge	The then current late fee for late or non-submittal of reports, tips and the like. Our current late fee is \$100.	As assessed.	

Notes:

1. **Fees Paid to Us; Amount Collected on Your Behalf.** Except where otherwise noted, all fees and costs are payable to Us or Our designee and are non-refundable. All fees are uniform. We have the right to increase any fees due from You, as well as any charges for products, materials, and services provided to You, based on Our reasonable judgment, from time to time. Annual increases in the Minimum Royalty Fee will be limited to the percentage increase in the Consumer Price Index.

We invoice/charge and collect Gross Revenue from the TAB Opportunity from Your TAB Members through Our billing and collection services (“**Amounts Collected on Your Behalf**”). We send reminder notices to invoiced TAB Members who do not pay on time. Any additional expenses incurred that are necessary for collection from TAB Members, such as using personnel to make collection calls, payments to collections firms or collections attorneys, will not be incurred without Your approval. You will be charged for such expenses once We receive Your approval to engage in such collection activities. If Your TAB Members pay by credit card or EFT, You will pay 80% of the credit card fees and 100% of the EFT fees. After deducting all fees You owe to Us, We will pay You the balance of Amounts Collected on Your Behalf on or about the 10th business day of each month. If the amount of the funds received by Us is not sufficient to pay the applicable fees in any given month, and You fail to pay such amounts when due, in addition to any other rights and remedies that We may have, We may deduct the amounts due, plus any applicable penalties and/or interest, from future Amounts Collected on Your Behalf.

2. **Gross Revenue from the TAB Opportunity.** Gross Revenue from the TAB Opportunity includes: (a) dues You charge Your TAB Members for participating in a TAB Board and/or receiving coaching; (b) Business Assessment Fees You charge Your new TAB Members as an activation fee; and (c) revenue from Supplemental Products and Services, if any.

3. **Member Administration and Support Fee.** The Member Administration and Support Fee is for certain services and administrative and tracking functions, including billing, that We provide (See ITEM 11).

4. **International Conference Facilitator Registration Fee.** The International Conference Facilitator Registration Fee includes attendance for two people.

5. **Transfer of Your TAB Business.** You will also be responsible for paying any applicable referral fees charged by the broker or other referral source and any sales commission which would have

been paid to any TAB salesperson working with the party to whom You are transferring Your TAB Business.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment Is To Be Made
Initial Franchise Fee ¹	\$44,000	Cash or Certified Funds.	Upon Signing Franchise Agreement.	Us.
Initial Training Fee ²	\$19,500	Cash or Certified Funds.	Upon Signing Franchise Agreement.	Us.
Marketing Fee ³	\$18,800	Cash or Certified Funds.	Upon Signing Franchise Agreement.	Us.
FST Travel and Living Expenses	\$6,000	Cash or Certified Funds.	As Incurred.	Restaurants, Hotels, Airlines, etc.
Your Travel and Living Expenses During Initial Training Program ⁴	\$0-\$3,200	As Agreed.	As Incurred.	Restaurants, Hotels, Airlines, etc.
Confirmation Promotional Gift	\$400	As Agreed.	As Incurred.	Us.
Equipment ⁵	\$0-\$4,800	As Agreed.	Within 30 days of Signing Franchise Agreement.	Suppliers.
Supplies, Stationery and Cards ⁶	\$325-\$600	As Agreed.	As Incurred.	Us and/or Suppliers.
Deposits and Licenses ⁷	\$0-\$600	As Agreed.	As Incurred.	Third Parties.
Technology Fee for Three Months from the Start of Business Operations	\$348	As Agreed.	\$116 due Monthly	Us.
Satellite Website URL and Set Up Fee	\$288	As Agreed.	As Incurred.	Us.
Accounting and Professional Fees ⁸	\$0-\$1,500	As Agreed.	As Incurred.	Professionals.

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment Is To Be Made
Additional Funds for First Three Months After Your Start of Business Operations ⁹	\$1,700- \$2,225	As Agreed.	As Incurred.	Suppliers, Telephone Carriers, Insurance Carriers, Restaurants, Hotels, Airlines, etc or other Third Parties.
Total Estimated Initial Investment ¹⁰	\$91,361 - \$102,261			

Notes:

These expenses assume that You will operate the TAB Business out of Your home or existing office space without incurring additional rental expenses.

1. **Initial Franchise Fee.** The Initial Franchise Fee is non-refundable (See ITEM 5).
2. **Initial Training Fee.** The non-refundable Initial Training Fee will include six days of the Training Program at Our headquarters, up to 16 days of Field Support Training in Your Protected Territory, Advanced Business Development Training, six months of New Franchisee Business Coaching and on-line training.
3. **Marketing Fee.** The Marketing Fee is for Us to provide the Marketing Support services for Your required Mass Marketing Campaign and for six months of the Marketing Commitment requirement. (See ITEM 11). You may elect to market to the additional prospects, at Your expense, as part of Your required Mass Marketing Campaign.
4. **Travel and Living Expenses.** Travel and living expenses during the Initial Training Program and the Advanced Business Development Training will vary by such factors as traveling distance, method of travel, and Your choice of accommodations. The low estimate assumes You live near the site of the Initial Training Program and Advanced Business Development Training and return home at night. The high estimate assumes travel by air and lodging in a quality hotel.
5. **Equipment.** This item includes the estimated cost to equip Your TAB Business with computer hardware and software, an LCD projector, and additional miscellaneous office equipment, such as a desk and file cabinet. The low estimate assumes You already own equipment that You can use in Your office and for Your initial Marketing Events. The high estimate assumes purchasing the equipment.
6. **Supplies, Stationery, and Cards.** The low estimate assumes You need few additional supplies. The high estimate assumes You need a significant amount of additional supplies. Supplies do not include TAB Promotional Items or designated materials.
7. **Deposits and Licenses.** Starting Your TAB Business may require various deposits and/or licenses to be paid and/or obtained by You. Deposit and license fees and requirements will vary depending upon the location of Your Protected Territory.
8. **Accounting and Professional Fees.** Starting Your TAB Business may require various accounting and/or professional services, which may include legal services to set up Your TAB Business.
9. **Additional Funds for Three Months After Your Start of Business Operations.** Your Start of Business Operations will generally be one month after You complete Your six day Training Program at

TAB's headquarters (See ITEM 11). This is an estimate of the additional funds necessary for the first three months after Your Start of Business Operations. This item includes a variety of expenses and working capital items during Your start up phase, such as the cost of a meeting room and food and beverages for up to eight Marketing Events held during Your required Mass Marketing Campaign, insurance and other miscellaneous costs. These figures do not include rent, salaries, if any, Royalty Fees, Member Administration and Support Fees, Marketing Development Fees or debt service (See ITEM 6). These figures are estimates and We cannot guarantee that You will not have additional expenses starting Your TAB Business or incurred during the initial period of Your TAB Business operations. The actual amount of Your additional funds will depend on factors such as Your management skills, Your experience and business acumen, local economic conditions, the local market for Our services and products, competition, when You engage a part-time assistant and the weekly hours and amount You pay the assistant, and the membership level You reach during this initial period.

10. **Total Initial Investment.** We have relied on Our experience in preparing these figures. You should review these figures carefully with a business adviser before You make any decision to purchase a TAB Business franchise. These figures are estimates, and We cannot guarantee that You will not incur additional costs. Your financial condition and arrangements negotiated by and the business decisions You make will also affect these costs. There can therefore be no assurance that the experience of a particular Franchisee will correspond with the information presented above.

11. **Refunds.** All fees imposed by Us or Our Affiliates are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements You make with them.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers/Specifications

You must establish and operate Your TAB Business in compliance with Your Franchise Agreement and Our confidential Operations Manual that We loan to You. You are required to purchase all goods, products, services, supplies, inventory, equipment and materials required for the operation of the TAB Business from manufacturers, suppliers or distributors We approve, or from other manufacturers, suppliers or distributors who meet Our specifications and standards as to quality, appearance, taste and service and who adequately demonstrate their ability to supply the needs of TAB Businesses in a timely and reliable manner. The items required to be purchased through Us or Our designated suppliers are listed below in this ITEM 8. Some of the approved manufacturers, suppliers or distributors may be affiliated with Us. We have imposed these requirements in order to assure quality and uniformity.

Approved manufactures, suppliers, distributors, goods, products, services, supplies, inventory, equipment and materials may be designated in the Operations Manual. We may modify the list of approved manufacturers, suppliers, distributors, goods, products, services, supplies, inventory, equipment and materials. If You wish to purchase or lease any goods, products, services, supplies, inventory, equipment and materials not approved by Us or purchase them from non-designated manufacturers, suppliers or distributors, You must first notify Us. These goods, products, services, supplies, inventory, equipment, materials and non-designated manufacturers, suppliers and distributors must meet Our specifications. We may require You to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, services, supplies, inventory, equipment, materials and non-designated manufacturers, suppliers and distributors meet Our specifications. We do not currently charge a fee for this review. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise You within a reasonable time after Your request whether You may purchase different goods, products, services, supplies, inventory, equipment and materials or use different manufacturers, suppliers, and/or distributors based on Our specifications. Our specifications may be made available to You, upon Your request. We may revoke Our approval by providing You with notice. Neither We nor any of Our officers own an interest in or are affiliated with any approved or designated manufacturers, suppliers or distributors. We may change Our standards and specifications, or manufacturers, suppliers or distributors who have Our authorization, at any time.

Required Purchases

TAB Promotional Materials

You must purchase promotional materials (“**TAB Promotional Materials**”) directly from Us or designated or approved manufacturers, suppliers or distributors. TAB Promotional Materials includes additional copies of materials in the Start-Up Kit, New Member Kit, brochures, books, videos, DVDs, CDs, slides, forms and other materials used by You in Your TAB Business. The “**Start-Up Kit**” includes branded folders, brochures, and the New Member Kit. The “**New Member Kit**” includes branded notebook or branded folder and new member information. We may change the content of the Start-Up Kit and/or New Member Kit at any time. You must maintain TAB Promotional Materials at all times in the amounts stated in the Operations Manual.

Confirmation Promotional Gift

TAB currently requires that You provide each person that signs up for Your Marketing Events for Your required Mass Marketing Campaign with a Confirmation Promotional Gift for Your required Mass Marketing Campaign. You will purchase the Confirmation Promotional Gift only from Us or Our designated suppliers as We determine.

CRM System

You must license the customer relationship management system (“**CRM System**”) from Us for one year. You will sign a CRM License Agreement and pay the Technology Fee only to Us or Our designated suppliers as We determine (See **Exhibit E**).

Satellite Website

You must license the satellite website for Your TAB Business (“**Satellite Website**”) from Us. You will sign a Satellite Website Agreement and pay the Satellite Website Set Up and URL Fee and Technology Fee only to Us or Our designated suppliers as We determine (See **Exhibit L**).

Computer Hardware

If You do not already have a computer, You are required to purchase or lease a laptop computer with a DVD ROM bay and a USB Port for use in Your TAB Business. You may purchase or lease this computer from any supplier You chose.

Insurance

You must maintain the following minimum insurance coverage during the term of Your Franchise Agreement:

1. Comprehensive public/general liability and property damage insurance, including personal and bodily injury liability, contractual liability, employer's liability, and owner's and contractor's protective insurance coverage for the activities conducted by You and any employee or other person performing work for the TAB Business, with a policy limit of at least \$1,000,000 per occurrence or other amounts as may be specified by Us in the Operations Manual;
2. Automobile and comprehensive liability insurance with limits of at least \$1,000,000 combined single limit of liability; including hired and non-owned auto liability for bodily injury and property damage or other amounts as may be specified by Us in the Operations Manual for bodily and property injury or other amounts as may be specified by Us in the Operations Manual; and
3. Workers' compensation or similar insurance as required by law.

All insurance coverage must be maintained under one or more policies of insurance issued by insurance carriers with a performance rating acceptable to Us as may be described in the Operations Manual. All insurance policies required must: (1) name Us as an additional insured; (2) contain a waiver by the insurance carrier of all subrogation rights against Us, Our Affiliates, officers, directors, and employees; and (3) provide Us with 30 days written notice before the termination, cancellation, expiration, or modification of any policy. With 30 days' notice to You, We may increase the minimum protection requirements as of the renewal date of any policy, and may require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance.

Payments

Purchases made by Our Franchisees from Us for the 2013 fiscal year totaled \$516,563 which equaled 9.9% of Our total revenue of \$5,232,504 for that fiscal year. Our Affiliates did not receive any gross revenue from purchases by Our Franchisees. We estimate that the costs of Your purchases from designated or approved manufacturers, suppliers, or distributors or according to Our standards and specifications, will range from 14.3% to 16.4% of the total cost of establishing a TAB Business and approximately 18% to 20% of the total cost of operating Your TAB Business after that time.

In an effort to make sources of supplies and services available to You, We may negotiate purchase programs under which You can purchase items which meet Our specifications. We may receive a commission on the sale of items sold under Our purchase programs to Franchisees by the manufacturer, supplier or distributor, as well as on the compilation of mailing lists by outside supplier(s) and on items sold by Us (which may include, but is not limited to, Our handling charge). During Our fiscal year ended December 31, 2013, We received \$47,622 gross revenues from manufacturers, suppliers or distributors based on purchases by Franchisees. You may or may not receive any material benefits based on Your use of designated or approved manufacturers, suppliers or distributors. Except as described in above, We did not derive income based on any required purchases or leases in 2013.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Franchise Disclosure Document item
a) Site selection and acquisition/lease	Section 2.1	ITEM 11
b) Pre-opening purchases/leases	Sections 5.1, 7.1 and 8.3	ITEMS 5 and 7
c) Site development and other pre-opening requirements	Not Applicable	Not Applicable
d) Initial and ongoing training	Sections 7.1 and 8.1	ITEM 11
e) Opening	Section 8.4	ITEM 11
f) Fees	Sections 5	ITEMS 5, 6 and 7
g) Compliance with standards and policies/Operations Manual	Sections 6.4	ITEM 11
h) Trademarks and proprietary information	Section 13	ITEMS 13 and 14
i) Restrictions on products/services offered	Section 8.8	ITEMS 8 and 16
j) Warranty and customer service requirements	Sections 8.6	ITEM 16
k) Territorial development and sales quotas	Sections 2 and 9.5	ITEM 12
l) Ongoing product/service purchases	Section 8.8	ITEM 8
m) Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
n) Insurance	Section 15.1	ITEMS 6 and 8
o) Advertising	Section 10	ITEM 11
p) Indemnification	Section 15.2	ITEM 6
q) Owner's participation/management/staffing	Sections 8.1, 8.9, 11 and 16	ITEM 15
r) Records/reports	Section 12	ITEM 6
s) Inspections/audits	Sections 12.3	ITEM 6
t) Transfer	Section 16	ITEM 17
u) Renewal	Section 4	ITEM 17
v) Post termination obligations	Section 17.6	ITEM 17
w) Non-competition covenants	Section 14.2	ITEM 17
x) Dispute resolution	Section 18	ITEM 17

ITEM 10

FINANCING

Neither We nor any agent or Affiliates currently offer, directly or indirectly, any financing to You, nor do We guarantee any lease or other obligations for You.

ITEM 11

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

Except as listed below, TAB is not required to provide You with any assistance.

Assistance Before Your Start of Business Operations

Before Your Start of Business Operations for Your TAB Business We, Our Affiliates, Our area developers or Our designees chosen by Us will:

1. Designate Your Protected Territory (See Section 2.1(a) of the Franchise Agreement and ITEM 12);
2. Provide You with home study materials prior to You attending the Initial Training Program (See Section 6.2(c) of the Franchise Agreement and ITEM 11);
3. Provide a Training Program for a minimum of six days. You will pay the Initial Training Fee (See Section 7.1(a)(1) of the Franchise Agreement and ITEMS 5 and 7);
4. Provide You access to the Operations Manual (See Section 6.4 of the Franchise Agreement);
5. Provide You with an initial set of Start-Up Kits and New Member Kits. There is no fee for the initial set of Start-Up Kits and New Member Kits. We charge Our then current rates for additional copies of the Start-Up Kits. We currently do not charge a fee for New Member Kits provided to Your new TAB Members, but may do so in the future (See Section 6.2(e) of the Franchise Agreement);
6. Provide You with a license to the CRM System. You will pay the Technology Fee (See Section 6.2(f) of the Franchise Agreement and ITEM 7);
7. Provide You with a Satellite Website. You will pay the Satellite Website URL and Set Up Fee, , and the Technology Fee (See Section 6.2(g) of the Franchise Agreement and ITEM 7);
8. Provide access to the Facilitator Intranet (See Section 6.2(h) of the Franchise Agreement and ITEM 7); and
9. Provide guidance, strategy and advice for Your TAB Business at Your reasonable request during Our regular business hours via the telephone, e-mail or other means We determine (See Section 6.2(i) of the Franchise Agreement).

Assistance After Your Start of Business Operations

After Your Start of Business Operations and during the operation of Your TAB Business We, Our Affiliates, Our area developers or Our designees chosen by Us will do the following:

1. Provide Marketing Support for Your required Mass Marketing Campaign. You will pay the Marketing Fee (See Section 9.3(a) of the Franchise Agreement and ITEM 5);
2. Provide Field Support Training Services for up to 16 days in Your Protected Territory. You will pay the FST Travel and Living Expenses (See Section 7.1(a)(2) of the Franchise Agreement and ITEMS 5 and 7);
3. Invoice/charge Your TAB Members for Membership Dues and Business Assessment Fees in advance each month or quarter; develop, produce and distribute to You and Your TAB Members the Tips from the Top[®] news letter; send, review and evaluate periodic surveys and/or evaluations to TAB Members; provide access to a TAB Member Intranet; provide periodic reports/newsletters for Franchisees with ideas and advice about Your TAB Business; and provide various membership administrative functions. You will pay the Member Administration and Support Fee for these services (See Section 6.3(a) of the Franchise Agreement and ITEM 6);
4. Produce an annual International Conference for Franchisees, Contract Facilitators, and/or TAB Members. You will pay an International Conference Registration Fee for an International Conference for Franchisees. If We produce a TAB Member conference, there may be additional fees to attend (See Section 7.2 of the Franchise Agreement and ITEM 6);
5. We may provide You with public relations release formats, local marketing plans and materials, including newspaper ads, radio commercials, sales aids, and other promotional and marketing materials (See Section 6.3(d) of the Franchise Agreement);
6. Provide You with two days of Advanced Business Development Training as We may determine from time to time at Our corporate headquarters or other location (See Section 7.1(a)(3) of the Franchise Agreement and ITEM 11);
7. Assign You a designated business coach to provide the New TAB Franchisee Business Coaching Services. We may assign a different business coach to You at any time (See Section 7.1(a)(4) of the Franchise Agreement and ITEMS 6 and 7);
8. Provide You with Continuing Advanced Training as We may determine from time to time via telephone, e-mail, SKYPE type video, webinar or other means We determine (See Section 7.1(c) of the Franchise Agreement and ITEM 11);
9. Subject to availability, provide You with Contract Facilitator Training for Your Contract Facilitators. You will be required to pay the then current Contract Facilitator Training Fee (See Section 7.3 of the Franchise Agreement and ITEMS 6 and 11);
10. Make a representative reasonably available to You via the telephone or e-mail during Our normal business hours, as We determine is necessary to discuss Your TAB Business, and marketing, strategy or advice for Your TAB Business. You are responsible for any applicable charges which may apply for any such additional assistance and/or resources (See Section 6.3(i) of the Franchise Agreement);

11. Provide You with marketing support for six months of Your Marketing Commitment requirements starting the seventh month after Your Start of Business Operations. You will pay the Marketing Fee (See Section 9.2(b) of the Franchise Agreement and ITEM 5); and

12. We may develop new services and offerings from time to time that may be used by You in Your TAB Business, including Supplemental Products and Services (See Section 6.3(k) of the Franchise Agreement).

Advertising And Marketing

You may create Your own advertising materials and advertise locally within Your Protected Territory. However, all Your advertising must be in media of a type, format and manner of communication that We approve and must conform to the standards and requirements We specify in the Operations Manual. You may not use any advertising or promotional plans or materials until You receive Our written approval. We will approve or disapprove of Your advertising within 10 business days of the date We receive the advertising materials. You may not post any advertisements on the Internet or use any of Our Trademarks as part of a domain name, anywhere on the Internet, or on any advertising materials that We have not approved.

You are not required to participate in any local or regional advertising cooperatives. We do have a Marketing Advisory Board (“MAB”) described below.

Mass Marketing Campaign and Marketing Support

A mass marketing campaign is a marketing campaign to solicit prospects in Your Protected Territory to attend a Marketing Event and/or a One-on-One Meeting to become TAB Members (“**Mass Marketing Campaign**”). We will provide the marketing support described in the Operations Manual to assist You with Your required Mass Marketing Campaign. The marketing support currently includes (but is not limited to): (1) acquiring a Marketing List as defined in the Operations Manual for Your Protected Territory; and (2) at least one attempt to call a subset of Your Marketing List (where phone numbers are available) inviting them to attend a Marketing Event or One-on-One Meeting (collectively, “**Marketing Support**”). Marketing Support may also include other marketing tactics such as email and direct mail in Our discretion. The Marketing Support will be provided in the manner set out in the Operations Manual. We have the right to change the Marketing Support.

Marketing Event and One-on-One Meeting

“**Marketing Events**” are the group events to which prospects in Your Protected Territory are invited to learn about the value of becoming a TAB Member. You are expected to provide meeting rooms and supply food and beverages. These expenses range from \$0 to \$130 per Marketing Event (See ITEM 7). We recommend that You use a host, such as a bank, for Your Marketing Event to assist with these costs. The high estimate assumes that You will pay all expenses for Marketing Events. The low estimate assumes that Your host pays all the expenses. “**One-on-One Meetings**” are typically short meetings to bond with a prospect, educate them on TAB Membership and schedule a subsequent meeting to sign the prospect as a TAB Member.

Additional Marketing

Beginning the seventh month after Your Start of Business, You will be required to conduct the marketing, prospecting and sales activities and programs for Your TAB Business per the guidelines set forth in the Operations Manual (“**Marketing Commitment**”) unless You meet Your Marketing

Threshold. Currently, Our guidelines require that You conduct marketing, prospecting and sales activities and programs each month to a pro-rata portion of Your Marketing List. We may change these requirements at anytime. TAB will provide marketing support for the first six months of this Marketing Commitment as set out in the Operations Manual. The cost for this marketing support for the first six months is included in the Marketing Fee.

Marketing Threshold

Beginning on December 31 (“**Reporting Date**”) after Your Start of Business Operations (See ITEM 17) and continuing for each calendar year thereafter You will have an opportunity to opt out of the upcoming consecutive calendar year’s required Marketing Commitment if Your Gross Revenue From the TAB Opportunity meets the Marketing Threshold for the reporting calendar year. We will also include Additional Income from the TAB Opportunity that You generate from Your TAB Members in the calculation to determine if You met the Marketing Threshold.

If You do not meet the Marketing Threshold, You will be required to engage in the Marketing Commitment activities at Your cost for the upcoming calendar year. The marketing threshold each calendar year is \$150,000 (“**Marketing Threshold**”).

Marketing Advisory Board

Our Marketing Advisory Board (“**MAB**”) currently consists of up to 10 franchisees and up to three of Our representatives. We and the MAB chairperson, with the participation of the Franchisee Advisory Board (“**FAB**”), solicit franchisees to participate on the MAB. Our representatives are selected by Us with input from the MAB members. The MAB serves in an advisory capacity. The MAB may be dissolved upon the mutual approval of the FAB and Us. Changes to the by-laws for FAB (of which MAB is an operating committee) requires an affirmative vote of a majority of the FAB counsel members and TAB.

Marketing Development Fee

Beginning with the first month in which TAB receives its Royalty Fee, You will begin to pay a monthly marketing development fee (“**Marketing Development Fee**”). The amount of the Marketing Development Fee is, for the first 12 months after Your Start of Business Operations, 2% of Your Gross Received Revenue. Beginning on the 13th month after Your Start of Business Operations, the Marketing Development Fee is the greater of (1) \$200; or (2) 2% of Your Gross Received Revenue. The Marketing Development Fee will be deposited by TAB into a segregated commercial or savings bank account (“**Franchise Marketing Account**”). The Marketing Development Fee will not be credited towards Your Marketing Commitment.

The Franchise Marketing Account may be used for, but not limited to, production and placement of media advertising, media relations salaries, administrative costs and creating and testing direct response literature, social medial, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures, including agency costs and commissions and for other similar expenses. Advertising may be placed in local, regional or national media of Our choice, including print, direct mail, radio, online media, e-mail, or television. The Franchise Marketing Account will not be used to solicit Franchisees. If You request, We will send You an annual unaudited financial statement for the Franchise Marketing Account that indicates how the Franchise Marketing Account has been spent during the past fiscal year. We do not have the Franchise Marketing Account audited, so audited financial statements are not available. We assume no other direct or indirect liability or obligation to collect

amounts due to the Franchise Marketing Account or to maintain, direct or administer the Franchise Marketing Account.

The Franchise Marketing Account will be administered by TAB. TAB may be reimbursed from the Franchise Marketing Account for reasonable administrative costs, salaries, and overhead expenses related to the administration and operation of the Franchise Marketing Account and its programs, including conducting market research, preparing material, social media, and other programs as well as administration, collecting and accounting for Franchise Marketing Account contributions. We have used in-house personnel in the past to create written press releases, audio and direct mail advertising and promotions and social media and We intend to continue this practice in the future. We have reimbursed ourselves for expenses, including salaries, for such services.

During Our fiscal year ended December 31, 2013, the Franchise Marketing Account spent approximately 3% on administration; 6% on advertising; 16% on market research; 13% on testing; 6% on newsletters; 32% on public relations and social media; and 24% on search engine marketing and web development. In any fiscal year, an amount greater or less than the aggregate contribution of all TAB Businesses to the Franchise Marketing Account may be spent in that year.

The Franchise Marketing Account may borrow from Us or other lenders to cover deficits or invest any surplus for future use on any terms that We determine. We may reimburse Us or other lenders for such loans from the Franchise Marketing Account. Any amounts that remain in the Franchise Marketing Account at the end of each year accrue and We may apply them toward the next year's expenses. We also reserve the right to borrow excess funds from the Franchise Marketing Account periodically in Our discretion to support other efforts to develop the Licensed Methods.

We do not guarantee that advertising expenditures from the Franchise Marketing Account benefit You or any other Franchisee directly or on a pro rata basis. TAB undertakes no obligation to ensure that Franchise Marketing Account expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of Franchisees operating in that geographic area or that any Franchisee will benefit directly or in proportion to its contribution to the Franchise Marketing Account from the development of advertising and marketing materials or the placement of advertising.

Computers And Other Electronic Systems

You must own or lease a laptop computer with DVD ROM bay and USB Port for use in Your TAB Business. Currently, We do not require You to obtain Your computer from any specific vendor, however, Your computer must have an Intel Core i5 or equivalent and at least 4 GB RAM. You are required to have either a Microsoft® operating system (Windows 7 or later) or a Mac OS (10.7.5 or later). You must also have Microsoft Office Professional (2007 or later PC Users – 2008 or later MAC Users). You must also have a printer, a mobile phone with voice mail and other office equipment as described in Our Operations Manual. You must have e-mail and access to the Internet. We require You to have an account with an Internet Service Provider (ISP), an installed web browser (on a version released within the past year) and the ability to download files from the TAB web site. You must own or lease a XGA resolution and 2000 lumens LCD projector capable of showing Microsoft® PowerPoint and video presentations for Your Marketing Event Meetings consisting of as many as 30 persons. The estimated cost for the computer system and LCD projector is \$2,500.

You must also use Our designated CRM System for one year. You will be required to pay a Technology Fee of \$116 a month and sign a CRM System Use Agreement (See **Exhibit E**). Our approved CRM System supplier may provide normal system maintenance and updates for the CRM System from time to time. We or Our approved supplier may upgrade the CRM System from time to time. However,

We are under no obligation to provide You with any ongoing service related to the CRM System. We reserve the right to require You, at Your expense and in the time frame determined by Us, to update, upgrade or change Your computer and the CRM System You use in Your TAB Business to conform to new standards or specifications. As technology improves, You will be required to upgrade Your computer or purchase a new computer. No contractual limit exists on the frequency or cost of this obligation.

You must maintain current information about such things as the status and responses to Mass Marketing Campaigns and other marketing, sales and prospecting efforts in Your CRM System. We do not require access to Your records on Your computer, but We may require You to give Us information through Your computer or authorize remote access. We do have independent access to the information stored in the CRM System, which includes prospective TAB Member leads, status, TAB Member data, activity levels and other notes.

You will also license from Us a Satellite Website for Your TAB Business. You will pay the Satellite Website URL and Set Up Fee of \$288 and the Technology Fee. You will also sign a Satellite Website Agreement (See **Exhibit L**).

Office Location Assistance

You may locate the office for Your TAB Business at any place within Your Protected Territory. Although You may establish an office outside Your home, You are not required to do so, and may maintain an office in Your home. If You decide to lease office space for Your TAB Business, We recommend an executive suite with a shared receptionist and conference room. The office does not need to be located in a central business district. Your office location must be equipped according to Our standards and specifications set out in the Operations Manual.

Start Of Business Operations

If You are a new Franchisee purchasing a franchise directly from Us, Your Start of Business Operations is the first day of the month after You successfully complete the six day Training Program held at TAB's headquarters (or such other location designated by TAB) as set out in **Exhibit I** of Your Franchise Agreement. If You are purchasing a franchise from another Franchisee or You are a Contract Facilitator engaged by either a TAB Franchisee or Us in a geographic area that includes some part of Your Protected Territory or You are renewing Your right to operate the TAB Business, Your Start of Business Operations is the date specified in **Exhibit I** of Your Franchise Agreement.

We estimate that the typical length of time between the signing of the Franchise Agreement and the day Your TAB Business begins operating will be approximately 10 to 75 days. The factor that affects this time is the availability and scheduling of Our Initial Training Program.

Training Information

The Initial Training Program consists of the Training Program, Field Support Training Services, Advanced Business Development Training, New Franchisee Business Coaching and on-line training. You will pay the Initial Training Fee for You or Your Managing Party, if any, to attend the Initial Training Program.

After You sign the Franchise Agreement, and before Your Start of Business Operations, You or Your Managing Party, must attend and complete to Our satisfaction, the Training Program described below at Our designated location. You will be required to complete the Training Program within six-

months after signing the Franchise Agreement. The classroom portion of the Training Program is currently conducted in Westminster, Colorado and lasts a minimum of six days. Training Program sessions are planned monthly and are subject to change due to space availability and Franchisee attendance level. You may be required to study materials for up to 40 additional hours before, during and after Your classroom training begins. Upon satisfactorily completing the Training Program, You will receive Our certification as a “**Certified TAB Facilitator.**”

You may have additional participants attend the Training Program if You pay Our then-current fees for each additional participant and You receive Our prior approval. You will also pay all travel, living expenses and wages, if applicable, that You, Your Managing Party, if any, and all of Your additional participants, if any, incur to attend the Initial Training Program (See ITEMS 5 and 7).

The Training Program is primarily conducted by Bob Marro, Greg Walker, Katie Fritchen, Jeff Arnold and Dana Besbris. Mr. Marro conducts training focused on providing value during coaching sessions and TAB Board meetings and using the TAB Business Vantage[®] tool. Mr. Marro is a current TAB Franchisee since 2010 and a current TAB Area Developer since 2011. In addition to facilitating TAB Boards and providing coaching to his TAB Members, Mr. Marro provides Field Support Training Services and New Business Coaching support to Our Franchisees. Mr. Walker conducts the Strategic Business Leadership[®] program portion of Our Training Program. Mr. Walker has been training franchisees and contract facilitators since 1992. He has taught the Strategic Business Leadership[®] program since 2002. He also teaches Additional Income from the TAB Opportunity. He is a former TAB member, officer of TAB, franchisee and Field Support Trainer. He is currently an IFC for TAB and facilitates TAB Boards. Katie Fritchen conducts training on the required Mass Marketing Campaign and marketing for TAB member acquisition. She has three years of experience marketing for TAB member acquisition, supporting centralized marketing and brand awareness campaigns as well as local territory integrated marketing campaigns. She has provided these services to TAB for three years and currently holds the title of marketing manager. Dana Besbris provides the Introduction to DISC training. She has practical experience in applying DISC in both employment and franchise selection settings. She has two years experience in DISC. Mr. Arnold conducts the Member Acquisition portion of Our Training Program. Mr. Arnold has been leading and training sales teams since 1993. He has also founded and operated his own businesses in a variety of industries. In his current position, as Director of Member Acquisition, he provides training in the classroom, as well as Field Support Training for TAB Franchisees.

The instruction materials include the Operations Manual, slides, videos, CD ROMs, DVDs, handouts and audio and video presentations. The subjects covered in the training program (“**Training Program**”) and the approximate amount of time devoted to each subject is listed below. However, the Training Program may be modified at Our discretion. The exact number and distribution of hours of classroom training may vary.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction <ul style="list-style-type: none"> • Sharing personal vision statements • Expectations for Training and Beyond 	1.00	N/A	Westminster, Colorado
Initial Launch	1.75	N/A	Westminster, Colorado
Marketing for Member Acquisition	1.00	N/A	Westminster, Colorado
Introduction to the Six Step Sales Ladder	.5	N/A	Westminster, Colorado
Six Step Sales Ladder – Step 1	2.5	N/A	Westminster, Colorado
Six Step Sales Ladder – Step 2	3.5	N/A	Westminster, Colorado
Six Step Sales Ladder – Step 3	2.5	N/A	Westminster, Colorado
Six Step Sales Ladder – Step 4	3	N/A	Westminster, Colorado
Six Step Sales Ladder – Step 5	3.25	N/A	Westminster, Colorado
Six Step Sales Ladder – Step 6	1.5	N/A	Westminster, Colorado
Role Play of Six Step Sales Ladder	10.75	N/A	Westminster, Colorado
Introduction to DISC	1	N/A	Westminster, Colorado
TAB Business Vantage	0.75	N/A	Westminster, Colorado
Structuring Your Ongoing Coaching Sessions	.75	N/A	Westminster, Colorado
First Coaching Session	2.25	N/A	Westminster, Colorado
First Board Meeting Facilitation by Participants	2.5	N/A	Westminster, Colorado
Non-Membership Income from the TAB Opportunity	1.0	N/A	Westminster, Colorado
Test Drive Sales Program	1.25	N/A	Westminster, Colorado
SBL	5.25	N/A	Westminster, Colorado
TOTAL	46 Hours	N/A	See above

The Field Support Training Services includes providing Marketing Event presentation training, and member acquisition training, including but not limited to, acting as the primary presenter for at least one Marketing Event; training You to conduct One-On-One Meetings with prospective TAB Members; helping You to form TAB Boards, in the manner We determine; and other field support and training as determined by Us. You will receive Field Support Training Services for up to 16 days at the times

scheduled by TAB. You will pay the FST Travel and Living Expenses if any up to \$6,000. You may request additional Field Support Training Services at Your cost. Our current fee for additional Field Support Training Service is \$1,500 for each four business day period.

You or Your Managing Party, must attend and complete to Our satisfaction, the two day Advanced Business Development Training. There is no additional fee paid to TAB to attend. We may at Our option also offer the Advanced Business Development Training via e-mail, webinar, SKYPE type video, telephone or other method that We determine. You will be required to complete the Advanced Business Development Training at the time we schedule, which will generally be immediately prior to Our annual International Conference held in August. You will pay for Your travel, meals and living expenses to attend the Advanced Business Development Training.

You are also responsible for participating in weekly business coaching for six months starting the month of Your Start of Business Operations (“**New TAB Franchisee Business Coaching**”). There is no additional fee to be paid to TAB. We will designate a business coach and You and Your business coach will coordinate the details of Your New TAB Franchisee Business Coaching. You will any telephone, Internet or other communication expenses. New TAB Franchisee Business Coaching Services may be provided in person, by telephone, SKYPE type video, or other communication methods determined by Us. If at any time You do not meet the Marketing Threshold, We may require You to participate in additional business coaching services. You will be responsible for paying the then-current fees for business coaching and any telephone, Internet or other communication expenses.

You are also required to participate in any continuing advanced training which We may choose to offer in the future (“**Continuing Advanced Training**”). The Continuing Advanced Training may be provided by various methods, including by telephone, SKYPE type video, e-mail or webinars. You may be required to satisfactorily complete an exam after each Continuing Advanced Training. We do not charge any fee for the Continuing Advanced Training. You will pay for Your telephone, Internet or other communication charges to participate.

If You use Contract Facilitators to facilitate TAB Boards in Your Protected Territory, Your Contract Facilitators will not facilitate a TAB Board until they have satisfactorily completed the required training for Contract Facilitators (“**Contract Facilitator Training**”). The Contract Facilitator Training may in TAB's sole judgment, be less than the entire Initial Training Program. Prior to any Contract Facilitator attending the Contract Facilitator Training, You must pay us the then-current training fee for the Contract Facilitator Training (“**Contract Facilitator Training Fee**”) and submit to Us the fully executed Contract Facilitator Agreement. The Contract Facilitator Training Fee is \$2,000. Your Contract Facilitators can pay their travel and accommodation expenses incurred to attend the Contract Facilitator Training directly to third party providers. But, You must pay the Contract Facilitator Training Fee. The training for Contract Facilitators is subject to class availability.

We will produce, on an annual basis, an International Conference that You are required to attend. The International Conference fee is \$1,400 each year for two people to attend. We may require You to attend additional International Conferences; provided, that You will not be required to attend more than two International Conferences in a calendar year. At Your reasonable request, We may also provide You marketing best practices and assistance with Your marketing plans and marketing budget.

Operations Manual

You will operate Your TAB Business in compliance with those operational systems, procedures, policies, methods and requirements found in the Operations Manual and in any supplemental bulletins and notices, revisions, modifications or amendments which are all a part of the Operations Manual. The

Operations Manual may also be referred to as the “**Confidential Manual**.” The Operations Manual must be kept in a secure place within Your TAB Business premises. The Operations Manual and all other manuals or written materials relating to Your TAB Business must be returned to Us upon termination or expiration of Your Franchise Agreement. We may modify Our Operations Manual, but the modifications will not substantially and materially alter Your status and rights under the Franchise Agreement. The Operations Manual is confidential and remains Our property. The Operations Manual is currently approximately 280 pages. The Operations Manual Table of Contents is attached as **Exhibit F** to the Franchise Disclosure Document.

We may notify You of changes to the Operations Manual by any method, including but not limited to, e-mail, posting the modified Operations Manual on the Facilitator Intranet or on Our web site or by facsimile. But, You are responsible for checking the Facilitator Intranet for changes to the Operations Manual. You must ensure that the Operations Manual is kept current at all times. You will be required to abide by any such modifications, changes, additions, deletions and alterations to the Operations Manual and You will be responsible for all costs and expenses that You may incur to comply. In addition, You may need to purchase updated equipment, products and supplies at Your own cost. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by Us, at Our principal office, will control.

ITEM 12

TERRITORY

The Protected Territory

We will grant a license to You to use the Licensed Methods under the Trademarks for the operation of a TAB Business, within an exclusive specific geographic area having a determined number of total businesses, based on current lists selected and obtained by Us from one or more outside vendors (“**Protected Territory**”). A Protected Territory will have up to 15,000 total businesses. You are prohibited from conducting any TAB Board Meeting, coaching for TAB Members, or other TAB Business activities outside Your Protected Territory, except that, Your office may be located outside Your Protected Territory if it is located in Your home. You are prohibited from relocating the TAB Business out of the Protected Territory.

Your Protected Territory will be designated by certain zip codes, postal codes or counties We designate. Your Protected Territory may differ significantly from Protected Territories of other Franchisees, including, without limitation, the geographic size, number of total businesses, and demographics. Your Protected Territory will be described in **Exhibit I** of the Franchise Agreement.

Marketing Rights

You may only market Your TAB Business to prospective TAB Members that have an office in Your Protected Territory; to prospective TAB Members that You have received TAB’s prior written approval; or to Prospect Exceptions as defined below. You may not use other channels of distribution, such as the Internet, telemarketing or other direct marketing sales to solicit TAB Members outside your Protected Territory (unless You have received TAB’s prior written approval).

The term “**Prospect Exception**” refers to a prospective TAB Member who has a previous or existing social, business, or personal relationship with You; who has been referred to You by a TAB Member, or other party who personally knows the referred prospective TAB Member (so long as such referring party did not solicit such prospective Member outside of Your Protected Territory on Your

behalf); or a prospect who attended a Marketing Event in Your Protected Territory presented by You before the date of Your Franchise Agreement, if You were an authorized Contract Facilitator before You became a Franchisee.

If You are in compliance with Your Franchise Agreement and the Operations Manual neither We or Our Affiliates will solicit prospective TAB Members located in Your Protected Territory to join TAB Boards (other than Prospect Exceptions and individuals running companies that have offices both within and outside Your Protected Territory); grant franchises for TAB Businesses in Your Protected Territory; or authorize other Franchisees to solicit prospective TAB Members located in Your Protected Territory to join TAB Boards (other than Prospect Exceptions and individuals running companies that have offices both within and outside Your Protected Territory). However, there may be pre-existing TAB Business Franchisees that do not have an exclusive territory and do not have marketing rights operating TAB Boards in Your Protected Territory.

Ancillary Business Services

You may provide Ancillary Business services or products to Your TAB Members. You may advertise Your Ancillary Business services (See ITEM 16) in publications of general circulation within or outside of Your Protected Territory, if the advertisement does not refer to or contain any of the Trademarks or Licensed Methods. We may require You to submit advertising materials for Your Ancillary Business services to Us for prior approval and the advertising must be lawful and not violate any consumer protection laws.

No Options; Rights of First Refusal; No Right to Relocate

You have no option, right of first refusal or similar contractual right to acquire additional TAB Business franchises. In addition, You have no rights to purchase additional TAB Businesses. You have no rights to relocate Your TAB Business. In any event, We will not consider You eligible to purchase additional TAB Businesses unless: (1) You are in full compliance of Your Franchise Agreement and the Operations Manual at all times; (2) You demonstrate to Us, based on Your tax returns for the previous year, that You meet the Marketing Threshold (See ITEM 11); and (3) You meet Our then-current qualifications for Franchisees.

Reservation Of Rights

To Us and Our Affiliates

The following rights are reserved to Us, Our Affiliates and successors and assigns:

1. Except as stated in **Section 2.1(b)** of Your Franchise Agreement, to use, and license the use of, the Licensed Methods for the operation of TAB Businesses inside or outside Your Protected Territory;
2. To use, and license the use of, the Licensed Methods for the offering and/or providing of Supplemental Products and Services anywhere within or outside of Your Protected Territory;
3. To use the Licensed Methods and Trademarks to market and conduct on an international, nationwide, regional or local basis, conventions, conferences, briefings, workshops and/or seminars for TAB Members or non-TAB Members, in person or through electronic media or other forms of communication, at any location within or outside of Your Protected Territory;

4. To have direct communications, including without limitation, conducting research surveys and testing programs with any party within or outside Your Protected Territory. Such direct communications may include, but are not limited to, TAB or its designee contacting You, Your Members and Your prospective Members served by Your Business. You agree to cooperate by participating in such direct communications as reasonably requested by TAB;

5. To offer, sell, and license or franchise others to offer and sell products and services that may use the Licensed Methods but do not involve forming or facilitating TAB Boards and do not use the TAB Trademarks or words that are confusingly similar to the TAB Trademarks (“**Other Businesses**”). The Other Businesses may be marketed and sold to anyone at any location within and outside of Your Protected Territory, including to Your TAB Members, and may include, without limitation, business educational briefings, seminars/workshops, and business coaching/consulting services provided to business leaders. We do not currently operate or offer Other Businesses;

6. To acquire businesses that are the same as or similar to the TAB Business and operate such businesses anywhere within or outside of Your Protected Territory and to be acquired by any third party which operates businesses that are the same as or similar to the TAB Business anywhere within or outside of Your Protected Territory; and

7. To use alternative distribution channels, such as the Internet, to offer and sell products and services that may use the Licensed Methods under the Trademarks or other trademarks within or outside of Your Protected Territory. We do not provide compensation to You for providing such products and services in Your Protected Territory through alternative distribution channels.

To Allen E. Fishman

Mr. Fishman and his successors and assigns reserve the right to give talks, write books and otherwise communicate information in any form relating to the Licensed Methods and to use the Trademarks, within or outside Your Protected Territory.

To DCS

DCS and its successors and assigns reserve the right to use any of the methodology, aspects, elements or know how of the SBL System, for any purpose, within or outside Your Protected Territory. DCS does not have the right to use the SBL Trademarks.

You will not be entitled to compensation from Us, Our Affiliates, Mr. Fishman or DCS if We or they exercise the reservation of rights described in this ITEM 12.


There is no minimum sales quota that You must meet in order to maintain Your Protected Territory.

ITEM 13

TRADEMARKS

The Franchise Agreement grants You the nonexclusive right to use the Trademarks in Your TAB Business. We own the Trademarks and We have registered or applied for registration of the following principal Trademarks with the United States Patent and Trademark Office on the Principal Register:

TAB TRADEMARKS

Trademark	Registration Number	Date of Registration	Affidavits	Renewal Status
ACHIEVE SUCCESS WITH PEER ADVICE AND COACHING	3,201,680	January 23, 2007	Combined Section 8 & 15 accepted February 2013	Not required as of the date of this Franchise Disclosure Document.
	3,201,681	January 23, 2007	Combined Section 8 & 15 accepted February 2013	Not required as of the date of this Franchise Disclosure Document.
TAB	3,161,296	October 24, 2006	Combined Section 8 & 15 accepted November 2012	Not required as of the date of this Franchise Disclosure Document.
TAB BOARDS	2,812,223	February 10, 2004	Combined Section 8 and 15 filed on February 2, 2010.	Combined Section 8 and 9 accepted February 24, 2014
TAB BOARDS REWARDS	3,000,076	September 27, 2005	Combined Section 8 and 15 filed on September 27, 2011	Not required as of the date of this Franchise Disclosure Document.
TAB BUSINESS VANTAGE	2,972,404	July 19, 2005	Combined Section 8 and 15 filed on August 31, 2011	Not required as of the date of this Franchise Disclosure Document.
TALKTAB	3,201,678	January 23, 2007	Combined Section 8 & 15 accepted February 2013.	Not required as of the date of this Franchise Disclosure Document.

Trademark	Registration Number	Date of Registration	Affidavits	Renewal Status
THE ALTERNATIVE BOARD	2,326,459	March 7, 2000	Combined Section 8 & 15 filed on January 25, 2006.	Combined Section 8 & 9 filed on February 9, 2010.
THE ALTERNATIVE BOARD TAB	1,669,689	December 24, 1991	Combined Section 8 & 15 filed on March 17, 2007.	Section 8 & 9 filed on December 27, 2011.
TIPS FROM THE TOP	2,085,944	August 5, 1997	Combined Section 8 & 15 filed on February 11, 2003.	Section 8 & 9 filed on November 14, 2006.
TAB EMERGING ENTREPRENEUR BOARD	3,569,356	February 3, 2009	Not required as of the date of this Franchise Disclosure Document.	Not required as of the date of this Franchise Disclosure Document.

SBL TRADEMARKS

Trademark	Registration Number	Date of Registration	Affidavits	Renewal Status
STRATEGIC BUSINESS LEADERSHIP	2,512,533	November 27, 2001	Combined Section 8 & 15 filed on March 8, 2007.	Section 8 & 9 accepted December 2011

There are no material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court or any pending infringement, opposition or cancellation proceeding. There is no pending material federal or state court litigation regarding Our use or ownership of the Trademarks. There are no agreements that significantly limit Our rights to use or license the Trademarks. We do not know of any prior rights or infringing uses that could materially affect Your use of Our Trademarks.

You must follow Our rules when You use the Trademarks. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in Our discretion. You cannot use Our Trademarks or trade names as part of a corporate name. You cannot use any of Our trademarks or trade names that We have not licensed to You under the Franchise Agreement and You cannot use the Trademarks or trade names that We license to You with any modifying words, designs or symbols. You may not use the Trademarks to sell unauthorized products or services or in a manner not authorized by Us. You cannot use the Trademarks or Our trade names in any business other than Your TAB Business and You cannot use the Trademarks or Our trade names (or anything similar thereto) in any domain name that We have not licensed to You or on the Internet (except for the Satellite Website that We license to You).

You must notify Us immediately when You learn about an infringement of or challenge to Your use of Our Trademarks. We are not required to take affirmative action when notified of such infringement and We are not contractually obligated by the Franchise Agreement to protect You against claims of infringement or unfair competition involving the Trademarks, but it is Our policy to do so when, in the opinion of Our counsel, Your rights require protection. We will pay costs, including attorneys' fees and court costs, associated with any litigation that We elect to bring or defend to protect Your use of the licensed Trademarks. We do not indemnify You for expenses or damages incurred by You. You are obligated to fully cooperate with Us in any litigation We bring or defend for Your benefit. We will control any administrative proceeding or litigation involving Our Trademarks.

In the event that We determine, in Our sole discretion, that it is necessary to modify or discontinue use of any Trademarks, or to develop additional or substitute marks, You will, within a reasonable time after receipt of Our written notice take such action, at Your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We do not have any patents or pending patent applications that are material to the TAB Business.

Copyrights

Our Operations Manual and all other manuals, systems, binders, logos, designs, marketing materials, layouts of advertising materials, books, writings, recordings, videos, software, web content, electronic files, printed materials, Licensed Methods and all revisions, modifications, changes and derivatives of these materials that We may provide to You for use in Your TAB Business (collectively, the “**Copyrighted Materials**”) are protected by copyright and other laws. Although We have not filed an application for copyright registration for the Copyrighted Materials, We claim common law and federal copyrights and trade secret rights in the Copyrighted Materials. We grant You the right to use the Copyrighted Materials in Your TAB Business, but such Copyrighted Materials remain Our sole property. There are no currently effective material determinations of the United States Copyright Office, or a court regarding any of the Copyrighted Materials. There are no agreements that limit the use of any Copyrighted Materials. You will be required to use copyright, confidentiality and/or other proprietary notices on all Our Copyrighted Materials.

Proprietary Information

The Operations Manual, electronic information and communications, marketing, advertising and related information and materials, data bases (whether in print, electronic, or other form), Membership Information, the Licensed Methods and other information (written or oral) developed and used in connection with the TAB Business, are Our confidential information and trade secrets (collectively, “**Confidential Information and Trade Secrets**”).

“**Membership Information**” means all aspects of soliciting new TAB Members, written agreements with TAB Members, TAB Member lists, TAB Member information and records (including names, addresses, phone numbers and e-mail addresses), Marketing Lists, documents, correspondence, files, lists of renewal dates, rates and literature of whatever form regarding TAB Boards, TAB Members or prospective TAB Members with whom You discussed or have had an appointment to discuss any of

the Licensed Methods, in the past, present, or future. The term Membership Information does not include Your work product not involving or related to the TAB Business or matters related solely to an Ancillary Business.

The “**Licensed Methods**” include the SBL System, TAB System, TAB Business Vantage[®] tool, Strategic Business Leadership[®] program, Copyrighted Materials and Confidential Information and Trade Secrets. The “**SBL System**” means the proprietary methods, system and process of providing business planning coaching, including the know-how, trade secrets and materials associated with it, as they may be changed, improved, modified and further developed by Us and Our Affiliates from time to time. The “**TAB System**” means the proprietary methods, process and system to operate a TAB Business, including Our know-how, trade secrets, materials and methods for operating a TAB Business as may be changed, improved, modified and further developed by Us and Our Affiliates from time to time. “**TAB Business Vantage[®]**” tool means Our proprietary methods used for analyzing a TAB Member’s business. “**Strategic Business Leadership[®]**” program means Our proprietary program used in association with Our SBL System and SBL Coaching.

We own the Confidential Information and Trade Secrets and all records relating to the Confidential Information and Trade Secrets. We may use or transfer the Confidential Information and Trade Secrets in any way We wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of Your TAB Members, suppliers and other service providers for quality control, market research and such other purposes, as We deem appropriate, in Our sole discretion.

You will not use, publish, disclose, divulge or in any manner communicate the Confidential Information and Trade Secrets to any person, firm, corporation, association, partnership or any other entity in any manner other than for Your TAB Business and then only as permitted by Us. You are prohibited from using, copying or imitating or allowing any other person, firm, corporation, association, partnership or other entity to use, copy or imitate any of the Confidential Information and Trade Secrets or any materials confusingly similar to the Confidential Information and Trade Secrets in any manner other than for Your TAB Business, and then only as permitted by Us. We will require You, Your Managing Party and each of Your officers, owners, directors, employees, other beneficial owners, Contract Facilitators and immediate family members who become aware of Our Confidential Information and Trade Secrets to execute Our Non disclosure and Non competition Agreement, attached to the Franchise Agreement as **Exhibit IV**.

If You, Your Managing Party, owners, directors, other beneficial owners or Contract Facilitators develop any new intellectual property, inventions, copyrights, trade secrets, concepts, processes, products, or improvements to the operation or promotion or otherwise in relation to the TAB Business (collectively, “**Improvements**”) You must promptly notify Us and give Us all necessary information, at no charge. The Improvements will be Our property and You, Your Managing Party, owners, directors, other beneficial owners, or Contract Facilitators will be required to sign an assignment of such Improvements to Us. We may allow other Franchisees to use the Improvements and We may allow You to use Improvements derived from other Franchisees.

We do not know of any copyright or patent infringement that could materially affect Your use of the Copyrighted Materials or Trade Secrets.

Challenges

You must notify Us immediately when You learn about an infringement of or challenge to Your use of Our Copyrighted Materials or Confidential Information and Trade Secrets. We are not required to take affirmative action when notified of such infringement and We are not contractually obligated by the

Franchise Agreement to protect You against claims of infringement or unfair competition involving the Copyrighted Materials or Confidential Information and Trade Secrets, but it is Our policy to do so when, in the opinion of Our counsel, Your rights require protection. We will pay costs, including attorneys' fees and court costs, associated with any litigation that We elect to bring or defend to protect Your use of the licensed Copyrighted Materials or Confidential Information and Trade Secrets. We do not indemnify You for expenses or damages incurred by You. You are obligated to fully cooperate with Us in any litigation We bring or defend for Your benefit. We will control any administrative proceeding or litigation involving Our Copyrighted Materials or Confidential Information and Trade Secrets.

In the event that We determine, in Our sole discretion, that it is necessary to modify or discontinue use of any proprietary Copyrighted Material or Confidential Information and Trade Secrets You will, within a reasonable time after receipt of Our written notice take such action, at Your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

Any unauthorized use of any of the Copyrighted Materials or Confidential Information and Trade Secrets by You constitutes an infringement of Our or Our Affiliate's rights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If You are a partnership, corporation, limited liability company or other legal entity, You must designate one owner, member or officer ("**Managing Party**") who will have management responsibility for operating the TAB Business. You or Your Managing Party is required to use his or her best efforts to develop the TAB Business and is personally responsible for the management and supervision of the TAB Business on a day-to-day basis. Your Managing Party must own 51 % of Your TAB Business or You (if You are an entity or partnership).

You may qualify to engage a contract facilitator ("**Contract Facilitator**") to form TAB Boards, facilitate Your TAB Boards and provide SBL Coaching. You must meet Our requirements before You will be permitted to appoint Contract Facilitators. These requirements include: (1) that You or Your Managing Party is facilitating at least one TAB Board per month; (2) You notify Us in writing that You desire to appoint a Contract Facilitator; (3) Your Contract Facilitator(s) attend and satisfactorily complete the Contract Facilitator Training (See ITEM 11); and (4) You provide Us with a copy of the fully executed contract facilitator agreement ("**Contract Facilitator Agreement**") in Our then-current form. You are responsible for paying Your Contract Facilitators. You will also be required to follow Our guidelines in the Operations Manual for Contract Facilitators. You are expressly prohibited from granting a Contract Facilitator a sub-franchise or business opportunity.

You, Your Managing Party and each of Your officers, owners, directors, employees, other beneficial owners, Contract Facilitators and immediate family members who become aware of Our Confidential Information and Trade Secrets must enter into a Non-disclosure and Non-competition Agreement with Us, in the form attached to the Franchise Agreement as **Exhibit IV**. Each of Your owners, beneficial owners, Managing Party, officers and directors must sign an agreement, in the form attached to the Franchise Agreement as **Exhibit III**, personally guaranteeing and agreeing to perform certain obligations of the Franchisee under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Standards; Specifications; Restrictions

To ensure that the highest degree of quality and service is maintained, You must operate the TAB Business in strict conformity with the methods, standards and specifications in the Operations Manual and as we may otherwise require in writing. The Operations Manual also describes the services and products that You must offer and sell in Your TAB Business and Our designated manufacturers, suppliers and distributors (See ITEM 8). We have the right to change the types of authorized services and products and designated manufacturers, suppliers and distributors and there are no limits to Our right to do so.

You are prohibited from selling unauthorized services and products in Your TAB Business or using Our Trademarks or Licensed Methods on unauthorized services and products or outside of Your TAB Business. You must not deviate from Our standards and specifications without first obtaining Our written consent. You must discontinue selling and offering for sale any services and products that We disapprove in writing at any time.

You are not allowed to conduct TAB Board Meetings outside of the TAB Business or via television, cable, network, telephone, telecommunications device, computer or computer modem, closed circuit or satellite transmission or by technological means or methods in use now or developed in the future, without Our written approval, which approval may be withheld for any reason.

You may not reship, transship, or sell any products purchased from Us to any of Our current or former Franchisees or distributors or any reseller of the products, either within or outside of the United States. In addition, You may not purchase products from any of Our current or former Franchisees without Our prior consent. You may sell the products purchased through Us only through Your TAB Business. You may not sell the products for re-sale.

The SBL System, TAB System, Strategic Business Leadership[®] program and TAB Business Vantage[®] tool may be used only with TAB Members.

You will offer the warranties and guarantees to Your qualifying TAB Members and prospective TAB Members that We may require from time to time, including Our Performance Guaranty. You may also offer other warranties or guarantees in Your TAB Business. You agree to honor all proper claims under any authorized warranties and guarantees in accordance with the terms and conditions of any such warranties or guarantees.

Ancillary Business Services

You and/or Contract Facilitators licensed by You may offer and advertise within or outside Your Protected Territory, Ancillary Business services so long as: (i) You do not use the Licensed Methods or Trademarks; (ii) the Ancillary Business services do not constitute a Competitive Activity, as defined below; and (iii) the Ancillary Business services would not, in Our sole opinion, harm or disparage the goodwill associated with the TAB Business and/or the Trademarks or the Licensed Methods.

A “**Competitive Activity**” means the following:

1. Services and products that are the same as, similar to, or competitive with the Licensed Methods or Business;
2. Marketing or facilitating groups of business leaders, which group meetings are the same as or similar in nature to TAB Boards;
3. Providing regularly-scheduled private coaching sessions, mentoring or providing strategic planning services for business leaders, business executives and/or their planning teams that use processes, methods or systems that are the same as or similar in nature to those processes, methods or systems that are used by the SBL System;
4. Providing services of the type provided by TAB and/or its Affiliates where those services are provided in relation to businesses of the type described in (1) - (3) above;
5. Ownership, whether directly or indirectly, and whether beneficially or of record of any capital stock, partnership interest, membership interest or any other interest in a business or entity that engages in the activities described in (1) - (4) above;
6. Participation, either directly or indirectly, in the management or operation of a business as a partner, investor, shareholder, owner, director, officer, employee, principal, agent, advisor, contractor or consultant or in any other capacity of any entity, business or person that engages in the activities described in (1) - (4) above;
7. Franchise, license, conduct or be connected with or assist any person, entity or business to franchise, license, conduct or be connected with the activities described in (1) - (4) above; or
8. Divert or attempt to divert, directly or indirectly, any business related to, or any customer or account of, Your Business, TAB, Affiliates, any other Business operated by TAB, its franchisees, licensees or Affiliates, Other Business, or any other business then being offered or operated by TAB or its Affiliate(s) in the Protected Territory; or divert or attempt to divert, directly or indirectly, the employment of any employee or Contract Facilitator(s) of TAB or another TAB franchisee, licensee or TAB Affiliate to any entity to conduct activities described above.

Supplemental Products and Services

Occasionally, We may offer You the option to offer books, audiotapes, videotapes, CD-ROMs, Web-based assessments, newsletters, etc. that We or Our Affiliates develop from time to time (“**Supplemental Products And Services**”) through Your TAB Business. If You elect to purchase or utilize Supplemental Products and Services, You may be required to attend training and/or make specified purchases of products or services offered in connection with the Supplemental Products and Services. There may be fees and minimums payable, in addition to those in the Franchise Agreement, for the right to offer, purchase or utilize Supplemental Products and Services. We do not currently collect any Royalty Fees on the Supplemental Products and Services. But, We do reserve the right to do so in the future.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a) Length of Franchise Term	Section 3.1	10 years from Your Start of Business Operations.
b) Renewal or Extension of the Term	Sections 3.2 and 4.1	You may renew Your right to operate a TAB Business for successive consecutive 10 year terms.
c) Requirements for Franchisee to Renew or Extend	Section 4.1	Requirements include but are not limited to: Providing written notice; signing the then-current Franchise Agreement; paying the Renewal Fee; not being in default of any agreements, including the Franchise Agreement, with Us or Our Affiliates; completing any refresher training; and executing a release. The then-current Franchise Agreement You may be required to sign may have materially different terms and conditions than the original Franchise Agreement.
d) Termination by Franchisee	None	Not Applicable.
e) Termination by Franchisor Without Cause	None	Not Applicable.
f) Termination by Franchisor with Cause	Sections 17.2 and 17.3	Each of Your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in a termination.

Provision	Section in Franchise Agreement	Summary
g) "Cause" Defined – Curable Defaults	Sections 17.2 and 17.3	Curable defaults include, but are not limited to: Your failure to pay any sums owed to Us or Our Affiliates within seven days after notice; Your failure to perform Your obligations under the Franchise Agreement within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice; Your misrepresentation of information in connection with the Franchise Agreement and failure to cure within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice; Your misuse of the Trademarks and/or Licensed Methods and failure to cure within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice;; and Your use of a Contract Facilitator who has not signed Our approved Contract Facilitator Agreement, not satisfactorily completed the Contract Facilitator Training, is unqualified to serve as a Contract Facilitator, or has made payments to You and failure to cure within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice.
h) Franchisee's Obligations on Termination/Non-Renewal	Section 17.6	Obligations include, but are not limited to: Destroying or returning the TAB Promotional Material, all materials bearing the Trademarks and all material constituting the Licensed Methods and the Operations Manual; de-identifying; cancelling fictitious names; complying with the confidentiality and non-compete requirements; and signing a release.
i) Assignment of Contract by Franchisor	Section 16.1	No restrictions.
j) "Transfer" by Franchisee – Defined	Sections 16.2, 16.3, 16.4 and 16.5	Includes transfer of interest in You; merger or consolidation of You; transfer in bankruptcy; any change of control or management of the TAB Business; transfer in Your assets used in the TAB Business or assignment of the Franchise Agreement.
k) Franchisor's Approval of Transfer by Franchisee	Section 16.3	We must approve all transfers.

Provision	Section in Franchise Agreement	Summary
l) Conditions for Franchisor's Approval of Transfer	Section 16.3	Conditions include but are not limited to: Your compliance with the Franchise Agreement; the Transferee satisfactorily completing the Initial Training Program or other training program We determine; the Transferee signs Our then-current Franchise Agreement; You have paid the Transfer Fee and any additional transfer fees (such as broker commissions, resale fees and internal sales commissions); You have executed a release and the Transferee meets Our then-current standards to operate a TAB Business.
m) Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 16.8	We can match any offer.
n) Franchisor's Option to Purchase Franchisee's Business	None	Not applicable.
o) Death or Disability of Franchisee	Section 16.6	The TAB Business must be transferred to a third party approved by Us within 180 days. You must appoint an approved interim manager within 15 business days.
p) Non-Competition Covenants During the Term of the Franchise	Section 14.2	You are prohibited from engaging, directly or indirectly, in any Competitive Activity anywhere. You are also prohibited from marketing for TAB Members outside Your Protected Territory (except for Prospect Exceptions).
q) Non-Competition Covenants After the Franchise is Terminated or Expires	Section 14.2	Covenants include, but are not limited to: For two years, no operation or ownership interest in a similar business that engages in Competitive Activity in the Protected Territory; within 25 miles of the Protected Territory; within the Protected Territory of another Business operated by TAB or another Franchisee, licensee or TAB's Affiliates; or within 25 miles of where a TAB Board meets.
r) Modification of the Agreement	Section 21.13	No modifications generally, but Operations Manual may change.
s) Integration/Merger Clause	Section 21.13	Terms of Franchise Agreement only are binding. Any representations made outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.

Provision	Section in Franchise Agreement	Summary
t) Dispute Resolution by Arbitration or Mediation	Sections 18.1(b) and(c)	Except for actions brought for injunctive or extraordinary relief, actions involving the Trademarks or other intellectual property, violations of the non-compete and confidentiality requirements, or actions solely limited to monetary obligations under the Franchise Agreement, other agreement relating to the Business or relationship of the parties mediation of disputes. If there is no resolution, then arbitration. Location to be in Denver, Colorado or the city nearest to TAB headquarters.
u) Choice of Forum	Sections 18.2, 18.3 and 18.10	The venue for all proceedings related to or existing out of this Agreement is Denver, Colorado
v) Choice of Law	Section 18.5	Colorado law applies (subject to state law. <u>See the State Law Addenda and Rider, Exhibit I</u>).

If a state regulator requires Us to make additional disclosures related to the information contained in this Franchise Disclosure Document, these additional disclosures are contained in a State Law Addenda and Rider included in this Franchise Disclosure Document as **Exhibit J**.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote Our Franchises.

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 Franchise Disclosure Document. Financial performance information that differs from that included in ITEM 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet You are considering buying; or (2) a franchisor supplements the information provided in ITEM 19, for example, by providing information about performance of a particular location or under particular circumstances.

Your Gross Membership Dues, Business Assessment Fees, SBL Coaching Fees, Additional Income from the TAB Opportunity, average and median monthly Membership Dues and Business Assessment Fees, average and median TAB Member retention rates and number of hours to service a TAB Board may differ from the results stated in the financial performance representation. There is no assurance You will earn as much. Further, actual results may vary among franchise owners and depend upon a variety of internal and external factors, many of which neither We nor any prospective franchise owner can estimate, such as competition, economic climate, demographics, and changing consumer demands, consulting opportunities and tastes. Your ability to achieve any particular Gross Membership Dues, Business Assessment Fees, SBL Coaching Fees, Additional Income from the TAB Opportunity,

average and median monthly Membership Dues and Business Assessment Fees, average and median TAB Member retention rates, hours to service a TAB Board, sales levels, expense ratios, or net income will depend on these factors and others, including Your level of expertise, none of which are within Our control. Accordingly, We cannot, and do not, estimate the results of any particular franchise. **Some franchisees have sold these amounts. Your individual results may differ. There is no assurance You will sell as much.** You should carefully review this data.

Written substantiation for this data is available for inspection at Our corporate headquarters and will be provided upon reasonable request.

CHART ONE

GROSS MEMBERSHIP DUES; BUSINESS ASSESSMENT FEES AND SBL COACHING FEES FOR 2013 FOR TAB BUSINESS FRANCHISEES

Quartile	Range of Gross Annual Membership Dues; Business Assessment Fees; And SBL Coaching Fees	Number of Franchisees in Quartile
FIRST	\$168,545 - \$535,615	23
SECOND	\$94,885 - \$152,195	23
THIRD	\$54,520 - \$92,410	23
FOURTH	\$16,575 - \$53,520	23

CHART TWO

ADDITIONAL INCOME FROM THE TAB OPPORTUNITY FOR 2013 FOR TAB BUSINESS FRANCHISEES

Quartile	Range of Additional Income from the TAB Opportunity	Number of Franchisees in Quartile
FIRST	\$64,370 - \$258,000	17
SECOND	\$22,450 - \$55,000	18
THIRD	\$7,000 - \$20,000	18
FOURTH	\$0 - \$6,590	18

CHART THREE

COMBINED GROSS MEMBERSHIP DUES; BUSINESS ASSESSMENT FEES, SBL COACHING FEES AND ADDITIONAL INCOME FROM THE TAB OPPORTUNITY FOR 2013 FOR TAB BUSINESS FRANCHISEES

Quartile	Range of Additional Income from the TAB Opportunity	Number of Franchisees in Quartile
FIRST	\$265,051 - \$691,969	17
SECOND	\$127,335 - \$246,810	18
THIRD	\$86,605 - \$125,320	18
FOURTH	\$24,425 - \$85,175	18

CHART FOUR

**AVERAGE AND MEDIAN MONTHLY MEMBERSHIP DUES
AND BUSINESS ASSESSMENT FEES FOR TAB BUSINESS FRANCHISEES**

Type of Fees	Median Amount of Fees	Average Amount of Fees
Monthly Membership Dues	\$505	\$517.33
Business Assessment Fees	\$500	\$529.19

CHART FIVE

**AVERAGE AND MEDIAN LENGTH OF MEMBERSHIP FOR
TAB BUSINESS FRANCHISEES**

Median Length of Membership	Average Length of Membership
3.1 years	4.2 years

CHART SIX

**AVERAGE AND MEDIAN MONTHLY ESTIMATED HOURS SPENT BY FRANCHISEES AND
FACILITATORS PROVIDING SERVICES TO ONE TAB BOARD WITH EIGHT TAB
MEMBERS**

AVERAGE ESTIMATED HOURS PER MONTH	MEDIAN ESTIMATED HOURS PER MONTH
23.1	22

Notes:

1. The data is a representation of historic financial performance.
2. The first chart is based on a subset of Our Franchisees that have operated a TAB Business Franchise for at least 12 months from their Start of Business Operations date and have not relinquished their Protected Territory and marketing rights prior to or during the 2013 calendar year. The data does not include any company-owned TAB Businesses, Franchisees that ceased operating their TAB Businesses during the 2013 calendar year or Franchisees that do not receive billing services from Us. All of the Franchisees within the subset described in this Note 2 are included in the financial performance data in this ITEM 19. The total number of Franchisees as of December 31, 2013 is 122. Of the 122 Franchisees, 92 are included within the subset described in Note 2. We did not count Franchisees that own multiple TAB Businesses more than once in the chart. The total number of Franchisees excluded from the first chart is 30. The information reported is the range of gross Membership Dues, Business Assessment Fees and SBL Coaching revenue collected by Us on behalf of the subset of Franchisees as of December 31, 2013.
3. The second chart is based on a subset of Our Franchisees that reported their Additional Income from the TAB Opportunity for calendar year 2013, have operated a TAB Business franchise for at least 12 months from their Start of Business Operations date, have a Start of Business Operations date that is no later than 2012 and have not relinquished their Protected Territory and marketing rights prior to or during the 2013 calendar year. These amounts reported by Our Franchisees are not audited. We request this information by an annual survey taken in February. There were 122 Franchisees as of December 31, 2013. There are 71 Franchisees (58%) that reported their Additional Income from the TAB Opportunity

for 2013. There is one outlier Franchisee that reported \$401,263 in Additional Income from the TAB Opportunity. We only included \$258,000 of the amount reported.

4. The third chart is based on a subset of Our Franchisees that are included in both the first chart and the second chart. The total number of Franchisees as of December 31, 2013 is 122. The subset of Our Franchisees that are included in both chart one and chart two is 71. All 71 Franchisees are included in the subset described in Note 4.

5. The fourth chart is based on a subset of TAB Members that joined during calendar years 2011, 2012 and 2013 and the monthly Membership Dues for February 2014 and Business Assessment Fees stated in their Member Application. The total number of TAB Members that joined during the calendar years 2010, 2011 and 2012 is 2,117. The subset excludes: (a) TAB Members that are on scholarship (we define scholarship as TAB Members that pay Membership Dues in the amount of \$100 or less or those Members identified as scholarship by the Franchisee); (b) TAB Members that only receive SBL Coaching and do not participate in a TAB Board; or (c); TAB Members that did not pay a Business Assessment Fee (not included in the Business Assessment Fee chart). All TAB Members and Membership Applications that meet the subset described in this Note 4 are included in the financial performance data in this ITEM 19.

6. For the Median Monthly Membership Dues the total number of TAB Members that were billed in the month of February 2014 and met the subset described in Note 4 is 1,929. The number of Members that met or exceeded the Median Monthly Membership Dues is 965 or 50%. For the Median Business Assessment Fees, the total number of TAB Members that joined in calendar years 2010, 2011 and 2012 and met the subset described in Note 4 is 1,750. The number of TAB Members that met or exceeded the Median Business Assessment Fees is 1,013 or 58%.

7. For the Average Monthly Membership Dues, the total number of TAB Members that were billed in the month of February 2014 and met the subset described in Note 4 is 1,929. Of this total, the TAB Members that paid Membership Dues in amounts equal to or greater than the average are 955 or 50%. For the Average Business Assessment Fees, the total number of TAB Members that joined in calendar years 2011, 2012 and 2013 and met the subset described in Note 4 is 1,750. The TAB Members that paid Business Assessment Fees in amounts equal to or greater than the average are 792 or 45%.

8. The fifth chart includes all TAB Members that have not resigned as of December 31, 2013. For the average length of membership, the total number of non-resigned TAB Members are 2,479. Of the total number of non-resigned TAB Members 40% or 1,000 met or exceeded the average length of membership. For the median length of members, the total number of non-resigned TAB Members are 2,479. The number of TAB Members that met or exceeded the median length of membership is 1,240 or 50%.

9. The sixth chart is based on a survey of Franchisees, CCFs, CFs, and IFCs ("**Facilitators**"). The estimated hours reported by Facilitators are not audited. There are 229 Facilitators that received the survey. Responses to the survey were provided on an anonymous basis. Not all of the Facilitators that received the survey are still in the TAB system. Ninety-four (41%) of the 229 Facilitators that received the survey provided their estimate of the number of hours it takes to provide services to a single TAB Board with eight TAB Members. For purposes of the survey, servicing one TAB Board of eight TAB Members includes: the time to run the TAB Board meeting, the time to conduct individual coaching sessions with a TAB Board Member and preparation and commuting time.

CHART SEVEN

**GROSS MEMBERSHIP DUES; BUSINESS ASSESSMENT FEES AND
SBL COACHING FEES FOR AREA DEVELOPER'S TAB BUSINESS FOR 2013**

Area Developer	Gross Annual Membership Dues; Business Assessment Fees; And SBL Coaching Fees
Jackie Gernaey	\$528,885
Brian Nelson	\$535,615
Joseph Zente	\$348,160
Greg Vacek	\$280,343
Bernard Moscovitz	\$168,545
Robert Marro	\$118,720
Jeffrey Raynor	\$74,235

CHART EIGHT

**ADDITIONAL INCOME FROM THE TAB OPPORTUNITY FOR
AREA DEVELOPER'S TAB BUSINESS FOR 2013**

Area Developer	Additional Income from the TAB Opportunity
Joseph Zente	\$401,263
Jackie Gernaey	\$163,084
Brian Nelson	\$123,057
Bernard Moscovitz	\$42,000
Jeffrey Raynor	\$31,557
Greg Vacek	\$6,590
Robert Marro	\$48,000

CHART NINE

**MONTHLY MEMBERSHIP DUES
FOR AREA DEVELOPER'S TAB BUSINESS**

Area Developer	Median Monthly Membership Dues	No. and Percentage of TAB Members that Met or Exceeded Median Monthly Membership Dues		Average Monthly Membership Dues	No. and Percentage of TAB Members that Met or Exceeded Average Monthly Membership Dues	Total No. of TAB Members Invoiced in Feb. 2014 and Met Subset Described in Note 12	
		No.	Percentage			No.	Percentage
Joseph Zente	\$595	31	55%	\$630	40	71%	56
Jackie Gernaey	\$575	33	50%	\$566	32	48%	66
Brian Nelson	\$550	45	53%	\$545	37	44%	85
Greg Vacek	\$495	29	59%	\$451	31	63%	49
Robert Marro	\$495	18	75%	\$445	18	75%	24
Bernard Moscovitz	\$450	16	53%	\$424	16	53%	30
Jeffrey Raynor	\$400	13	59%	\$384	14	64%	22

CHART TEN

AVERAGE MONTHLY MEMBERSHIP DUES AND AVERAGE BUSINESS ASSESSMENT FEES FOR AREA DEVELOPER'S TAB BUSINESS

Area Developer	Median Business Assessment Fees	No. and Percentage of TAB Members that Met or Exceeded Median Business Assessment Fees			Average Business Assessment Fees	No. and Percentage of TAB Members that Met or Exceeded Average Business Assessment Fees			Total No. of TAB Members that Joined During the Time Period and Met Subset Described in Note 12		
		No.	Percentage	No.		Percentage	No.	Percentage	No.	Percentage	
Jackie Gernaey				\$850	33	58%	\$779	33	58%	57	
Brian Nelson				\$750	27	53%	\$600	30	59%	51	
Joseph Zente				\$850	26	57%	\$689	27	59%	46	
Robert Marro				\$700	19	51%	\$503	19	51%	37	
Greg Vacek				\$500	27	64%	\$456	27	64%	42	
Bernard Moscovitz				\$200	17	100%	\$229	3	18%	17	
Jeffrey Raynor				\$350	4	100%	\$350	4	100%	4	

CHART ELEVEN

**AVERAGE AND MEDIAN LENGTH OF MEMBERSHIP
FOR AREA DEVELOPER’S TAB BUSINESS**

Area Developer	Average Length of Membership in Years	No. and Percentage of TAB Members that Met or Exceeded Average Length of Membership in Years		Median Length of Membership in Years	No. and Percentage of TAB Members that Met or Exceeded Median Length of Membership in Years		Total No. of TAB Members that have not Resigned from the Subset Described in Note 13
Jeffrey Raynor	9.5	16	50%	9.4	16	50%	32
Joseph Zente	4.9	22	39%	2.5	29	51%	57
Bernard Moscovitz	4.9	34	51%	5.2	34	51%	67
Jackie Gernaey	4.3	40	45%	4.2	45	51%	89
Greg Vacek	3.4	27	47%	3.0	29	50%	58
Brian Nelson	3.0	42	47%	2.6	45	50%	90
Robert Marro	1.9	14	54%	2.0	13	50%	26

Notes:

10. The seventh chart is based on a subset of Our Area Developer Franchisees in the United States that have operated a TAB Business Franchise for at least 24 months from their Start of Business Operations. The data does not include any company-owned TAB Businesses or Area Developer Franchisees that have not operated a TAB Business for at least 24 months or Area Developer Franchisees that have not yet attended training. All of the Area Developers within the subset described in this Note 8 are included in the financial performance data in this ITEM 19. There are seven Area Developers in the United States as of March 2014. All seven are included within the subset described in this Note 8. The information reported is amount of gross Membership Dues, Business Assessment Fees and SBL Coaching revenue collected by Us on behalf of the Area Developers for their TAB Business for the calendar year 2013.

11. The eighth chart is based on a subset of Our Area Developers in the United States operating a TAB Business for at least 24 months that reported their Additional Income from the TAB Opportunity for calendar year 2013, have operated a TAB Business Franchise for at least 24 months from their Start of Business Operations and completed Area Developer Training. These amounts reported by Our Area Developers are not audited. We request this information by an annual survey taken in February. There are seven Area Developer Franchisees as of March 2014 operating in the United States and all are included within the subset described in this Note 9.

12. The ninth and tenth chart are based on a subset of TAB Members that joined our Area Developer’s (who have operated a TAB Business for at least 24 months from their Start of Business

Operations and have completed Area Developer Training) TAB Boards during calendar years 2011, 2012 and 2013 (“**Time Period**”) and the monthly Membership Dues invoiced in February 2014 and Business Assessment Fees stated in their Member Application. The number of TAB Members that joined an Area Developer’s TAB Boards during the Time Period excludes: (a) TAB Members that are on scholarship (We define scholarship as TAB Members that pay Membership Dues in the amount of \$100 or less or those Members identified as scholarship by the Franchisee); (b) TAB Members that only receive SBL Coaching and do not participate in a TAB Board; (c) Member Applications that did not include the amount of Membership Dues charged or stated \$0 for the amount of Membership Dues charged; (d) any Membership Dues that are paid quarterly or annually; or (e) TAB Members that did not pay a Business Assessment Fee (not included in the Business Assessment Fee chart) (collectively, “**Subset**”) All TAB Members and Membership Applications that meet the Subset described in this Note 10 are included in the financial performance data in this ITEM 19.

13. The eleventh chart includes all TAB Members that have not resigned from our Subset (defined in Note 12) of Area Developer’s TAB Boards as of December 31, 2013.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-Wide Outlet Summary – TAB Businesses
For years 2011 to March 2014

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year and through March, 2014	Net Change
Franchised	2011	143	125	-18
	2012	125	120	-5
	2013	120	127	7
Company- Owned	2011	7	5	-2
	2012	5	5	0
	2013	5	7	2
Total Outlets	2011	150	130	-20
	2012	130	125	-5
	2013	125	134	9

System-Wide Outlet Summary – Master Franchise Outlets
For years 2011 to March 2014

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
United Kingdom Master Franchise	2011	1	1	0
	2012	1	1	0
	2013	1	1	0
New Zealand	2011	0	0	0
	2012	0	1	1
	2013	1	1	0
Germany	2011	0	0	0
	2012	0	0	0
	2013	0	1	1
Ireland	2011	0	0	0
	2012	0	0	0
	2013	0	1	1
Czech Republic	2011	0	0	0
	2012	0	0	0
	2013	0	1	1
Total	2011	1	1	0
	2012	1	3	2
	2013	3	5	2

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) – TAB Businesses
For years 2011 to March 2014

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alberta, Canada	2011	0
	2012	0
	2013	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
British Columbia, Canada	2011	1
	2012	0
	2013	0
Manitoba, Canada	2011	0
	2012	0
	2013	0
Ontario, Canada	2011	0
	2012	1
	2013	1
Caracas, Venezuela	2011	0
	2012	0
	2013	0
Alabama	2011	0
	2012	0
	2013	0
Alaska	2011	0
	2012	0
	2013	0
Arizona	2011	0
	2012	0
	2013	0
Arkansas	2011	0
	2012	0
	2013	0
California	2011	0
	2012	0
	2013	0
Colorado	2011	0
	2012	0
	2013	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Connecticut	2011	0
	2012	0
	2013	0
Delaware	2011	0
	2012	0
	2013	0
Florida	2011	0
	2012	0
	2013	0
Georgia	2011	0
	2012	0
	2013	0
Hawaii	2011	0
	2012	0
	2013	0
Idaho	2011	0
	2012	0
	2013	0
Illinois	2011	0
	2012	1
	2013	1
Indiana	2011	0
	2012	0
	2013	0
Iowa	2011	0
	2012	0
	2013	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Kansas	2011	0
	2012	0
	2013	0
Kentucky	2011	0
	2012	0
	2013	0
Louisiana	2011	0
	2012	0
	2013	0
Maine	2011	0
	2012	0
	2013	0
Maryland	2011	0
	2012	2
	2013	0
Massachusetts	2011	0
	2012	0
	2013	0
Michigan	2011	0
	2012	0
	2013	0
Minnesota	2011	0
	2012	0
	2013	0
Mississippi	2011	0
	2012	0
	2013	0
Missouri	2011	0
	2012	0
	2013	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Montana	2011	0
	2012	0
	2013	0
Nebraska	2011	0
	2012	0
	2013	0
Nevada	2011	0
	2012	0
	2013	0
New Hampshire	2011	0
	2012	0
	2013	0
New Jersey	2011	1
	2012	1
	2013	0
New Mexico	2011	0
	2012	0
	2013	0
New York	2011	0
	2012	0
	2013	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
North Carolina	2011	0
	2012	0
	2013	1
North Dakota	2011	0
	2012	0
	2013	0
Ohio	2011	0
	2012	0
	2013	0
Oklahoma	2011	0
	2012	0
	2013	0
Oregon	2011	0
	2012	0
	2013	0
Pennsylvania	2011	0
	2012	0
	2013	0
Rhode Island	2011	0
	2012	0
	2013	0
South Carolina	2011	0
	2012	0
	2013	0
South Dakota	2011	0
	2012	0
	2013	0
Tennessee	2011	0
	2012	0
	2013	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Texas	2011	1
	2012	0
	2013	0
Utah	2011	0
	2012	0
	2013	1
Vermont	2011	0
	2012	0
	2013	0
Virginia	2011	1
	2012	0
	2013	0
Washington	2011	0
	2012	0
	2013	0
West Virginia	2011	0
	2012	0
	2013	0
Wisconsin	2011	0
	2012	0
	2013	0
Wyoming	2011	0
	2012	0
	2013	0
Total	2011	4
	2012	5
	2013	4

Table No. 3

Status of Franchised Outlets – TAB Businesses
For years 2011 to March 2014

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons*	Outlets at End of the Year
Alabama	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
Arizona	2011	3	0	0	0	0	2	1
	2012	1	0	0	0	0	1	0
	2013	0	1	0	0	0	0	1
Arkansas	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	1	0
	2013	0	1	0	0	0	0	1
California	2011	8	0	0	0	0	1	7
	2012	7	1	3	0	0	0	5
	2013	5	1	0	1	0	0	5
Colorado	2011	6	0	0	0	0	0	6
	2012	6	1	1	0	0	0	6
	2013	6	2	0	0	0	0	8
Connecticut	2011	4	0	0	0	0	1	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Delaware	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Florida	2011	5	0	0	0	0	1	4
	2012	4	0	0	0	0	2	2
	2013	2	0	0	1*****	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons*	Outlets at End of the Year
Georgia	2011	3	0	0	0	0	1	2
	2012	2	1	0	0	0	0	3
	2013	3	1	0	0	0	1	3
Hawaii	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Idaho	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	1	0	0
Illinois	2011	8	0	0	0	0	0	8
	2012	8	1	0	0	0	1***	8
	2013	8	2	0	0	0	1	9
Indiana	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Iowa	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Kansas	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Kentucky	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons*	Outlets at End of the Year
Louisiana	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Maine	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Maryland	2011	5**	0	0	0	0	0	5
	2012	5**	2	0	0	0	4***	3
	2013	3	0	0	0	0	0	3
Massachusetts	2011	2	0	0	0	0	1	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	1	1
Michigan	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Minnesota	2011	5	0	0	0	0	1	4
	2012	4	1	0	0	0	0	5
	2013	5	0	0	0	0	2	3
Mississippi	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Missouri	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons*	Outlets at End of the Year
Nebraska	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Nevada	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
New Hampshire	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
New Jersey	2011	9	1	0	0	1	4	5
	2012	5	1	1	0	0	1***	4
	2013	4	1	0	0	0	0	5
New Mexico	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
New York	2011	7	0	0	0	0	0	7
	2012	7	2**	0	0	0	1	8
	2013	8	0	0	0	0	1	7
North Carolina	2011	6**	0	0	0	0	0	6
	2012	6**	1	0	0	0	0	7
	2013	7	1	0	0	0	1	7
Ohio	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons*	Outlets at End of the Year
Oklahoma	2011	2	0	0	0	0	0	2
	2012	2	2	0	0	0	1	3
	2013	3	0	0	0	0	0	3
Oregon	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Pennsylvania	2011	6	0	0	0	0	0	6
	2012	6	1	0	0	0	1	6
	2013	6	1	0	0	0	0	7
Rhode Island	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	1	0
South Carolina	2011	2**	0	0	0	0	0	2
	2012	2**	1	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Tennessee	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Texas	2011	14**	2	0	0	0	1	15
	2012	15**	0	0	0	0	2*****	13
	2013	13	1	0	0	0	0	14
Utah	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	1	0	0	0	1	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations- Other Reasons*	Col. 9 Outlets At End of the Year
Vermont	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Virginia	2011	6	1	0	0	0	3	4
	2012	4**	0	0	0	0	2*****	2
	2013	2	0	0	0	0	0	2
Washington	2011	2	0	0	0	0	2	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Wisconsin	2011	3	0	0	0	0	1	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Wyoming	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Total for the United States	2011	125	6	0	0	1	19	111
	2012	111	18	5	0	0	17	107
	2013	107	17	0	2	1	9	112

Status of Franchised Outlets – TAB Businesses - Canada
For years 2011 to March 2014

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations- Other Reasons*	Col. 9 Outlets At End of the Year
Alberta, Canada	2011	2	0	0	1	0	0	1
	2012	1	0	0	1	0	0	0
	2013	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 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations- Other Reasons*	Col. 9 Outlets At End of the Year
British Columbia, Canada	2011	4**	1	0	0	0	1***	4
	2012	4**	0	0	0	0	1****	3
	2013	3**	0	0	1	0	0	2
Manitoba, Canada	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Ontario	2011	10	0	0	0	0	3	7
	2012	7	2**	0	0	0	1***	8**
	2013	8	4	0	0	0	1	11
Caracas, Venezuela	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Total International	2011	18	1	0	1	0	4	14
	2012	14	2	0	1	0	2	13
	2013	13	4	0	1	0	0	15

Notes:

* Franchisees in this column signed Voluntary Termination Agreements, ceased to operate their TAB Business after signing Exhibit IV, abandoned their TAB Business, transferred their business, are deceased or failed to communicate with TAB within the 10 weeks prior to the date of this disclosure document in fiscal year 2013 or through the date of this FDD.

** Franchisee(s) operates more than one territory under multiple franchise agreements.

*** Franchisee(s) transferred the TAB Business to a new or existing Franchisee.

**** Franchisee terminated one franchise agreement and continues to operate a TAB Business under another franchise agreement.

***** Franchisee continues to operate a TAB Board as an Independent Facilitator Coach for TAB

1. The TAB Business was owned by two partners. The franchise agreement was terminated and each partner signed their own franchise agreement to operate their own TAB Business.

Table No. 4

Status of Company-Owned Outlets – TAB Businesses
For years 2011 to March 2014

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	1	0	0	0	1
Florida	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	1	0	0	0	1
Georgia	2011	1	0	0	0	0	1
	2012	1	0	0	1	0	0
	2013	0	0	0	0	0	0
Hawaii	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	1	0	0	0	1
Idaho	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	1	0	0	0	1
Indiana	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Ohio	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Virginia	2011	0	0	0	0	0	0
	2012	0	1	0	0	0	1
	2013	1	0	0	0	0	1
Texas	2011	0	0	0	0	0	0
	2012	0	1	0	0	0	1
	2013	1	0	0	1	0	0
Total	2011	7	0	0	2	0	5
	2012	5	2	0	2	0	5
	2013	5	3	0	1	0	7

Table No. 5

Projected Openings As of December 31, 2014

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Alabama	0	1	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	1	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0	0
Georgia	0	1	0
Hawaii	0	1	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	1	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	1	0
Ohio	0	0	0
Oklahoma	0	0	0
Pennsylvania	0	1	0
Rhode Island	0	0	0
South Carolina	0	1	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	1	0
Virginia	0	0	0
Washington	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Canada	0	1	0
Total	0	10	0

A list of the names of all Franchisees and the addresses and telephone numbers of their TAB Businesses are listed in **Exhibit G** to this Franchise Disclosure Document. A list of the names, city and state and current business telephone numbers or last known home telephone numbers of all Franchisees who have had a TAB Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with Us within 10 weeks of the date of this Franchise Disclosure Document are listed in **Exhibit H** to this Franchise Disclosure Document.

If you buy this Franchise, Your contact information may be disclosed to other buyers when You leave the franchise system.

Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, such as in voluntary termination agreements, current and former Franchisees sign provisions restricting their ability to speak openly about their experience with TAB Businesses. 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.

We do not know of any trademark-specific Franchisee organization associated with the TAB System.

ITEM 21

FINANCIAL STATEMENTS

Attached to the Franchise Disclosure Document as **Exhibit I** are Our audited financial statements as of December 31, 2012, 2013 and 2014.

ITEM 22

CONTRACTS

Attached to this Franchise Disclosure Document are the following:

- A. List of State Administrators And Agents for Service of Process
- B. Franchise Agreement
 - B I Addendum To Franchise Agreement
 - B II Statement Of Ownership
 - B III Guaranty And Assumption Of Franchisee's Obligations
 - B IV Non-disclosure And Non-competition Agreement

- B V Conditional Assignment Of Telephone And Directory Listings, Etc.
- B VI Closing Acknowledgment
- B VII State Law Rider
- B VIII Trademarks
- C. Marketing Agreement
- D. Field Support Training Services Agreement
- E. CRM System Use Agreement
- F. Operations Manual Table Of Contents
- G. List Of Franchisees
- H. Franchisees Who Have Left The System
- I. Audited Financial Statements
- J. State Law Addenda and Riders
- K. Grant Of Franchisor Consent And Franchisee Release For Use In Maryland
- L. Satellite Website Agreement
- M. Receipt

ITEM 23

RECEIPT

On the last 2 pages of this Franchise Disclosure Document (**Exhibit M**), you will find two copies of the Receipt page. You must sign, date, and deliver the copy of the Receipt page labeled TAB to us for Our records.

**EXHIBIT A
(TO FRANCHISE DISCLOSURE DOCUMENT)**

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	<p>Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104-4428 415-972-856</p> <p>1515 K Street, Suite 200 Sacramento, CA 95814-4052 916- 445-2705</p> <p>1350 Front Street, Rm 2034 San Diego, CA 92101 619- 525-4233</p> <p>320 West 4th Street, Suite 750 Los Angeles 90013-2344 213-576-7500</p> <p>45 Fremont Street, Suite 1700 San Francisco, CA 94105 415-263-8500</p> <p>300 S. Spring Street, Suite 15513 Los Angeles, CA 90013 (213) 897-2085</p> <p>7575 Metropolitan Drive, Suite 108 San Diego, CA 92108 (619) 682- 7227</p>	<p>Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 213-576-7500</p>
CONNECTICUT	<p>Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 203-240-8299</p>	<p>Connecticut Banking Commissioner Same Address</p>
FLORIDA	<p>Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 904-922-2770</p>	<p>Same</p>
GEORGIA	<p>Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790</p>	<p>Same</p>

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-573-2200 502-696-5389 - Angie	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-7044	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEBRASKA	Department of Banking and Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-3445	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231 Mrs. Lassoff 212-416-8236 Mr. Grimes 212-416-8235
NORTH CAROLINA	Secretary of State's Office/Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 919-733-3924	Secretary of State Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 401-277-3048	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General 233 Richmond Street Providence, RI 02903-4232
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

**EXHIBIT B
(TO FRANCHISE DISCLOSURE DOCUMENT)**

FRANCHISE AGREEMENT



TAB BOARDS INTERNATIONAL, INC.
FRANCHISE AGREEMENT

Franchisee: _____

Date: _____ 2014

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TAB BOARDS INTERNATIONAL, INC.
FRANCHISE AGREEMENT
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TAB BOARDS INTERNATIONAL, INC.

FRANCHISE AGREEMENT

THIS AGREEMENT (“Agreement”) is made this _____ day of _____, 2014, (**“Effective Date”**) between TAB BOARDS INTERNATIONAL, INC. (**“TAB”**), a Colorado corporation located at 11031 Sheridan Boulevard, Westminster, Colorado 80020, _____ (**“You”**), located at _____ who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

RECITALS

TAB has developed and owns or licenses the Licensed Methods for use in operating a Business;

TAB grants to qualified third parties the right to use the Licensed Methods to operate a Business within a defined Protected Territory;

You or Your Managing Party (if You are a partnership, limited liability company, corporation or other entity) are an experienced businessperson who desires the right to establish and operate a Business using the Licensed Methods within a Protected Territory under the terms and conditions of this Agreement; and

TAB desires to grant You the right to establish and operate a Business using the Licensed Methods within the Protected Territory under the terms and conditions of this Agreement.

DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning as set forth below:

“Additional Revenue from the TAB Opportunity” means revenue through tools introduced or promoted by TAB Boards International, Inc. and revenue through Ancillary Business services provided to TAB Members.

“Advanced Business Development Training” means the training provided by TAB as described in the Operations Manual and further set out in **Section 7.1(a)(iii)**.

“Affiliate” means individually or collectively any and all entities and/or individuals controlling, controlled by, or under common ownership with TAB, including Direct Communication Services, Inc., Fishman Business Consultants, Inc., and TAB Boards International (Canada) Corporation.

“Agreement” means this instrument and any and all exhibits, addendums, riders and attachments to this Agreement as the same may be amended, modified or supplemented from time to time in accordance with the provisions of this Agreement.

“Amounts Collected on Your Behalf” means the Gross Revenue from the TAB Opportunity, and other fees invoiced and collected by TAB on Your behalf from Your TAB Members through TAB’s billing and collection services as further described in **Section 5.3(a)**.

“**Ancillary Business**” means consulting or other business services if such consulting or other business services are not the same as or similar in nature to those that form a part of the TAB Business or Licensed Methods or qualify as Competitive Activity as further described in **Section 14.1**.

“**Anti-Terrorism Laws**” mean Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other applicable present and future national, federal, state, provincial and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority of any nation (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“**Board(s)**” or “**TAB Board(s)**” means the groups of business leaders who become TAB Members and participate in Board Meetings.

“**Board Meeting(s)**” or “**TAB Board Meeting(s)**” means the meetings of a TAB Board where You, Your Managing Party or a Contract Facilitator acts as the Facilitator.

“**Business**” or “**TAB Business**” means the operation of a business using the Licensed Methods, TAB System and Trademarks to form TAB Boards of TAB Members; Facilitate TAB Board Meetings; and provide coaching, which may but is not required to include SBL Coaching, to TAB Members.

“**Business Assessment Fees**” means a fee paid by TAB Members for their registration as a new TAB Member as further described in **Section 5.2(t)**.

“**Business Judgment**” is defined in **Section 21.17**.

“**Calendar Quarter**” shall mean a consecutive three month period beginning on the first days of January, April, July or October.

“**Calendar Year**” shall mean a consecutive 12 month period beginning on January 1 and ending on December 31.

“**Change of Membership Status Report**” means the report provided to TAB that provides TAB Member status change information or such other information as prescribed by TAB.

“**Coaching Services**” means the business coaching services conducted by a business coach designated by TAB as further described in **Section 7.1(b)**.

“**Competitive Activity**” is defined in **Section 14.2**.

“**Confidential Information**” is defined in **Section 14.3(a)**.

“**Confirmation Promotional Gift**” means the item You deliver to a person that signs up to attend a Marketing Event.

“**Consumer Price Index**” means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All items, and Major Group Figures for all Urban Consumers (CPI U 1982 – 84 = 100).

“Continuing Advanced Training” means the advanced training You and/or Your Managing Party and Your Contract Facilitators must attend should TAB offer such training, as further described in **Section 7.1(c)**.

“Contract Facilitator” means an individual that has satisfactorily completed TAB’s training and is engaged by a TAB franchisee in such TAB franchisee’s TAB Business to form and/or facilitate TAB Boards and to provide coaching to TAB Members as further described in **Section 11**.

“Contract Facilitator Agreement” means the form of contract facilitator agreement (including all exhibits, ancillary documents and guarantees attached thereto) to be entered into by You and Your Contract Facilitators, as further described in **Section 11.3**.

“Contract Facilitator Training” means the required training a Contract Facilitator must satisfactorily complete to become a certified TAB Facilitator and SBL Coach as further described in **Section 7.3**.

“Contract Facilitator Training Fee” means the then current fee TAB charges for Contract Facilitator Training as further described in **Section 5.2(k)**.

“Copyrighted Materials” means all manuals, the Operations Manual, Licensed Methods, systems, logos, designs, marketing materials, layouts of advertising materials, copyrights, writings, recordings, binders, videos, Satellite Website content, other web content, electronic files, agreements, forms, books, software and printed materials, etc. including all revisions, changes, modifications and derivatives of or to any of the foregoing, related to the TAB Business or provided to You by TAB, its designees or its Affiliates, including all additions, modifications, derivatives, alterations and improvements thereto.

“CRM System” means the designated customer relationship management system required to be used in Your Business.

“Date of Adjustment” means the same date each year that the annual increases in the Minimum Royalty Fee, products and services are determined as further described in **Section 5.3(g)**.

“Default” means Your failure to comply with Your obligations under this Agreement or the Operations Manual or Your meeting the conditions described in **Sections 17.2** or **17.3**.

“Effective Date” means the date on which this Agreement is executed by the last party to sign.

“Facilitator(s)”, “TAB Facilitator(s)” or “Facilitate” means an individual who promotes, organizes and conducts TAB Board Meetings in full compliance with TAB requirements or the act thereof.

“Facilitator Intranet” means the Intranet available to Facilitators.

“Field Support Training Service” means the support and training provided to You in Your Protected Territory at the time periods scheduled by TAB as set out in the Operations Manual and further described in **Section 7.1(d)**.

“Field Support Training Service Fee” means the then current fee You pay TAB for additional Field Support Training Services You may receive after Your Initial Training Program as further described in **Section 0**.

“**Franchise Marketing Account**” means the segregated commercial or savings bank account set up by TAB as a marketing fund as more fully described in **Section 10.1**.

“**FST**” or “**Field Support Trainer**” means an individual who provides Field Support Training Services to You.

“**FST Travel and Living Expenses**” means the travel, accommodation and living expenses incurred by the FST during the period the FST provides Field Support Training Services as further described in **Section 5.2(d)**.

“**Gross Revenue from the TAB Opportunity**” means gross revenue derived from Membership Dues; Business Assessment Fees; and revenue from Supplemental Products and Services, if any.

“**Gross Received Revenue**” means all Membership Dues and Business Assessment Fees received by You or TAB from the operation of Your TAB Business.

“**Guarantors**” means those individuals identified on **Exhibit III**.

“**Holdover Fee**” means the fee You will pay TAB if You continue to operate the TAB Business during the Interim Period as more fully described in **Section 5.2(p)**.

“**Initial Franchise Fee**” means the fee You will pay TAB to purchase the right to operate a TAB Business as more fully described in **Section 5.1(a)**.

“**Initial Term**” means the 10 year period commencing from Your Start of Business Operations.

“**Initial Training Fee**” means the fee You will pay TAB for Your initial training as more fully described in **Section 5.1(b)**.

“**Initial Training Program**” means the Training Program, Field Support Training Services, Advanced Business Development Training and New TAB Franchisee Business Coaching provided by TAB as more fully described in **Section 7.1(a)**.

“**Interim Period**” means the month-to-month period that You continue to operate the TAB Business beyond the Initial Term of this Agreement or any subsequent Successor Terms.

“**International Conference**” means the conference(s) produced by TAB at such location designated by TAB as more fully described in **Section 7.2**.

“**International Conference Facilitator Registration Fee**” means the registration fee You must pay for the International Conference as more fully described in **Section 5.2(h)**.

“**Improvements**” means any new intellectual property, inventions, copyrights, trade secrets, concepts, processes, products, or improvements to the operation or promotion or otherwise in relation to the TAB Business and/or Licensed Methods or any derivatives thereof.

“**Licensed Methods**” means individually and collectively, the TAB System, SBL System, TAB Business Vantage[®] Tool, Strategic Business Leadership[®] Program, Confidential Information, Trade Secrets, Copyrighted Materials, Trademarks, Operations Manual and all other related TAB proprietary materials.

“**Managing Party**” means, if You are a partnership, corporation, limited liability company or other legal entity, the individual owner or partner of such partnership, corporation, limited liability company or other legal entity whom You designate to have management responsibility for operating Your Business.

“**Marketing Commitment**” means the required marketing, advertising and promotional activities described in the Operations Manual for Your TAB Business as further described in **Section 9.2(a)**.

“**Marketing Development Fee**” means the monthly fee You pay to TAB which is deposited in the Franchise Marketing Account as further described in **Section 5.2(l)**.

“**Marketing Event**” means the marketing event that prospective TAB Members in Your Protected Territory are invited to attend to learn about the value of TAB membership.

“**Marketing Fee**” means the amount You pay TAB to provide Marketing Support for a required Mass Marketing Campaign and for the first six months of Your Marketing Commitment as more fully described in **Section 5.1(c)**.

“**Marketing Lists**” means the lists of Prospects in Your Protected Territory.

“**Mass Marketing Campaign**” means a marketing campaign You conduct as part of Your TAB Business to solicit prospects in Your Protected Territory to attend a Marketing Event or a one-on-one meeting to become TAB Members as further described in **Section 9.1**.

“**Marketing Support**” means the marketing support provided by TAB or its Affiliates or designees as described in the Operations Manual to assist You in a Mass Marketing Campaign as further described in **Section 9.3**.

“**Marketing Threshold**” means annual Gross Revenue from the TAB Opportunity plus the Additional Revenue from the TAB Opportunity from TAB Members as further described in **Section 9.5(b)**.

“**Member(s)**” or “**TAB Member(s)**” means business leaders who participate in the TAB Boards You form and Facilitate and/or to whom You provide coaching.

“**Member Administration and Support Fee**” means the monthly fee You must pay TAB for TAB’s administrative services as further described in **Section 5.2(g)**.

“**Membership Dues**” means the dues You will charge Your TAB Members for participating in Boards and fees You charge Your TAB Members for receiving coaching.

“**Membership Information**” means all aspects of soliciting new TAB Members, written agreements with TAB Members, Member lists, TAB Member information and records (including names, addresses, phone numbers and e-mail addresses), Marketing Lists, documents, correspondence, files, lists of renewal dates, rates and literature of whatever form regarding Boards, TAB Members or prospective TAB Members with whom You discuss or have an appointment to discuss any of the Licensed Methods or the Business in the past, present, or future. The term Membership Information does not include Your work product or matters related solely to an Ancillary Business.

“**Minimum Royalty Fee**” means the minimum monthly fee You pay TAB beginning the tenth month after Your Start of Business Operations.

“**New TAB Franchisee Business Coaching Services**” means business coaching You receive from a business coach designated by TAB as further described in **Section 7.1(a)(iv)**.

“**New Member Kits**” includes general membership information for Your new TAB Members.

“**Operations Manual**” means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, memoranda, roll out guides, order forms, packing slips, invoices, letters, e-mail, Internet or Intranet data, manuals, electronic materials, written materials, audio, websites, training materials, other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of TAB for use by franchisees generally or for You in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the TAB Business, use of the Trademarks and/or the Licensed Methods, as same may be added to, deleted or otherwise amended by TAB from time to time as further described in **Section 6.4**. The “**Operations Manual**” may also be referred to as the “**Confidential Manual**.”

“**Other Businesses**” means businesses that may use the Licensed Methods but do not involve forming or facilitating a Board and do not use any of the TAB Trademarks, or words that are confusingly similar to the TAB Trademarks. Such Other Businesses may include, without limitation, business educational briefings, seminars/workshops, training, sales, groups of single discipline business professionals and business coaching/consulting services.

“**Previous Or Existing Social, Business Or Personal Relationship**” means a prospective TAB Member with whom You have a relationship that existed before the Effective Date, or that developed out of an association that occurred naturally and was not solicited.

“**Promotional Materials**” means brochures, books, videos, DVDs, CDs, slides, forms, and other promotional materials TAB requires You to have for use in Your TAB Business, including the Start-Up Kit and New Member Kit, or such additional or replacement items that TAB may determine.

“**Prospect Exception**” is a prospective TAB Member that has (1) A Previous Or Existing Social, Business Or Personal Relationship with You; (2) been referred to You by a TAB Member, or other party who personally knows the referred prospective TAB Member (so long as such referring party did not solicit such prospective TAB Member outside Your Protected Territory on Your behalf); or (3) attended a Marketing Event in Your Protected Territory presented by You before the Effective Date if You were an authorized Contract Facilitator for TAB or for another franchisee before You became a Franchisee.

“**Protected Territory**” means the area up to 15,000 total businesses, as determined by third party vendor(s) selected by TAB, in which You will operate Your TAB Business that is specifically described in **Exhibit I**.

“**Reporting Date**” means December 31.

“**Renewal Fee**” means the fee You pay to TAB to renew Your right to operate the Business for a Successor Term as more fully described in **Section 5.2(q)**.

“**Prospects**” means those prospective TAB Members with offices in Your Protected Territory who operate businesses that meet certain TAB Member specifications set out in the Operations Manual.

“**Royalty Fee**” means the monthly fee You pay TAB based on a percentage of annual Gross Revenue from the TAB Opportunity after Your Start of Business Operations.

“**Satellite Website**” means the website TAB licenses to You for use in Your TAB Business.

“**Satellite Website Set Up and URL Fee**” means the one-time fee You pay for TAB to set up a Satellite Website and set up a URL for Your use in Your TAB Business as further described in **Section 5.2(s)**.

“**SBL Coach**” means the person who provides SBL Coaching.

“**SBL Coaching**” means business planning coaching for TAB Members, which includes a business planning process for business owners and the businesses they own, using the SBL System.

“**SBL Marks**” mean such service marks, logos, designs, trademarks, trade dress and trade names as may presently exist or which may be modified, changed, or acquired by TAB or its Affiliates in connection with the operation of the SBL System, including but not limited to the Strategic Business Leadership[®] trademark.

“**SBL System**” or “**Strategic Business Leadership[®] System**” means the proprietary methods, processes and system of providing business planning coaching including the know-how, Confidential Information, Trade Secrets, Licensed Methods and materials associated with it, as they may be changed, improved, modified and further developed by TAB and its Affiliates from time to time.

“**Start of Business Operations**” means the date You begin the operation of the TAB Business as further described in **Section 8.4**.

“**Start-Up Kit**” means branded folders, brochures and/or such additional or replacement items that TAB may determine.

“**Strategic Business Leadership[®] Program**” means the proprietary program used in association with the SBL System.

“**Successor Term**” means additional 10 consecutive year periods each following the Initial Term, or such other period set out in the agreement then in effect between TAB and You.

“**Supplemental Products and Services**” mean such books, audiotapes, videotapes, CDs, DVDs, Web based assessments, newsletters and other products and services developed by TAB or its Affiliates for use in the TAB Business.

“**TAB Business Vantage[®] Tool**” means TAB's proprietary method used for analyzing a TAB Member's business.

“**TAB Indemnified Parties**” means TAB, its subsidiaries and Affiliates and their respective shareholders, directors, officers, employees, attorneys, agents, successors and assigns.

“**Training Program**” means the minimum, six day initial training conducted by TAB or its designee at TAB's corporate headquarters, or such other location designated by TAB.

“**TAB System**” means the proprietary methods, processes and systems to operate a Business, including know how, Confidential Information, Trade Secrets, Licensed Methods associated with it, as may be changed, improved, modified and further developed by TAB and its Affiliates from time to time.

“**TAB Trademarks**” means such service marks, trademarks, trade dress and trade names as may presently exist or which may be modified, changed or acquired by TAB or its Affiliates that they license in connection with the operation of the TAB System.

“**Technology Fee**” means the then current monthly license fee charged by TAB for use of the CRM System and the Satellite Website, as further described in **Section 5.2(m)**.

“**Trademarks**” means individually and collectively, the SBL Marks and the TAB Trademarks. The current Trademarks are shown on **Exhibit VIII** which may be amended, revised or deleted by TAB at any time.

“**Trade Secrets**” means information, including systems, patterns, compilations, programs, methods, techniques or processes that both derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

“**Transfer**” is defined in **Section 16.2(b)**.

“**Transfer Fee**” means the fee You pay TAB for a Transfer as more fully described in **Section 5.2(r)**.

“**You**” or “**Your**” is applicable to all persons, corporations, limited liability companies, partnerships, other entities and the Managing Party. You, Your owners, Your assignees and transferees, which in the context are applicable to an individual or individuals, will mean the owner or owners of an equity or voting interest of the Business or any such assignee or transferee, if You or such assignee or transferee is a corporation, partnership, limited liability company or other entity.

1. GRANT OF LICENSE

1.1 **LICENSE TO OPERATE A BUSINESS.**

(a) **Grant.** Subject to all the terms and conditions of this Agreement, TAB grants You, and You accept, a license to use the Licensed Methods solely for the purpose of operating a Business during the Initial Term within the Protected Territory. The rights granted to You by this Agreement are limited to the Protected Territory and are subject to the reservation of rights described in **Section 1.2.**

(b) **Additional Businesses.** Nothing in this Agreement grants You any right of first refusal, options, right to acquire additional Businesses from TAB or any third party or right to increase Your Protected Territory. You may qualify for an additional Business if:

- (i) You are in full compliance of this Agreement and the Operations Manual at all times;
- (ii) You demonstrate to TAB, in accordance with **Section 9.5** that You meet the Marketing Threshold; and
- (iii) You and Your Guarantors meet TAB’s then current qualifications for franchisees.

Even if You meet the above qualifications, it is within TAB's sole discretion whether to offer or grant You the right to acquire additional TAB Businesses.

1.2 **RESERVATION OF RIGHTS.** You acknowledge that the license granted hereunder, including in **Section 1.1(a)**, is nonexclusive and, notwithstanding anything contained in this Agreement to the contrary, certain rights are retained and reserved as described below.

(a) **To TAB And Its Affiliates.** The following rights are reserved to TAB and its Affiliates, and their successors and assigns:

- (i) Except as provided for in **Section 2.1(b)**, to use, and license the use of, the Licensed Methods or component(s) thereof, for the operation of Businesses inside or outside Your Protected Territory, regardless of proximity to the Protected Territory;
- (ii) To use, and license the use of, the Licensed Methods or component(s) thereof, for the offering and/or providing of Supplemental Products and Services anywhere within or outside of Your Protected Territory;
- (iii) To use, and license the use of, the Licensed Methods and Trademarks or component(s) thereof, to market and conduct on an international, nationwide, regional or local basis, conventions, conferences, briefings, workshops and/or seminars for TAB Members or Non-TAB Members, in person or through electronic media or other forms of communication anywhere within or outside Your Protected Territory;
- (iv) To have direct communications, including without limitation, conducting research surveys and testing programs with any party anywhere within or outside of Your Protected Territory. Such direct communications may include, but are not limited to, TAB or its designee contacting You, Your Members and Your prospective Members. You agree to cooperate by participating in such direct communications, as reasonably requested by TAB;
- (v) To offer and sell, and/or license or franchise others to offer and sell, products and services for Other Businesses and market Other Businesses to anyone, including prospective and existing TAB Franchisees and TAB Members anywhere within or outside of Your Protected Territory. TAB may obtain prospect lists from any sources or through any methods of developing prospects for Other Businesses;
- (vi) To acquire businesses that are the same as or similar to the Business and operate such businesses anywhere within or outside of Your Protected Territory and to be acquired by any third party which operates businesses that are the same as or similar to the Business anywhere within or outside of Your Protected Territory;
- (vii) To use alternative distribution channels, such as the Internet, to offer and sell products and services that may use the Licensed Methods under the Trademarks or other trademarks within or outside of Your Protected Territory; and

(b) **To Allen E. Fishman.** Allen E. Fishman and his successors and assigns reserve the right to give talks, write books and otherwise communicate information in any form relating to the TAB System and the SBL System and to use the Trademarks in connection therewith anywhere within or outside of Your Protected Territory.

(c) **To Direct Communications Services, Inc.** Direct Communications Services, Inc. and its successors and assigns reserve the right to use any of the methodology, aspects, elements or know-how

of the SBL System anywhere within or outside of Your Protected Territory, for any purpose whatsoever. But, DCS does not have the right to use the SBL Marks.

2. PROTECTED TERRITORY

2.1 PROTECTED TERRITORY.

(a) Your Protected Territory. Your Protected Territory is set out on Exhibit I of this Agreement.

(b) TAB and Affiliates Prohibited Activities. Subject to Section 1.2 and so long as You are not in Default of this Agreement, during the Initial Term and Interim Period, TAB and its Affiliates will not engage in or license others to engage in:

(i) the operation of a Business in Your Protected Territory; or

(ii) soliciting prospective TAB Members with offices only in Your Protected Territory for participation in Boards that You do not Facilitate, except for Prospect Exceptions and those prospective TAB Members that have offices within and outside Your Protected Territory.

(c) Characteristics Of Your Protected Territory. You acknowledge that Your Protected Territory may vary significantly in terms of size, number of total businesses and demographics from the protected territories of other franchisees due to density of population, business potential, business practice or any other conditions deemed important by TAB and TAB will have no obligation to grant You like or similar variations.

3. TERM

3.1 INITIAL TERM. The initial term of this Agreement will be for a period of 10 years, commencing with Your Start of Business Operations, unless terminated sooner in accordance with this Agreement.

3.2 INTERIM PERIOD.

(a) Hold Over. If You do not sign the then current franchise agreement prior to the expiration of the Initial Term as set out in Section 4.1(b), and You continue to accept the benefits of this Agreement after it expires, then at TAB's option, this Agreement may be treated either as (1) expired as of the date of expiration with You then operating without a license to do so and in violation of TAB's rights; or (2) continued for the Interim Period until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice. In the latter case, all of Your and TAB's obligations shall remain in full force and effect during the Interim Period (except as provided for in Section 3.2(b)) as if this Agreement had not expired, and all obligations and restrictions imposed on You upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

(b) Fees During Hold Over. If, for any reason, You continue to operate the Business beyond the Initial Term or any subsequent Successor Term, You will pay to TAB on a monthly basis the Hold Over Fee as set out in Section 5.2(q).

4. SUCCESSOR TERM

4.1 **SUCCESSOR TERM.** Upon the expiration of the Initial Term of this Agreement, You have the option to renew Your right to operate the Business for additional 10 year Successor Terms each, if You meet the following conditions. If You fail to meet the following conditions, TAB may refuse to renew Your right to operate the Business for additional Successor Terms.

(a) Delivery of written notice to TAB of Your intent to renew. The notice must be received no earlier than 12 months and not later than six months prior to the expiration date of the Initial Term or Successor Term under which You are then operating;

(b) Not later than 90 days before the expiration date of the Initial Term or Successor Term, You will execute the then current Franchise Agreement. The new franchise agreement will supersede this Agreement and may contain materially different terms and fees from those contained in this Agreement. There shall not, however, be another Initial Franchise Fee charged in connection with the extension of Your right to operate the Business. **IN TAB'S SOLE DETERMINATION, YOU MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND YOUR RIGHTS TO OPERATE THE BUSINESS (AND YOUR OPTION TO RENEW SHALL THEREUPON TERMINATE) IF YOU FAIL TO EXECUTE AND RETURN TO TAB THE THEN CURRENT FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY TAB WITHIN 30 DAYS AFTER THEIR DELIVERY TO YOU OR FAIL TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 4.**

(c) Not later than 90 days before the date of expiration of this Agreement, You will pay TAB a Renewal Fee in the amount set out in **Section 5.2(r)**;

(d) You and Your owners must have executed and delivered to TAB a general release (in a form prescribed by TAB) of all claims against TAB and its Affiliates;

(e) Prior to expiration of the Initial Term or any Successor Terms, You will have attended and satisfactorily completed such refresher training, if any, as TAB may require as a condition of renewal, in its sole discretion and pay TAB the then current fee(s) for such refresher training, if any;

(f) You must have cured any and all curable Defaults under this Agreement and any other agreement between You and TAB and its Affiliates. Your failure to cure any such Defaults or the existence of any such Defaults which by their nature are not curable by the date that is 90 days before the expiration of the applicable Initial Term or Successor Term, will invalidate and nullify any right You may have to renew the right to operate a Business;

(g) You must not have committed and received notice of two or more Defaults of this Agreement in the 24 months prior to the end of the Initial Term or any Successor Term, even if such Defaults were timely remedied;

(h) You, Your Managing Party, owners, and Guarantors must be in compliance with TAB's then current qualifications and standards; and

(i) You must have all licenses, insurance, registrations and approvals required by TAB or applicable governing authority to operate the Business in the Protected Territory, if any.

5. PAYMENTS TO TAB OR THIRD PARTIES

5.1 **PAYMENTS DUE AT TIME OF SIGNING FRANCHISE AGREEMENT.** You must pay the following amounts to TAB at the time You sign this Agreement as further set out in **Exhibit I** to this Agreement. These fees are non-refundable:

- (a) **Initial Franchise Fee.** An Initial Franchise Fee in the amount of \$44,000.
- (b) **Initial Training Fee.** An Initial Training Fee of \$19,500 for the Initial Training Program.
- (c) **Marketing Fee.** You will pay the fee for Marketing Support for Your required Mass Marketing Campaign and six months of the Marketing Commitment described in **Section 9.2(a)** in the amount of \$18,800.

5.2 **PAYMENTS DUE AFTER SIGNING FRANCHISE AGREEMENT.** In addition to other fees and charges as may be described elsewhere in this Agreement, You will pay the following fees and charges to TAB, its Affiliates or third parties, as designated by TAB. The fees and charges are not refundable under any circumstance.

- (a) **Royalty Fee.** During the nine months from Your Start of Business Operations, You will pay TAB a monthly Royalty Fee in the amount of 20% of the first \$150,000 of Calendar Year Gross Revenue from the TAB Opportunity; and 10% of the Calendar Year Gross Revenue from the TAB Opportunity equal to \$150,001 and greater as follows:

AMOUNT OF ANNUAL GROSS REVENUE FROM THE TAB OPPORTUNITY	ROYALTY FEE
\$0.00 - \$150,000; and	20%
\$150,001 AND greater	10%

Beginning on month 10, You will pay TAB a monthly Royalty Fee in the amount of the GREATER of the Royalty Fee above and the monthly Minimum Royalty Fee as follows:

MONTHS FROM YOUR START OF BUSINESS OPERATIONS	MONTHLY MINIMUM ROYALTY FEE
10 – 13	\$450
14 – 18	\$900
19 – 24	\$1,350
25 and remainder of the Initial Term	\$1,800

You will not pay the Royalty Fee on revenue generated from providing business consulting services to TAB Members or Non-TAB Members (provided that the business consulting services do not include tools and programs introduced, developed or promoted by TAB). If You purchase an ongoing TAB Business from a Franchisee (Transferee) You will pay TAB monthly the fee that is the GREATER of the Royalty Fee above and the monthly Minimum Royalty Fee in the amount of \$1,800 beginning the first month of Your Start of Business Operations.

(b) **Field Support Training Service Fee for Additional Field Support Training Services.** If TAB provides You with additional Field Support Training Services after the completion of Your Initial Training Program, You will pay the then current fee TAB charges for additional Field Support Training Services. The Field Support Training Service Fee is due upon receipt of invoice or may be deducted from Amounts Collected on Your Behalf, as determined by TAB.

(c) **FST Travel and Living Expenses.** You will pay the FST's Travel and Living Expenses, not to exceed \$1,500 per each consecutive four days that You receive Field Support Training Services. Payment is due upon Your receipt of invoice.

(d) **TAB Promotional Materials.** You will receive an initial set of Start-Up Kits and New Member Kits at no charge in the amounts specified by TAB. We may charge our then current rate, plus shipping, for additional Start-Up Kits or New Member Kits.

(e) **Supplemental Products And Services.** If required by TAB, You will pay TAB the then current costs for any Supplemental Products and Services, if any, You offer through Your Business. Prices may include a mark-up reasonable to TAB.

(f) **Other Products And Services.** You will pay TAB the then current fees for any additional products and services it may offer to You from time to time. Prices may include a mark-up reasonable to TAB.

(g) **Member Administration And Support Fee.** Beginning the first day of the month of Your Start of Business Operations or the date specified in **Exhibit I** (if earlier), You will pay TAB a monthly Member Administration and Support Fee at the then current rate for each of Your TAB Members.

(h) **International Conference Facilitator Registration Fees.** The then current International Conference Facilitator Registration Fee for You or Your Managing Party and one additional attendee regardless of attendance (although attendance is mandatory). This International Conference Facilitator Registration Fee is for the programming dedicated solely to the Facilitator portion of the International Conference (and does not include any TAB Member conference expense). If You elect to have additional attendees at the International Conference (over the two attendees included in the then current International Conference Facilitator Registration Fee), You will pay TAB the then current fee for additional attendees. You will also pay for all travel and living expenses for You, Your Managing Party and Your additional participants who attend International Conferences.

(i) **Confirmation Promotional Gift.** You will pay TAB the then current fees for Confirmation Promotional Gifts. However, You will not be required to pay more than a total of \$400 for Confirmation Promotional Gifts for Your required Mass Marketing Campaign.

(j) **Coaching Service Fees and Expenses.** You will pay TAB the then current coaching service fees and expenses for the period You receive Coaching Services after Your Initial Training Program as set out in **Section 7.1(b)**. You are also responsible for all applicable telephone or other communication expenses incidental to the provision of the Coaching Services.

(k) **Contract Facilitator Training Fee.** If You elect to have a Contract Facilitator, You will pay the then current Contract Facilitator Training Fee for each of Your Contract Facilitators attending Contract Facilitator Training. Payment of the Contract Facilitator Training Fee is due no later than 10 days from the date of invoice.

(l) **Marketing Development Fee.** At the time You start paying Your Royalty Fee, You will pay TAB a Marketing Development Fee in the amount of 2% of Your Gross Received Revenue. Beginning the 13th month after Your Start of Business Operations, the Marketing Development Fee will be the greater of:

- (i) \$200; and
- (ii) 2% of Your Gross Received Revenue.

Your Marketing Development Fee will be deposited by TAB into the Franchise Marketing Account, as further described in **Section 10.1**.

(m) **Technology Fee.** You will pay the then current monthly Technology Fee to TAB for the right to use the CRM System and the Satellite Website.

(n) **Additional Marketing Support Fee.** You will pay the then current fee for additional Marketing Support that You may request after You complete Your required Mass Marketing Campaign (“**Additional Marketing Support Fee**”).

(o) **Collection Costs.** You will pay TAB, its Affiliates or a designated third-party for all collection costs incurred to collect past-due sums from Your TAB Members; provided that, such expenses will not be incurred without Your prior approval.

(p) **Hold Over Fee.** The Hold Over Fee is the greater of:

- (i) the Minimum Royalty Fee You were paying to TAB when the Initial Term of this Agreement or any subsequent Successor Term expired; or
- (ii) 50% of the Gross Revenue from the TAB Opportunity collected from Your TAB Members during each month in which You continue to operate the Business pursuant to **Section 3.2(a)**.

(q) **Renewal Fee.** The Renewal Fee is \$5,000.

(r) **Transfer Fee.** The Transfer Fee is \$7,500.

(s) **Satellite Website Set Up and URL Fee.** You will pay the then current one-time Satellite Website Set Up and URL Fee in accordance with the Satellite Website Agreement.

(t) **Business Assessment Fee.** For each new TAB Member, You will pay TAB a portion of the Business Assessment Fee in the amount that is the greater of:

- (i) \$100; or
- (ii) 20% of the Business Assessment Fee.

5.3 **PAYMENT TERMS.**

(a) **Method Of Payment.** TAB will use its reasonable efforts to collect the Amounts Collected on Your Behalf. After deducting the fees or amounts You owe TAB or its Affiliates, TAB will pay You the balance of Amounts Collected on Your Behalf on or about the 10th business day of each month. TAB shall have no responsibility to You for Your share of any Amounts Collected on Your Behalf if a TAB Member fails to pay TAB any sums owed. You bear the risk of uncollectibility from Your TAB Members. At TAB’s determination, certain fees may be payable in accordance with the terms

and conditions of the invoice sent to You; provided that, nothing herein is intended to prevent TAB from deducting any fees and sums owed by You to TAB or its Affiliates from Amounts Collected on Your Behalf. You are prohibited from directly billing Your Gross Revenue from the TAB Opportunity without TAB's prior written approval. All such billing will be provided by TAB as part of the Member Administration and Support Fee. You are responsible for Your billing for Your consulting services that do not include tools and programs introduced, developed or promoted by Us.

(b) **Shipping.** You agree to pay all shipping costs, according to the terms of the invoices from TAB, its Affiliates or third parties.

(c) **Credit Card Fees; EFT Fees.** For any Gross Revenue from the TAB Opportunity paid by a credit card accepted by TAB or electronic fund transfers, the credit card fees and electronic funds transfer fees will be allocated as follows:

- (i) You will pay 80% of the credit card fees and TAB will pay 20% of the credit card fees for Membership Dues, Business Assessment Fees and Additional Revenue from the TAB Opportunity (other than the Ancillary Business which are billed directly by You).
- (ii) You are solely responsible for any electronic funds transfer fees.

You are prohibited from arranging for separate credit card processing or electronic funds transfer processing for Your Business. You may arrange for Your credit card processing for any Ancillary Business.

(d) **Interest On Late Payments; Late Fees.** All amounts, fees and charges which You owe to TAB, its Affiliates or service providers will bear interest from the date due until fully paid at 18% per annum or the maximum rate allowable by applicable law, whichever is less. We may also assess our current late charge for any late or non-submittals or reports, tips or the like.

(e) **Application Of Payments And Right To Off Set.** If the Amounts Collected on Your Behalf are not sufficient to pay the applicable fees and amounts owed to TAB or its Affiliates in any given month, TAB will bill You for the difference, and You must pay this amount directly to TAB within seven days of the date of notice from TAB of the deficiency. If You fail to pay such amounts when due, in addition to any other rights and remedies that TAB may have, TAB may deduct and off-set the amounts due, plus any applicable penalties, late fees and/or interest, from Amounts Collected on Your Behalf in the future. Further, TAB shall have sole discretion to apply any payments received from You or any indebtedness of TAB to You, to any past due indebtedness of You, Your Managing Party or Your affiliates to TAB or its Affiliates of whatever nature and without regard to when such indebtedness arose and/or to interest.

(f) **Payment Of Taxes.** You are solely responsible for paying any withholding, federal and state income taxes, social security taxes, sales taxes and any other taxes incurred on behalf of You, Your Managing Party, owners, contractors, employees or Your Business. You will reimburse TAB, its Affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected by, or paid by TAB, its Affiliates or designees, on account of services or goods furnished to You by TAB, its Affiliates or designees, through sale, lease or otherwise or on account of collection by TAB, its Affiliates or designees, on any payments or fees made by You to TAB, its Affiliates or designees required under the terms of this Agreement.

(g) **Increases For Fees, Products, And Services.** TAB has the right to increase any fees due from You and charges for any products, materials and services provided to You (whether referred to

in this **Section 5** or elsewhere in this Agreement), based on TAB's Business Judgment, from time to time. TAB will notify You of such increases at least 30 days before they go into effect. Annual increases in the Minimum Royalty Fee are limited to the percentage increase in the Consumer Price Index calculated on the Date of Adjustment. The annual adjustment to the Minimum Royalty Fee, if any, will be applied beginning the first January following Your first full 12 months after Your Start of Business Operations and each January thereafter, based on the previous calendar year's Consumer Price Index. Notwithstanding anything herein to the contrary, the prices shall never decrease below the prices for the same items in the previous year. The 10% or 20% Royalty Fee will not be subject to a Consumer Price Index increase.

(h) **Refunds.** If TAB refunds any Amounts Collected on Your Behalf, You will be required to return to TAB any funds TAB distributed to You from such TAB Member that are the subject of such refund within 10 days of the date of invoice sent by TAB.

6. SERVICES AND ASSISTANCE PROVIDED BY TAB

6.1 **TAB'S SERVICES.** TAB will offer You initial and continuing services prior to Your Start of Business Operations that TAB deems necessary or advisable in furthering Your Business and the Licensed Methods as a whole. TAB's failure to provide any particular service, either initial or continuing, shall not excuse You from any of Your obligations under this Agreement.

6.2 **INITIAL SERVICES.** Currently, the initial service provided by TAB, its Affiliate, area developer or designee prior to Your Start of Business Operations shall include:

- (a) Designating Your Protected Territory as stipulated in **Section 2.1(a)** and **Exhibit I**;
- (b) Providing a Training Program as part of the Initial Training Program as further described in **Section 7.1(a)(i)**;
- (c) Providing You with home study materials prior to Your attending the Training Program described in **Section 7.1(a)(i)**;
- (d) Loaning You, during the Initial Term and any Interim Period, TAB's Operations Manual. The Operations Manual is further described in **Section 6.4**;
- (e) Providing You with an initial set of Start-Up Kits and New Member Kits. Additional copies of Start-Up Kits and New Member Kits may be provided to You at Your request. TAB may charge You its then current reproduction fees and shipping;
- (f) Providing You with a license to use the CRM System;
- (g) Providing You with the Satellite Website;
- (h) Providing You with access to the Facilitator Intranet; and
- (i) Providing You with guidance, strategy and advice for Your TAB Business at Your reasonable request during TAB's regular business hours via the telephone, e-mail or other means determined by TAB.

6.3 **CONTINUING SERVICES.** Currently, the continuing services provided by TAB, its Affiliate, designee or area developer after Your Start of Business Operations shall include:

(a) For the Member Administration and Support Fee, providing You with administration services including:

- (i) Invoicing and routine collections for the Membership Dues and Business Assessment Fees;
- (ii) Sending payment reminder notices;
- (iii) Developing, producing and distributing to You and Your TAB Members the Tips from the Top[®] news letter. The newsletter will be distributed through the method determined by TAB;
- (iv) Sending, reviewing and evaluating periodic surveys and/or evaluations to TAB Members;
- (v) Providing access to a Member Intranet;
- (vi) Providing periodic reports and/or newsletter for franchisees with ideas and advice about the TAB Business; and
- (vii) Providing various membership administrative functions, from time to time, in TAB's determination.

(b) Providing the Field Support Training Services, Advanced Business Development Training and New TAB Franchisee Business Coaching as part of the Initial Training Program as further described in **Sections 7.1(a)(ii), (iii) and (iv)**;

(c) Producing an annual International Conference;

(d) In TAB's determination, providing You with public relations release formats, local marketing plans and materials and other promotional and marketing materials, including, without limitation, newspaper ads, radio commercials, sales aids, and other promotional and marketing materials for use by You in Your Protected Territory. You will pay any duplication costs for such materials;

(e) Providing You with Marketing Support for Your required Mass Marketing Campaign;

(f) Assigning You a designated business coach to provide You with the New TAB Franchisee Business Coaching Services for six months. We may change Your designated business coach at anytime;

(g) Providing You with Continuing Advanced Training, as TAB may determine from time to time. You will pay Your communication costs to participate in the Continuing Advanced Training;

(h) Subject to availability, providing You with Contract Facilitator Training for Your Contract Facilitators;

(i) Making a representative reasonably available to speak with You via the telephone, e-mail or other means during TAB's normal business hours, as TAB determines is necessary, to discuss Your Business and marketing, strategy and advice for Your Business. TAB may charge You for additional assistance or resources that You request;

(j) Providing You with support for the first six months of Your Marketing Commitment;
and

(k) In TAB's sole determination, developing improvements, new services and products, from time to time, for use in the TAB Business, including Supplemental Products and Services, which will become part of the Licensed Methods.

6.4 **OPERATIONS MANUAL.**

(a) **General Provisions.** In order to protect TAB and to maintain the standards of operation associated with the Licensed Methods, the Operations Manual may contain mandatory and suggested specifications, standards and procedures for the operation of Your Business as well as information relative to Your other obligations hereunder. All such specifications, standards and operating procedures will be reasonable in TAB's Business Judgment and will not fundamentally alter Your status and rights under this Agreement. Specifications, standards, and procedures prescribed from time to time by TAB in the Operations Manual, or otherwise communicated to You in writing, will constitute provisions of this Agreement as if fully set forth herein. The official current version of the Operations Manual, and any other TAB loaned manuals, are available online on the Facilitator Intranet.

(b) **Changes To Operations Manual And Licensed Methods.** You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers and/or presently unforeseen technological and other innovations, the Licensed Methods may change to best serve the interests of TAB, You, other franchisees and licensees and the Licensed Methods. Accordingly, You expressly understand and agree that TAB may from time to time, in its sole discretion, (1) change the components of the Licensed Methods; (2) delete, add to, or otherwise modify the products and services which the Business is authorized to offer; (3) change, improve or modify the Trademarks; and (4) delete, add to or otherwise modify the Operations Manual. You may be notified of such changes by any method, including but not limited to, e mail, posting the changes to the Facilitator Intranet, mail, teleconference or facsimile. But, You are responsible for checking the Facilitator Intranet for changes to the Operations Manual and You will be responsible for any updates and changes set out in the Operations Manual, at Your cost, regardless of whether You receive notice from TAB.

(c) **Ownership of Operations Manual.** You hereby acknowledge that the Operations Manual is loaned to You and shall at all times remain the sole and exclusive property of TAB. You are prohibited from making copies of or otherwise disseminating the Operations Manual. Upon expiration or termination of this Agreement for any reason whatsoever, You shall forthwith return all copies of the Operations Manual which You may have to TAB.

6.5 **PERFORMANCE OF SERVICES.**

(a) **Notice.** If You believe TAB has failed to adequately provide pre-opening and opening services to You as provided in this Agreement, including **Sections 6.2** and **6.3**, You shall notify TAB in writing within 30 days following the completion of such services provided. Absent the timely provision of such notice to TAB, You shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by TAB were sufficient and satisfactory in Your judgment.

(b) **Level Of Service.** TAB is not obligated to perform services set forth in this Agreement to Your particular level of satisfaction, but as a function of TAB's experience, knowledge and Business Judgment. TAB does not represent or warrant that any other services will be provided to You, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, You must obtain a commitment to provide such service or level of service in writing signed

by an authorized officer of TAB, otherwise TAB shall not be obligated to provide any other services or specific level or quality of services.

7. TRAINING

7.1 TRAINING PROGRAMS.

(a) **Initial training program.** TAB or its designee will provide You with an Initial Training Program that consists of:

- (i) ***Training Program.*** Prior to Your Start of Business Operations, a minimum six day training program at TAB's corporate training and support location, or such other location designated by TAB. You or Your Managing Party must attend and satisfactorily complete the Training Program within six months of signing this Agreement. The dates of Your scheduled Training Program are set forth in Exhibit I. You must complete any home study requirements in the Operations Manual prior to attending the Training Program.
- (ii) ***Field Support Training Services.*** TAB will provide You with Field Support Training Services for up to 16 days at the period of time designated by TAB. You are responsible for the FST Travel and Living Expenses as set out in **Section 5.2(c).**
- (iii) ***Advanced Business Development Training.*** At the time scheduled by TAB, TAB will conduct a minimum two day Advanced Business Development Training at TAB's corporate training and support location, or such other location or means designated by TAB. You must attend and satisfactorily complete the Advanced Business Development Training at such time period designated by TAB. You must complete any home study requirements in the Operations Manual prior to attending the Advanced Business Development Training.
- (iv) ***New TAB Franchisee Business Coaching Services.*** After You complete the Training Program described in **Section 7.1(a)(i).** TAB or its designated business coach will provide You with, and You will participate in, business coaching for a period of six months at the frequency set out in the Operations Manual. There is no additional fee for the first six months of New TAB Franchisee Business Coaching Services.
- (v) ***Training Curriculum.*** The Initial Training Program curriculum will be determined by TAB and may include required home-study in addition to the classroom training. Upon satisfactorily completing the Initial Training Program You will receive TAB's certification as a "Certified TAB Facilitator."
- (vi) ***Number Of Attendees.*** In addition to You or Your Managing Party attending the Training Program described in **Section 7.1(a)(i).** You may, upon TAB's prior approval and space availability, elect to have additional people attend the Initial Training Program. The Initial Training Fee will cover the costs for You or Your Managing Party to attend the Training Program described in **Section 7.1(a)(i).** If You elect to have additional participants attend the Training Program described **Section 7.1(a)(i).** You will pay TAB the then current fees for additional participants in accordance with TAB's invoice. You will also pay all travel, living expenses and wages, if any, that You, Your Managing Party and/or any additional attendees incur to attend.

(b) **Coaching Services.** Subject to business coach availability, You may be required by TAB to participate in additional business coaching at any time You do not meet the Marketing Threshold. The services of the business coach may be provided in such manner as TAB or its designated business coach determines (e.g., by telephone, e-mail, fax and in some cases, in person). You will pay TAB its then current fees coaching service fees and expenses.

(c) **Continuing Advanced Training.** You or Your Managing Party and Your Contract Facilitators, if any, will be required to participate in any Continuing Advanced Training. The Continued Advanced Training may be provided via various methods including but not limited to, telephone or internet. TAB may require You or Your Managing Party and Your Contract Facilitators who participate in the Continuing Advanced Training to complete and satisfactorily pass exams after each Continuing Advanced Training sessions. TAB does not currently charge a fee for the Continued Advanced Training; however, You will pay Your communication expenses to participate.

(d) **Field Support Training Service.** Subject to FST availability, You may, but are not required, to request additional Field Support Training Services. If You elect to have additional Field Support Training Services, You will be required to pay the then current Field Support Training Services Fee and the FST Travel And Living Expenses as described in **Sections 5.20** and **(c)**.

7.2 **CONFERENCES.**

(a) **International conference.** TAB will produce, on an annual basis, an International Conference, at a time and place designated by TAB. You are required to attend the International Conference each year, absent extenuating circumstances acceptable to TAB. During any year, International Conferences may consist of any combination of conferences for You, Your Managing Party, Contract Facilitators and TAB Members.

(b) **Periodic Conferences And Seminars.** TAB may, but is not required to hold additional mandatory and voluntary conferences for You, Your Managing Party, TAB Members and/or Contract Facilitators. TAB will not require You, Your Managing Party or Contract Facilitators to attend more than two mandatory conferences in any calendar year. The International Conference Registration Fee does not include costs to attend a Member conference.

7.3 **CONTRACT FACILITATOR TRAINING.**

(a) **Scheduling.** Specific class dates for the Contract Facilitator Training will be scheduled by TAB in its sole judgment and will be subject to availability and other training schedules. TAB may cancel scheduled Contract Facilitator Training if attendance criteria are not met. Any costs incurred by You or Your Contract Facilitator as a result of any such cancellation, including, without limitation, any cost of re booking flights or accommodations, will be Your sole responsibility.

(b) **Conditions For Attending.** You must submit to TAB a fully executed Contract Facilitator Agreement and the then current Contract Facilitator Training Fee in accordance with **Section 5.2(l)** prior to any Contract Facilitator attending Contract Facilitator Training.

8. YOUR DUTIES; OBLIGATIONS AND OPERATING STANDARDS

8.1 TRAINING.

In addition to the other obligations set forth in other sections of this Agreement, You are required to do the following, and restricted from doing those things where noted.

(a) **Training Programs.** You or Your Managing Party will attend and successfully complete the Initial Training Program and any Continuing Advanced Training that TAB may choose to offer. If You or Your Managing Party fail to satisfactorily complete the Initial Training Program or Advanced Business Development Training TAB may require You or Your Managing Party to re-take the Initial Training Program or portion thereof and pay the then current training Initial Training Fee, if any.

(b) **Training Program For New Managing Party.** In the event You replace Your Managing Party that previously attended and satisfactorily completed the Training Program described in **Section 7.1(a)(i)**, Your new Managing Party, must attend and satisfactorily complete the Training Program described in **Section 7.1(a)(i)** and the Advanced Business Development Training within 30 days of becoming the Managing Party or such other period agreed to by TAB. You will pay TAB the then current Initial Training Program fee and Advanced Business Development Training fee, if any.

(c) **Training Program for Additional Owners.** In the event that You have any minority owners involved in Facilitation, SBL Coaching or marketing of the Business, the minority owner must attend and satisfactorily complete the Training Program described in **Section 7.1(a)(i)** and the Advanced Business Development Training prior to engaging in any Facilitation, SBL Coaching or marketing of the Business. You will pay TAB the then current Initial Training Program fee and Advanced Business Development Training fee, if any.

(d) **Contract Facilitator Training.** You are required to have Your Contract Facilitator(s) successfully complete the Contract Facilitator Training prior to Facilitating any of Your TAB Boards or providing SBL Coaching to Your TAB Members.

8.2 **CONFERENCES.** You or Your Managing Party must attend up to two mandatory conference(s) and/or International Conferences in any calendar year. You will use Your best efforts to encourage Your TAB Members to attend all Member conferences that TAB may produce for TAB Member participation. Your Contract Facilitators may also be required to attend up to two mandatory International Conferences in any calendar year.

8.3 OFFICE EQUIPMENT AND LOCATION.

(a) **Required Equipment.** You will own or lease and keep in good working order the computer hardware and software, LCD projector, phone lines, facsimile lines, Internet provider and other office equipment that TAB designates in the Operations Manual. You will also have a designated telephone line that is answered with identification of "The Alternative Board." All costs for acquiring and maintaining Your office equipment and communication lines will be Your sole responsibility.

(b) **Office Location.** Your office may be located in Your home or in a commercial office space located within Your Protected Territory.

(c) **E-Mail Account.** You will at all times maintain an active e-mail account and shall check the account regularly.

(d) **CRM System.** You are required to use the CRM System designated by TAB in the Operations Manual for the first year You operate Your TAB Business. You may elect, but are not required, to renew the license for the CRM System after the first year license expires. You are prohibited from using the CRM System for Ancillary Business services or products that are provided to non-TAB Members or any other product or service not authorized by TAB. You are also required to update the information in the CRM System weekly. TAB will have access to the CRM System at all times. TAB reserves the right to change the designated CRM System upon prior notice to You.

8.4 **START OF BUSINESS OPERATIONS.** Your Start of Business Operations is the date specified in **Exhibit I** of Your Franchise Agreement. Generally, this date is the first day of the month after You successfully complete the Training Program. But, if You acquired Your Business from another franchisee or You have operated as a Contract Facilitator engaged by either another TAB franchisee or TAB in a geographic area that includes some part of the Protected Territory, the date of Your Start of Business Operations may be earlier as determined by TAB.

8.5 **COMPLIANCE.**

(a) **With TAB's System Standards And Operations Manual.** You acknowledge and agree that operation of the Business in accordance with the Licensed Methods, Operations Manual and all present and future TAB standards, specifications, formats, processes, requirements, instructions and procedures are the essence of this Agreement and are essential to preserve the goodwill of the Licensed Methods. You further agree that You will operate Your Business in strict accordance with the terms of this Agreement, the Licensed Methods, Operations Manual and all present and future TAB's standards, specifications, formats and procedures. The failure to comply with mandatory standards, specifications, formats, processes, requirements, instructions and procedures constitutes a breach of this Agreement. All mandatory standards, specifications, formats, processes, requirements, instructions and procedures prescribed from time to time by TAB in the Operations Manual, or otherwise communicated to You, will constitute provisions of this Agreement.

(b) **Modifications.** You expressly agree to abide by any modifications, changes, additions, deletions and alterations TAB makes to the Licensed Methods, Operations Manual and TAB's, standards, specifications, formats, processes, requirements, instructions and procedures. You agree to execute any and all documents necessary to effectuate the changes. You agree to monitor the Facilitator Intranet frequently in order to stay abreast of new developments to the Operations Manual. Modifications, changes, deletions and alterations may require You to make additional expenditures born by You.

(c) **Required Licenses, Permits, And Certificates/Compliance With Law.** You warrant and represent that You have familiarized yourself with the laws, ordinances, regulations and licensing requirements which govern the operation of the Business in the Protected Territory. You agree to operate the Business in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, government regulations relating to workers' compensation insurance and unemployment insurance. Further, You are required to obtain any approvals required by law and to comply with all laws with respect to Your marketing efforts, including, without limitation, permission to fax, call or send e mail to prospects. You agree to obtain and maintain in force throughout the Initial Term and any Interim Period all required licenses, permits and certificates relating to the operation of the Business.

(d) **Payments.** You will pay TAB all fees due TAB under this Agreement within the time periods set out in any invoice, this Agreement or the Operations Manual.

8.6 **YOUR BUSINESS OPERATIONS.**

(a) **Operations Of TAB Boards.** After Your Start of Business Operations, You or Your Contract Facilitator will be required to Facilitate Your TAB Board(s) each month. You may not conduct TAB Board Meetings via television, cable, network, telephone, telecommunications device, computer or computer modem, closed circuit or satellite transmission or by technological means or methods in use now or developed during the Initial Term and Interim Period, without TAB's written approval.

(b) **TAB System And SBL System.** You will use the TAB System for forming and Facilitating Boards and when using the TAB Trademarks. You will use the SBL System for providing SBL Coaching only to Your TAB Members and when using the SBL Marks. You are also required to use the SBL System in Your Business. You will introduce the TAB Business Vantage[®] Tool and Strategic Business Leadership[®] Program to all of Your TAB Members and will use Your best efforts to utilize such tool and program with them.

(c) **TAB Board Presentations.** You will do presentations at Your TAB Board Meetings, and will attend the training for such presentations, as provided in the Operations Manual.

(d) **Best Efforts.** You agree at all times during the Initial Term and any Interim Period to faithfully, honestly and diligently perform Your obligations under this Agreement, including in the promotion and development of Your Business in Your Protected Territory.

(e) **Conduct.** You will at all times cooperate with TAB, existing and prospective TAB franchisees, TAB Members, and Affiliates in accomplishing the purpose of this Agreement. You agree, at all times, to give prompt, courteous, friendly, and efficient service to all current and prospective TAB Members. You agree to adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct when dealing with current and prospective TAB Members, suppliers, TAB, Affiliates and the public.

(f) **Presentation Of Uniform Image.** The presentation of a uniform image to the public is an essential element of the Licensed Methods. You therefore agree that Your Business will offer only such types and classes of services and products, including Supplemental Products and Services, that TAB authorizes from time to time for use by Your Business as set forth in the Operations Manual and this Agreement.

(g) **Cooperation.** You agree to cooperate with and communicate directly with TAB. You further agree to cooperate with TAB's efforts to directly communicate with Your existing and prospective TAB Members, including, without limitation, the research and testing programs as set forth in **Section 1.2(a)(iv).**

(h) **Contact Information.** You agree to notify TAB of any change of Your Business or personal address, telephone number, facsimile number or e-mail address within 10 days of any such change.

(i) **Tips From The Top[®] Newsletter And Participation In Message Boards.** You are required to submit three written business tips and points of business advice during each Calendar Quarter of each year for the Tips From The Top[®] newsletter. You are also required to provide advice on TAB sponsored message boards. Submissions must comply with TAB's then current guidelines for the publications. TAB may use the business tips or points of business advice if TAB decides to do so, in its sole discretion.

(j) **Testing.** As part of the Licensed Methods and as more fully set forth in the Operations Manual, TAB may require that You provide personality or behavioral testing or assessments for all of Your new TAB Members. In addition, TAB may require that You utilize a specific type of personality or behavioral testing or assessment method or program provided by a specific vendor in accordance with **Sections 8.8(a)** and **(b)**. TAB may waive the requirement to use a specific type of test or assessment or vendor if You can demonstrate to TAB that Your use of TAB's test or vendor would violate an agreement You have with another vendor or test provider that pre-exists the Effective Date.

(k) **Warranties And Guarantees.** TAB has developed or may develop certain product and service warranties and guarantees that it deems to be essential to the successful operation of the Business. You agree to furnish all authorized warranties and guarantees to all qualified TAB Members, prospective TAB Members of Your Business. You further agree to fully, accurately and clearly inform TAB Members and other customers of Your Business about such warranties and guarantees in accordance with the policies and procedures from time to time prescribed by TAB. You agree to honor all proper claims under such authorized warranties and guarantees issued by You and to otherwise fully comply with the obligations of such warranties and guarantees.

(l) **Promotions.** You shall fully participate in all such promotional campaigns, prize contests, special offers and other programs, national, regional or local in nature (including the introduction of new services, products and Supplemental Products and Services, or other marketing programs directed or approved by TAB), which are prescribed from time to time by TAB. You shall be responsible for the costs of such participation. In addition, You shall honor any coupons, gift certificates or other authorized promotional offers of TAB at Your sole cost unless otherwise specified in writing by TAB.

(m) **Marketing And Advertising.** You will comply with the marketing requirements set out in **Sections 9** and **10**. You will maintain an adequate supply of TAB Promotional Materials, and other marketing brochures, pamphlets and promotional materials as may be required by TAB from time to time.

(n) **New Member Kits; TAB Business Vantage[®] Tool; Strategic Business Leadership[®] Program.** You will provide each of Your new TAB Members and re-joining TAB Members with a New-Member Kit and access to TAB Business Vantage[®] Tool and Strategic Business Leadership[®] Program.

(o) **Contract Facilitators.** You will comply with the Contract Facilitator requirements set out in **Section 11**.

(p) **Satellite Website.** You will use the Satellite Website in Your Business. You are prohibited from using the Satellite Website for Ancillary Business or any other product or service not authorized by TAB.

(q) **Other Agreements.** You will comply with and perform all obligations under all other agreements between You, Your owners and/or Your affiliates and TAB or its Affiliates.

8.7 **THIRD PARTY AGREEMENTS.** You agree to comply with all agreements and obligations with third parties concerning Your Business, including, without limitation, all supplier agreements and terms of any TAB Member agreements. You agree to pay all obligations incurred in connection with Your Business on a timely basis.

8.8 APPROVED SUPPLIERS AND USE OF PRODUCTS.

(a) **Approved Products, Services, Supplies, Equipment And Materials.** You will use the required products, services, supplies, equipment and materials approved by TAB in the manner set out in the Operations Manual in Your Business, including but not limited to the TAB Promotional Materials and the Designated Materials. You must obtain TAB's prior written consent before You use or distribute other products, services, supplies, equipment and materials or offer any other type of products or services using the Licensed Methods.

(b) **Approved Suppliers.** You shall purchase all products, services, supplies, equipment and materials required for the operation of Your Business from manufacturers, suppliers or distributors designated or previously approved by TAB. You acknowledge and agree that TAB or its Affiliates may be the sole designated supplier, manufacturer or distributor of certain required or non-required products, services, supplies, equipment and materials. You agree to purchase from TAB directly those items specified by TAB from time to time.

(c) **Rebates.** You acknowledge and understand that TAB or its Affiliates may receive rebates, discounts, commissions, allowances, advantages, concessions and other benefits from such approved or recommended suppliers, manufacturers or distributors in relation to products, services, supplies, equipment and materials purchased by You. TAB is under no obligation to account for such Rebates to You or to share such Rebates with You.

(d) **TAB Promotional Materials.** You will purchase the TAB Promotional Materials, including the number of books and other publications that TAB reasonably specifies and believes, in its sole discretion, will benefit Your Business.

(e) **Your Suppliers.** If You desire to use any product, service, supply, equipment or material not supplied by TAB or an approved supplier, manufacturer or distributor that contains or bears any Licensed Methods, the product, service, supply, equipment or material and supplier, manufacturer or distributor must first be approved by TAB in writing. TAB may withhold its approval for any reason. TAB may require the supplier, manufacturer or distributor to pay to TAB a fee, as determined by TAB in its sole discretion, for use of the Licensed Methods.

(f) **Revocation Of Approvals.** TAB will have the right to impose reasonable limits on the number of approved suppliers, manufacturers and/or distributors of any product, service, supply, equipment or material. TAB will be entitled to revoke its approval of any product, service, supply, equipment or material and supplier, manufacturer and/or distributor if any (1) such product, service, supply, equipment or material fails to continue to meet TAB's standards and specifications; (2) supplier, manufacturer and/or distributor fails to continue to meet TAB's standards and specifications; or (3) supplier, manufacturer and/or distributor breaches any agreement it may have with TAB or its Affiliate.

(g) **Re-Sales.** You are only permitted to sell or otherwise provide the products, services, supplies, equipment or materials bearing or containing the Licensed Methods to TAB Members in the Protected Territory only in the manner authorized by TAB and to no other persons or entities. This prohibition includes former TAB franchisees and any distributor or any reseller of such products, services, supplies, equipment or materials. In addition, You cannot purchase products, services, supplies, equipment or materials bearing or containing the Licensed Methods from any of TAB's current or former TAB franchisees without TAB's prior consent, except as required by law.

8.9 **OWNERSHIP AND CONTROL OF BUSINESS.**

(a) **Ownership.** You, if You are an individual, or the Managing Party, if You are a partnership, corporation, company or other legal entity, will, at all times, own at least 51% of the equity interest and control of Your Business. At the time of execution of this Agreement, You will provide, and at any later time at TAB's request, You or Your Managing Party will promptly provide TAB with satisfactory proof of Your ownership. You will allow no changes in the ownership structure of Your Business without TAB's prior written consent.

(b) **Responsibility For Operation Of Your Business.**

(i) You or Your Managing Party will be responsible for directly supervising Your TAB Business. You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to TAB, this right and responsibility includes, without limitation, the employment, supervision and conditions of employment and discharge for Your employees, Contract Facilitators, and independent contractors, safety concerns and the achievement of conformity with the Licensed Methods.

(ii) TAB's retention and exercise of the right to approve certain matters, to inspect the Business and its operation and to enforce its rights exists only to the extent necessary to protect TAB's interest in the Licensed Methods for the benefit of TAB, its Affiliates, other franchisees and licensees. Neither the retention nor the exercise of such right is for the purpose of establishing any control, or the duty to take control, of Your Business nor shall they be construed to do so.

(c) **Independent Entity.** In all dealings with third parties including, without limitation, employees, suppliers, manufacturers, distributors, other franchisees, Contract Facilitators, TAB Members and customers, You shall disclose in an appropriate manner acceptable to TAB that You are an independent entity licensed by TAB. Any time You or Your Managing Party, Contract Facilitators or employees use their titles (e.g., president) it must be made clear that such person holds that position with Your entity and not with TAB.

(d) **Management.** You are prohibited from transferring, delegating, assigning or subcontracting Your obligations under this Agreement or the operation of Your Business to any third party or entity without TAB's prior approval.

(e) **Guaranty.** If You are a corporation, partnership, limited liability company, or other entity, or in the future become a corporation, partnership, limited liability company, or other entity, TAB will require Your officers, directors, shareholders, partners, members, managers, owners, and owner's spouses or domestic partners to sign the Guaranty And Assumption Of Franchisee's Obligations, attached hereto as Exhibit III.

8.10 **NON-DISCLOSURE AND NON-COMPETITION AGREEMENTS FOR ASSOCIATES.** At anytime You have an Associate as defined in the Non-Disclosure and Non-Competition Agreement attached hereto as **Exhibit IV**, You will have such Associate execute the Non-Disclosure and Non-Competition Agreement prior to the disclosure of any Confidential Information and Trade Secrets and deliver same to TAB within 10 days after such agreement is executed.

8.11 **ENFORCEMENT.** TAB may require Your compliance with the provisions of this **Section 8** even if it does not require such compliance by all franchisees.

9. MARKETING

9.1 **MASS MARKETING CAMPAIGNS.**

(a) **Requirement.** After Your Start of Business Operations You are required to conduct a Mass Marketing Campaign in accordance with the Operations Manual and the Marketing Support Agreement.

(b) **Timing.** Your Mass Marketing Campaign will be conducted during the periods determined by TAB and may be subject to Your ability to satisfactorily pass the core competency exam described in the Operations Manual and FST availability. If You do not pass the core competency exam described in the Operations Manual, TAB may reschedule Your Mass Marketing Campaign. You will be responsible for any additional costs incurred for re-scheduling any Mass Marketing Campaign.

(c) **Prospects.** The Mass Marketing Campaign will attempt to reach Prospects in Your Protected Territory in the manner set out in the Operations Manual.

(d) **Costs.** In addition to the Marketing Fee, You are required to pay for the costs, if any, for meeting rooms, food and equipment that meets TAB's specifications for Marketing Events in Your Protected Territory.

9.2 **ADDITIONAL MARKETING REQUIREMENTS.**

(a) **Additional Marketing Activities.** Except as provided in **Section 9.5**, beginning the seventh month after Your Start of Business Operations, and continuing throughout the Initial Term and any Interim Period, You must conduct the marketing, prospecting and sales activities and programs for Your Business per the guidelines set forth in the Operations Manual ("**Marketing Commitment**").

(b) **Use of TAB's Corporate Marketing Department.** You will use TAB's corporate marketing department to direct and oversee implementation of the required Mass Marketing Campaigns and the first six months of Your Marketing Commitment. Thereafter, You may, but are not required, to use TAB's corporate marketing department to direct and oversee Your ongoing required Marketing Commitment. TAB reserves the right to provide such services through Affiliates, designees, area developers or third parties.

(c) **Marketing Lists.** The Marketing Lists for Your Protected Territory will contain the names and other information for Prospects in Your Protected Territory. You will be required to purchase additional Marketing Lists, at Your cost, once per calendar year.

(d) **Equipment for Marketing Events.** You will confirm to TAB that You have all of the required equipment necessary to present Your Marketing Events prior to the first Marketing Event of Your required Mass Marketing Campaign. If You fail to provide such confirmation, TAB may (but is not required to) lease such equipment for You and charge the lease payments to You.

9.3 MARKETING SUPPORT.

(a) **Marketing Support for Mass Marketing Campaigns.** TAB will provide You with its then current Marketing Support as set out in the Operations Manual for the required Mass Marketing Campaign. Currently, the Marketing Support may include, but is not limited to, the services described in this **Section 9.3(a)**. TAB may change, delete, modify or otherwise alter the Marketing Support at any time.

- (i) Acquiring a Marketing Lists for Your Protected Territory; and
- (ii) Using reasonable efforts, in TAB's Business Judgment, to make at least one attempt to call a subset of the Marketing List (where phone numbers are available) inviting them to a Marketing Event or a one-on-one meeting for Your required Mass Marketing Campaign.

9.4 OTHER REQUIREMENTS.

(a) **Marketing Reports.** You will submit to TAB a marketing report by or before the 15th day of the month for the prior month's Marketing Commitment activities and amounts spent on the required Marketing Commitment in the form and requirements set out in the Operations Manual.

(b) **Copies to TAB.** You must include TAB as a mail/e-mail recipient in all Mass Marketing Campaigns and other activities that are part of Your Marketing Commitment that You conduct without using TAB's corporate marketing department.

9.5 MARKETING THRESHOLD.

(a) **Requirements.** If Your Gross Revenue from the TAB Opportunity Plus Your Additional Revenue from the TAB Opportunity from TAB Members meets the Marketing Threshold, You will not be required to comply with **Section 9.2(a)** for the upcoming consecutive calendar year. If Your Gross Revenue from the TAB Opportunity Plus Your Additional Revenue from the TAB Opportunity from TAB Members does not meet the Marketing Threshold, You will be required to comply with **Section 9.2(a)** for the upcoming consecutive calendar year.

(b) **Marketing Threshold.** The Marketing Threshold is \$150,000 per Calendar Year.

(c) **Threshold Reporting.** Beginning on the Reporting Date after Your Start of Business Operations and continuing for each Calendar Year thereafter, You will be required to provide TAB with a report of Your Gross Revenue From the TAB Opportunity PLUS Your Additional Revenue from the TAB Opportunity from Your TAB Members for the Calendar Year. You represent and warrant to TAB that all such reports are complete and accurate and TAB has the right to rely upon Your report as being complete and accurate.

9.6 **USE OF TAB'S METHODS.** The Mass Marketing Campaigns and marketing, prospecting and sales activities and programs for Your Business will be done using TAB's designated methods in accordance with and within the time frames set forth in the Operations Manual. There is no guarantee that the Mass Marketing Campaigns or the other marketing, prospecting and sales activities and programs required or recommended by TAB will achieve any minimum amount of results.

9.7 **MARKETING TO PROSPECTS OUTSIDE YOUR TERRITORY.** You may advertise, market, or otherwise solicit for prospective TAB Members that are outside Your Protected Territory in accordance with this **Section 9** and **Section 10** if:

- (a) the prospective TAB Member is a Prospect Exception;
- (b) You have received TAB's prior written approval; or
- (c) the prospect has at least one office within Your Protected Territory.

10. ADVERTISING

10.1 **FRANCHISE MARKETING ACCOUNT.**

(a) **Purpose.** You understand and acknowledge that the Marketing Development Fee and Franchise Marketing Account is intended to maximize general public recognition and patronage of the Licensed Methods and the products and services offered by the Businesses, for the benefit of all TAB's licensees and franchisees. TAB does not guarantee that advertising expenditures from the Franchise Marketing Account will benefit You or any other franchisee or licensee directly or on a pro-rata basis. TAB undertakes no obligation to ensure that the Franchise Marketing Account expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees or licensees operating in that geographic area.

(b) **Use Of Franchise Marketing Account.** The Franchise Marketing Account may be used for efforts that TAB believes, in its sole judgment, will help the marketing efforts of the Licensed Methods, including, but not limited to, production and placement of media advertising, media relations, salaries and administrative costs and creating and testing direct response literature, social media, website development and management, direct mailings, brochures, collateral material, advertising, surveys or other public relations expenditures, including agency costs and commissions and for other similar expenses. In any fiscal year, an amount greater or less than the aggregate contribution of all franchisees and licensees to the Franchise Marketing Account in that year may be spent. The Franchise Marketing Account may borrow from TAB or other lenders to cover deficits or invest any surplus for future use. Any amounts that remain in the Franchise Marketing Account at the end of each year accrue and may be applied toward the next year's expenses.

(c) **Administration.** The Franchise Marketing Account will be administered by TAB. Upon Your written request, TAB will send You an annual unaudited financial statement for the Franchise Marketing Account that indicates how the funds in the Franchise Marketing Account have been spent during the previous year. TAB does not have the Franchise Marketing Account audited, so audited financial statements are not available.

(d) **Overhead.** TAB may use reasonable amounts from the Franchise Marketing Account to pay for TAB's and its Affiliates' administrative and overhead costs, expenses and salaries related to the administration and operation of the Franchise Marketing Account and its programs, including conducting market research, social media, website development and management, preparing material and other programs as well as administration, collecting and accounting for Franchise Marketing Account contributions.

(e) **Liability.** TAB assumes no direct or indirect liability or obligation to You for collecting amounts due to any advertising account. TAB will not be liable for any act or omission with respect to

the Franchise Marketing Account, including but not limited to, maintaining, directing or administering the Franchise Marketing Account or any other advertising account. No action taken by TAB shall diminish Your obligation to pay the Marketing Development Fee. You and TAB agree that their rights and obligations with respect to the Franchise Marketing Account and all related matters are governed solely by this Agreement and neither this Agreement or the Franchise Marketing Account creates a trust, fiduciary relationship, or similar arrangement.

(f) **Termination Of Franchise Marketing Account.** The Franchise Marketing Account may be terminated at any time by TAB, in its sole discretion. In the event that the Franchise Marketing Account is terminated, any remaining balance in the Franchise Marketing Account will be expended as provided for in **Section 10.1(b)** or returned to You on a pro-rata basis, in TAB's sole determination.

10.2 **LISTINGS; DOMAIN NAMES; WEBSITES.**

(a) **Directory Listings.** You agree to list Your Business under the name "The Alternative Board[®]" or such other name TAB designates in both the online yellow pages and white pages of the principal, regular business telephone directory for the largest market within Your Protected Territory. You will list the Business in such directory categories as are specified by TAB and will use TAB's standard forms of listing, if any. Such classified directory listings may, at the option of TAB, be arranged for and placed by TAB and may list other franchisees and licensees of TAB to use the Trademarks, who are operating within the distribution area of such directories. In such a case, the cost of such advertisements will be reasonably apportioned among and paid by all franchisees and other licensees of TAB listed therein.

(b) **Domain Names.** You and Your Contract Facilitators are prohibited from using or registering any URL, e-mail address or website address that includes the Licensed Methods, or any portion thereof (including but not limited to "TAB" or "The Alignment Factor") without TAB's prior approval. You will prohibit Your Contract Facilitators from registering such URLs, e-mail addresses or website addresses without such prior approval. If TAB grants such approval, TAB will register the requested URL, e-mail address or website address and license the same to You for Your or Your Contract Facilitator's use during the Initial Term and any Interim Period or Contract Facilitator Agreement term, as the case may be. You will pay TAB for the cost to acquire the URL, e-mail address or website address and any renewals thereof. TAB owns all right, title and interest in and to any URL, e-mail address or website address that includes the Licensed Methods, or any portion thereof, used by You or any Contract Facilitator.

(c) **Websites.** You are required to use the Satellite Website in Your TAB Business. Neither You nor Your Contract Facilitators are permitted to use any Licensed Methods in any other website unless pre-approved by TAB in its sole determination. You will prohibit Your Contract Facilitators from using any Licensed Methods in any website without such prior approval. All such websites must at all times comply with TAB's specific corporate brand identity guidelines, as set forth in the Operations Manual.

(d) **Assignment.** You will execute the Conditional Assignment Of Telephone And Directory Listings, Etc. attached hereto as Exhibit V, upon executing this Agreement.

10.3 **OTHER ADVERTISING AND PUBLIC RELATIONS.**

(a) **Your Advertising Materials.** Subject to **Section 10.3(b)**, You may create Your own advertising materials that meet TAB's standards and requirements. All Your advertising must be

conducted in a dignified manner and the marketing medium (i.e., radio, television, print media, e-mail, yellow pages, newsprint, etc.) must be pre-approved by TAB.

(b) **Approvals.** You may only market prospective TAB Members or advertise Your Business using marketing and advertising materials and methods approved by TAB in the Operations Manual or otherwise in writing. You must submit all Your marketing and advertising materials to TAB for its approval and may not use any marketing and advertising materials without TAB's written approval. TAB will approve or disapprove of Your marketing and advertising within 15 days of the date TAB receives it. If TAB does not respond during the 15 days, the marketing and advertising are deemed disapproved. If TAB approves the marketing and advertising materials prepared by You, TAB may use such marketing and advertising materials and make them available to other franchisees, licensees or TAB's Affiliates.

11. CONTRACT FACILITATORS

11.1 CONDITIONS; APPROVALS.

(a) **Conditions.** To engage a Contract Facilitator, You must meet the following conditions:

- (i) You must be in compliance with the terms of this Agreement and the Operations Manual;
- (ii) You or Your Managing Party must be Facilitating at least one Board per month and providing monthly SBL Coaching;
- (iii) You must provide TAB with written notice that You request to engage a Contract Facilitator;
- (iv) Your Contract Facilitator must be approved by TAB, which approval will not be unreasonably withheld;
- (v) You must provide TAB with a fully executed copy of the Contract Facilitator Agreement prior to a Contract Facilitator attending the Contract Facilitator Training;
- (vi) You must pay TAB the then current Contract Facilitator Training Fee;
- (vii) Your Contract Facilitator must satisfactorily complete the Contract Facilitator Training described in **Section 7.3**; and
- (viii) If the Contract Facilitator was introduced to You by TAB or through TAB's franchise sales process, You must pay TAB any broker commission, referral fee and sales commissions.

(b) **Approvals.** TAB's approval of any Contract Facilitators is not an endorsement or warranty of the Contract Facilitator. You assume responsibility for recruiting, investigating and qualifying Your Contract Facilitators. TAB is in no way responsible for the actions or conduct of Your Contract Facilitators.

11.2 CONTRACT FACILITATOR REQUIREMENTS.

(a) **Guidelines.** Your creation of a sub-franchise relationship or business opportunity between You and Your Contract Facilitator is strictly prohibited by TAB. Therefore, Your use of

Contract Facilitators must strictly follow TAB's guidelines, as set forth in the Operations Manual, to avoid any sub-franchise relationship or a business opportunity. These guidelines include, but are not limited to, the following requirements:

- (i) You must use TAB's then current form of Contract Facilitator Agreement (subject to review by Your attorney) as provided in **Section 11.3**;
 - (ii) You and Your affiliates are prohibited from receiving any payments or reimbursements (including the Contract Facilitator Training Fee) from Your Contract Facilitators; and
 - (iii) You must pay for the Contract Facilitator Training Fee and for any products and services required for the operation of the Business, which are only available from TAB, its Affiliates or from a third party who gives TAB or You a rebate.
- (b) **Payments By Contract Facilitators.** Your Contract Facilitators may pay for the following:
- (i) Payments to TAB, its Affiliates or third parties (even if TAB or You receives a rebate), for purchases of optional, non-essential or merely recommended products or services for the Business; and
 - (ii) Payments directly to third parties, even if required, who are not affiliated with TAB or You for expenses relating to the Business, such as travel expenses and regular business expenses, that You or TAB do not receive a rebate.
- (c) **Failure To Provide TAB With Contract Facilitator Agreement Or Attend Contract Facilitator Training.** If You permit a Contract Facilitator to Facilitate a Board or provide SBL Coaching without a fully executed Contract Facilitator Agreement delivered to TAB or without satisfactorily completing the Contract Facilitator Training, You will be in Default of this Agreement.

11.3 **CONTRACT FACILITATOR AGREEMENT.**

- (a) **Termination.** You must notify TAB in writing no later than 10 days after termination of any Contract Facilitator Agreement.
- (b) **Compliance.** You are responsible for assuring that the Contract Facilitator complies with the lawful obligations contained in the Contract Facilitator Agreement. You are also responsible for ensuring that Your Contract Facilitator Facilitates the Boards and provides SBL Coaching in accordance with the requirements in the Operations Manual.
- (c) **Local Review.** TAB makes no representations or guarantees, express or implied, that the Contract Facilitator Agreement is legal and/or enforceable in any particular state. It is Your sole responsibility and expense to verify, with a licensed attorney in the state in which Your Protected Territory is located, that the Contract Facilitator Agreement meets the requirements of all applicable laws and/or regulations in Your Protected Territory.
- (d) **Payments.** You are solely responsible for paying Your Contract Facilitators any commissions or other payments due under the terms of the Contract Facilitator Agreement.

12. RECORDS AND REPORTS

12.1 RECORD KEEPING.

(a) **Bookkeeping System.** You agree to make use of a uniform bookkeeping system, accounting system, reporting forms and chart of accounts for Your Business that conforms to good business practices in the Protected Territory and that may be prescribed by TAB in the Operations Manual. All required financial information will be prepared in accordance with tax basis accounting, consistently applied, and will be accurate and complete in all material respects.

(b) **Record Retention.** You agree to retain all books and records, invoices, order forms, time cards, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursements journals and general ledgers used in the operation of or relating to Your Business during the Initial Term and any Interim Period, and for at least three years after the fiscal year to which they relate (or such longer period as may be required by law) at Your office or at a location that TAB will be kept advised. You also agree to retain all other pertinent information pertaining to Your Businesses, including but not limited to TAB Member Information, Change Of Membership Status Reports, Ancillary Business activities and TAB Member's contact information. You agree that You shall provide to TAB, at its option, copies or originals of such records described in this **Section 12.1** upon request.

12.2 REPORTS.

(a) **Tax Returns.** You will deliver copies of the Business and Your sales tax returns and federal and state income tax returns within 15 days of filing such tax returns. If these tax returns show an underpayment of any amounts owed to TAB, You must pay any amounts due to TAB plus interest as provided for in **Section 5.3(d)** within seven days of TAB's notice to You.

(b) **Membership Reports.** You agree to submit to TAB, no later than the 10th day of each month, TAB Member reports and completed Change of Membership Status Report in the form and substance provided in the Operations Manual.

(c) **Additional Revenue from the TAB Opportunity.** On the Reporting Date, or at such time as may be requested by TAB, You must submit to TAB, in a format prescribed by TAB in the Operations Manual, the annual Additional Revenue from the TAB Opportunity for the calendar year. You must also represent to TAB that such reports are accurate and disclose all Additional Revenue from the TAB Opportunity.

(d) **Gross Revenue from the TAB Opportunity.** On the Reporting Date, You must submit to TAB, in a format prescribed by TAB in the Operations Manual, the annual Gross Revenue from the TAB Opportunity for the previous calendar year. You must also represent to TAB that such reports are accurate and disclose all Gross Revenue from the TAB Opportunity.

(e) **Supplemental Products And Services Reports.** You must submit to TAB reports on sales for Supplemental Products and Services in the form for such report and at the frequency prescribed by TAB in the Operations Manual.

(f) **Marketing Reports.** You must submit to TAB the marketing reports described in **Section 9.4(a)**.

(g) **Use Of Reports.** TAB will be authorized to use information provided to TAB under this **Section 12**, without using Your name, to disclose the amount of such income to prospective franchisees

and others, including in TAB's Franchise Disclosure Document. You agree to provide to TAB and authorize TAB to use any financial information that TAB may reasonably request for use in any financial performance representation. You hereby authorize TAB to use such information under this **Section 12** in accordance with this **Section 12.2(g)**.

(h) **Ownership Of Records.** TAB owns all right, title, interest and control in and to the Member Information and records, prospective TAB Member information and records, and other records for the Business relating to the Licensed Methods, all of which constitutes Confidential Information and Trade Secrets of TAB.

12.3 **INSPECTIONS AND AUDITS.**

(a) **Right To Inspect And Audit Books And Records.** TAB and/or its authorized representative will have the right to enter Your place(s) of business during normal business hours, without prior notice, to examine, inspect and audit Your Business' bookkeeping and accounting records, sales and income tax records, tax returns and other books and records, including for Additional Revenue from the TAB Opportunity.

(b) **Right To Inspect And Audit Your Business Operations.** TAB will have the right to inspect and audit Your Business by any means determined by TAB. Such inspection includes the right by TAB or its designee, without notice, to attend and observe any and all activities that are part of the Business, including, without limitation, Your TAB Board Meetings, SBL Coaching and other private coaching sessions. TAB will also have the right to review the operation and administration of the Business by quality control testing, periodic field reviews, and such other tests, reviews, inspections and other reasonable actions deemed desirable by TAB. Except in the circumstances described in **Section 12.3(d)(i)-(iv)**, regardless of the number of such reviews, You will only be required to pay for the reasonable travel and accommodation expenses of the TAB designee conducting the review once every 36 months.

(c) **Your Cooperation.** You or Your Managing Party will be available upon reasonable notice by TAB during any inspections or audits described in this **Section 12.3**. You agree to fully cooperate with representatives of TAB, its designees and with independent accountants hired by TAB to conduct any such inspection or audit. You represent and warrant that all information provided to TAB and/or its designees and auditors during such inspections and audits will be complete and accurate in all material respects. The rights in this **Section 12.3** survive expiration or termination of this Agreement.

(d) **Audit And Inspection Results.** If any such examination, inspection, or audit discloses monies owed by You to TAB, You agree to pay to TAB, within seven days after receipt of the inspection or audit report, the amount due of such understatement, plus interest. TAB has the right to deduct these costs from Amounts Collected on Your Behalf. Such costs will include, without limitation, the costs, expenses and charges of any independent accountants and the travel expenses, room and board and compensation of parties employed by TAB to conduct such an examination, inspection or audit. You will also pay the reasonable costs incurred by TAB to conduct the examination, operational inspection, other inspection or audit if, such examination, inspection, or audit is made necessary by:

- (i) Your failure, within 30 days following specific written notice, to furnish reports, supporting records, financial statements or other documents or information as required in this Agreement or the Operations Manual;

- (ii) Your failure more than two times in any calendar year to furnish such reports, records, financial statements or other documents or information as required in this Agreement or the Operations Manual;
- (iii) Disclosure that amounts due TAB have been understated by more than 2% in any consecutive period of three or more months; or
- (iv) You have under or over reported Your Gross Revenue from the TAB Opportunity, Additional Revenue from the TAB Opportunity or other revenue generated from Your Business by more than 2%.

(e) **Collecting Gross Revenue from the TAB Opportunity.** You are prohibited from directly billing and collecting Gross Revenue from the TAB Opportunity. If You bill and collect such Gross Revenue from the TAB Opportunity directly, in addition to TAB's other remedies, the Royalty Fee set out in **Section 5.2(a)** will automatically increase to 50% and the applicable Minimum Royalty Fee will automatically increase by 50%.

13. PROPRIETARY MATERIALS AND TRADEMARKS

13.1 **OWNERSHIP.** You acknowledge and agree that:

(a) **Title.** TAB owns all right, title, interest and goodwill in and to the Licensed Methods, Operations Manual, Confidential Information, TAB Members, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates. You further acknowledge and agree that they have significant value. TAB desires to protect the goodwill therein and to preserve and enhance their value.

(b) **Your Right To Use.** Your right to use the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB derives solely from this Agreement and TAB has the sole right to control Your use of same. You only have the right to use the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB in the operation of Your Business during the Initial Term and any Interim Period and only in accordance with this Agreement.

(c) **Benefits Of Use Inure To TAB.** All goodwill and usage of the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates inure to the benefit of TAB. You acknowledge and agree that You have not acquired any right, title, interest, right to use or goodwill of the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates. In the event that You acquire any such rights, title or interest You agree to assign and hereby assign all such rights, title or interest to TAB.

(d) **Works Made For Hire.** All Copyrighted Materials created by You or any other person or entity retained or employed by You are "works made for hire" within the meaning of the United States Copyright Act and are the property of TAB. TAB is entitled to use and license others to use such

Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not “works made for hire” or rights in the Copyrighted Materials do not automatically accrue to TAB, You irrevocably assign and agree to assign to TAB, its successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights, in such Copyrighted Materials. You and the author of such Copyrighted Materials warrant and represent that such Copyrighted Materials are created by and wholly original with the author. Where applicable, You agree to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure TAB’s right in the Copyrighted Materials as required in this **Section 13.1(d)**.

(e) **Ownership Of Non-TAB Materials.** Any rights or ownership of material not related to TAB, its Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof or other proprietary information provided to You shall remain the property of the original owner(s) and must not contain any designations, words, logos, designs or references to TAB, its Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof or other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates.

(f) **Contest Ownership.** You will never dispute, contest or challenge anywhere in the world, directly or indirectly, the validity, enforceability, registration or application for registration of the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, URLs containing the Trademarks and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates or TAB’s ownership therein, nor counsel, procure, or assist anyone else to do the same. You will never take any action that is inconsistent with TAB’s ownership of the same, nor will You represent that You have any right, title or interest in the same other than those expressly granted by this Agreement.

(g) **Cooperation.** Upon TAB’s request, You will cooperate fully, both before and after termination or expiration of this Agreement in confirming, perfecting, preserving, and enforcing TAB’s rights in the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates. This includes, but is not limited to, executing and delivering to TAB such documents as TAB reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of services and products. You hereby irrevocably appoint TAB as Your attorney-in-fact for the purpose of executing such documents.

(h) **TAB Members.** TAB Members remain the property of TAB. You will not be permitted to assign or transfer Your right to provide Facilitation services or SBL Coaching to TAB Members granted under this Agreement without TAB’s prior approval.

13.2 **PERMITTED USE.** You acknowledge and agree that:

(a) **Limitation Of Use.** You will only use the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates in the identification, marketing, promotion or operation of Your Business during the Initial Term and Interim Period and only in compliance with this Agreement and TAB’s rules and guidelines set out in the Operations Manual. You further acknowledge and agree that You must obtain TAB’s prior approval before using the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary

information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates for purposes outside TAB's typical marketing purposes.

(b) **Business Identification.** Except as provided in **Section 13.3(b)** or otherwise in this Agreement, You will use the trademark "THE ALTERNATIVE BOARD" and/or "TAB" as the primary identification of Your Business. But, You agree to identify Yourself as the independent owner and operator of Your Business in the manner prescribed by TAB in the Operations Manual. You will not identify Yourself in a manner which may mislead someone that You are an employee or agent of TAB. You agree to prominently display the Trademarks in the manner prescribed by TAB in connection with Your Business's letterhead, marketing materials, advertising, forms and packaging. You further agree to more prominently display the Trademarks over any secondary name or designation in identifying Your Business and related products and services.

(c) **Use Of Trademarks With Other Trade Names.** You will obtain TAB's approval in accordance with the guidelines in the Operations Manual, which may be withheld in TAB's sole discretion, before using Your existing trade name or business name in conjunction with the use of the Trademarks. You will also obtain TAB's prior approval in accordance with the guidelines in the Operations Manual before using the Trademarks to co-sponsor an event that involves the use of the corporate name, trademark or other name, logo or symbol of a third party.

(d) **Use Of Other Trademarks.** If the Trademarks may not be used by You in all or part of the Protected Territory in which You are to conduct Your Business, You agree to use only such other name as TAB has approved in writing.

(e) **Notices.** You will use all proper copyright and trademark notices when using the Copyrighted Material and Trademarks as set forth in the Operations Manual.

13.3 **PROHIBITED USES.** You acknowledge and agree that:

(a) **Unauthorized Use.** You are prohibited from any unauthorized use of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates. Any prohibited use by You will constitute an infringement of TAB's rights, including in connection with the sale of an unauthorized service or product or in a manner not authorized in writing by TAB. You acknowledge that any infringement will cause substantial harm to TAB, its Affiliates, other TAB franchisees, licensees and other TAB Businesses.

(b) **Prohibited Use In Trade Names; Corporate Names; URLs.** You will not use any Trademarks, anything confusingly similar thereto, or any portion thereof as part of a corporate name, trade name or as a URL (unless provided to You by TAB), or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form.

(c) **Harm Image Or Goodwill.** You will safeguard and maintain the reputation and prestige of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates. You will not do anything that would tarnish the image of or adversely affect or dilute the value, reputation or goodwill associated therewith nor counsel, procure or assist anyone else to do the same.

(d) **Prohibited Replication.** Except as expressly authorized under this Agreement, during the Initial Term, Interim Period and at any time thereafter, You will not use, copy, or imitate or cause or

permit any other party to use, copy or imitate, directly or indirectly, (1) any of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates for any unauthorized purpose; (2) any confusingly similar method, format, procedure, technique, system, trade dress, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB or its Affiliates; or (3) any facility or program of TAB or its Affiliates, for any unauthorized purpose.

13.4 **REGISTRATIONS.** You acknowledge and agree that:

(a) **TAB's Right To Register.** TAB may decide, in its sole and absolute discretion, to apply to register or to register, anywhere in the world, for trademark, copyright, trade name or patent protection for any Licensed Methods, Confidential Information, Trade Secrets, Operations Manual and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates. Failure of TAB to obtain or maintain in effect any such application or registration is not a breach of this Agreement.

(b) **Your Prohibition On Registration.** You will not, before or after termination or expiration of the Agreement, register or apply to register any of Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website content, URLs containing the Trademarks or any portion thereof and other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates or any trademark, name, service mark or logo confusingly similar thereto anywhere in the world.

13.5 **INFRINGEMENT.** You agree to notify TAB in writing of any possible infringement or illegal use by others of any of Licensed Methods, Confidential Information, Trade Secrets, Operations Manual and/or other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates or anything confusingly similar thereto that may come to Your attention. You acknowledge that TAB will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. TAB may commence or prosecute such action in its own name and may join You as a party thereto, if TAB determines it to be reasonably necessary for the continued protection and quality control of any of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual and other proprietary information provided to You by TAB. TAB will bear the reasonable cost of any such action, including attorneys' fees. You agree to fully cooperate with TAB in any such litigation.

13.6 **CHANGE OF TRADEMARKS.** In the event that TAB or an Affiliate, in its sole discretion, determines it is necessary to modify or discontinue use of any Trademarks or to develop additional or substitute marks or trade names, You will, within 90 days, or such earlier or longer period of time set out in the written notice from TAB, take such action directed by TAB, at Your sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

13.7 **IMPROVEMENTS.** You will promptly disclose to TAB any changes, improvements, enhancements, advertisements or other marketing materials, inventions, discoveries, creations, patents, copyrights, trademarks, and confidential information relating to Your Business which You or any of Your owners, officers, employees, agents, affiliates, Contract Facilitators or contractors has made or may make solely, jointly, or commonly with others ("**Improvements**"). You will promptly create a written record of the same. Any changes, improvements, or enhancements made to the Business or the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual and other proprietary information provided to You by TAB made by You or any of Your owners, officers, employees, affiliates, agents, Contract Facilitators or contractors or as the result of suggestions or other input from You or any of Your owners,

officers, employees, affiliates, agents, Contract Facilitators or contractors including without limitation, all copyrightable works, will become part of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual and TAB's proprietary information owned by TAB without any rights of ownership by You. You hereby assign all proprietary rights described in this **Section 13.7** to TAB without additional consideration. You will execute such additional assignments or documentation to effectuate the assignment of these rights or as TAB deems necessary to enable it, at its expense, to apply for, prosecute, and obtain copyrights, trademarks, patents, or other proprietary rights in the United States and in other countries. You hereby irrevocably appoint TAB as Your attorney-in-fact for the purpose of executing such documents. TAB will have the right to make Improvements available for use by all TAB franchisees. The expression "any changes, improvements, or enhancement" includes, without limitation, any methods or materials, such as ad copy, for advertising or marketing for the services and products of Your Business, as well as methods or materials for providing the services and products of Your Business or other TAB Businesses.

14. ANCILLARY BUSINESS; NON-COMPETITION; CONFIDENTIALITY

14.1 PERMITTED ANCILLARY BUSINESS.

(a) **By You Or Your Managing Party.** You or Your Managing Party may offer and advertise within or outside your Protected Territory, Ancillary Business(es) so long as the:

- (i) Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Satellite Website, URLs containing the Trademarks or any portion thereof or anything confusingly similar thereto and TAB or its Affiliate's proprietary materials are not used in connection with such Ancillary Business(es);
- (ii) Ancillary Business(es) would not, in TAB's sole opinion, compete with Your Business or any other Business operated by TAB, its franchisees, licensees or Affiliates, Other Businesses, or any other business then being offered or operated by TAB or its Affiliate(s) in the Protected Territory; and
- (iii) Ancillary Business(es) would not likely harm or disparage the goodwill or be inconsistent with the image associated with the Business, TAB, Businesses operated by TAB, its franchisees, licensees or Affiliates, any Other Business, or any other business then being offered or operated by TAB or its Affiliate(s) in the Protected Territory and/or the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual and TAB or its Affiliate's proprietary materials (collectively, "Restrictions").

14.2 PROHIBITED COMPETITIVE ACTIVITY.

(a) **Definition of Competitive Activity.** A "Competitive Activity" means:

- (i) Services and products that are the same as, similar to, or competitive with the Licensed Methods or Business;
- (ii) Marketing or facilitating groups of business leaders, which group meetings are the same as or similar in nature to TAB Boards;
- (iii) Providing regularly-scheduled private coaching sessions, mentoring or providing strategic planning services for business owners and/or their planning teams that use

processes, methods or systems that are the same as or similar in nature to those processes, methods or systems that are used by the SBL System;

- (iv) Providing services of the type provided by TAB and/or its Affiliates where those services are provided in relation to businesses of the type described in **Sections 14.2(a)(i) - (iii)**;
- (v) Ownership, whether directly or indirectly, and whether beneficially or of record of any capital stock, partnership interest, membership interest or any other interest in a business or entity that engages in the activities described in **Sections 14.2(a)(i) - (iv)**;
- (vi) Participation, either directly or indirectly, in the management or operation of a business as a partner, investor, shareholder, owner, director, officer, employee, principal, agent, advisor, contractor or consultant or in any other capacity of any entity, business or person that engages in the activities described in **Sections 14.2(a)(i) - (iv)**;
- (vii) Franchise, license, conduct or be connected with or assist any person, entity or business to franchise, license, conduct or be connected with the activities described in **Sections 14.2(a)(i) - (iv)**; or
- (viii) Divert or attempt to divert, directly or indirectly, any business related to, or any customer or account of, Your Business, TAB, Affiliates, any other Business operated by TAB, its franchisees, licensees or Affiliates, Other Business, or any other business then being offered or operated by TAB or its Affiliate(s) in the Protected Territory; or divert or attempt to divert, directly or indirectly, the employment of any employee or Contract Facilitator(s) of TAB or another TAB franchisee, licensee or TAB Affiliate to any entity to conduct activities described in this **Section 14.2**.

(b) **Activities Excluded From Competitive Activity.** In certain circumstances as TAB may determine, TAB will specifically agree, as may be noted in **Exhibit I** to this Agreement, that certain business consulting projects in which You have been engaging in the last 12 months prior to executing this Agreement will not be considered a Competitive Activity.

(c) **No Competitive Activity During The Initial Term or Interim Period.** You acknowledge that TAB will be unable to protect the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, TAB proprietary materials and other confidential and proprietary elements of the Business and achieve an exchange of ideas with You if You or those persons referenced in **Section 14.5** were permitted to hold competitive interests or engage in Competitive Activities. Therefore, during the Initial Term and any Interim Period, You and those persons referred to in **Section 14.5** agree not to engage, directly or indirectly, in any Competitive Activity anywhere other than as expressly authorized under this Agreement. You acknowledge that a violation of this **Section 14.2(c)** would constitute an unfair method of competition and would hinder Your ability to devote sufficient time to the Business.

(d) **Competitive Activity After the Initial Term or Interim Period.** For a period of two years following the later of (1) the termination, transfer, assignment or expiration of this Agreement; (2) the last date that You or any person identified in **Section 14.5** Facilitated a TAB Board Meeting or provided SBL Coaching; or (3) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, You and those persons identified in **Section 14.5** shall not engage in any Competitive Activity within:

- (i) the Protected Territory;
- (ii) within 25 miles of the outer boundaries of the Protected Territory;
- (iii) within the Protected Territory of another Business operated by TAB, its Affiliate, its franchisee or licensee; and
- (iv) within 25 miles of any other location where a TAB Board meets.

14.3 **CONFIDENTIAL INFORMATION AND TRADE SECRETS.**

(a) **Definition.** You acknowledge that the operations, marketing, materials and data bases, advertising, development and related information which are developed and utilized in connection with the operation of the Business and the Operations Manual, all aspects of the Licensed Methods, all information regarding TAB Members, including Membership Information, the terms of this Agreement, and all TAB or its Affiliates proprietary information (whether in print, electronic form, or oral) constitute TAB's confidential information and Trade Secrets (“Confidential Information” and “Trade Secrets”).

(b) **Ownership Of Confidential Information And Trade Secrets.** You acknowledge that Confidential Information and Trade Secrets are the unique and exclusive property and trade secrets of TAB and/or TAB's Affiliates. You further acknowledge that TAB and/or its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that TAB and/or its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

(c) **Wrongful Use.** You acknowledge that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to TAB and/or its Affiliates. Therefore You, Your Managing Party and those individuals identified in **Section 14.5** will not at any time, directly or indirectly, communicate, publish, disclose, divulge, copy, imitate or cause or permit any other party to communicate, publish, disclose, divulge, copy or imitate in any manner the Confidential Information and Trade Secrets to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation, association, partnership or other entity other than TAB or its Affiliates or in the operation of Your Business as permitted by this Agreement or the Operations Manual.

(d) **Member Information.** You, Your Managing Party and those individuals identified in **Section 14.5** agree to keep confidential and not disclose information about Your TAB Members or personal or business matters of a confidential nature that You, Your Managing Party and those individuals identified in **Section 14.5** learn from TAB, its Affiliates, another TAB franchisee, licensee or TAB Member at a TAB Board Meeting or from any private consulting or private coaching session or otherwise. But You, Your Managing Party, and those individuals identified in **Section 14.5** may disclose such information pursuant to a valid court order, or with the permission of TAB, its Affiliates, another TAB franchisee, licensee or TAB Member to whom the information pertains (as the case may be). You will use all TAB Member Information solely for the purpose of operating Your Business.

(e) **Required Action.** You and Your Managing Party will adopt and implement all reasonable procedures prescribed by TAB from time to time to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

14.4 **ACKNOWLEDGEMENTS.** You and Your Managing Party acknowledge the following:

(a) That You and Your Business will, during the franchise relationship, become identified with the goodwill associated with TAB's Trademarks;

(b) That You and those individuals subject to this covenant as set out in **Section 14.55** will be able to earn a livelihood without violating the foregoing restrictions;

(c) That You and those individuals subject to this covenant as set out in **Section 14.5** entire knowledge of the operation of the Business, the Licensed Methods and the concepts and methods of promotion franchised hereunder that You now or will obtain is derived from TAB's and/or its Affiliates Confidential Information and Trade Secrets; and

(d) Communication among You, Your Managing Party, TAB, its Affiliates and TAB's other franchisees and licensees will be chilled if it is perceived that You, Your Managing Party or those persons defined in **Section 14.5** are violating this **Section 14.**

14.5 **PARTIES TO WHOM RESTRICTIONS APPLY.** The restrictions set forth in this **Section 14** will apply to (a) You and Your Managing Party; (b) if You are a corporation, partnership, limited liability company or other form of entity, each manager, officer, member, director, partner, shareholder, non-managing party, owner and any of the foregoing immediate family members who have access to the Confidential Information and/or Trade Secrets; (c) Contract Facilitators; (d) if You are an individual, immediate family members who have access to the Confidential Information and/or Trade Secrets; (e) employees, agents or contractors who have access to the Confidential Information and/or Trade Secrets; and (f) Your Guarantors who sign the Guaranty and Assumption of Franchisee's Obligations attached as Exhibit III. TAB, at its option, may require the persons described in this **Section 14.5** to sign a Non-Disclosure And Non-Competition Agreement, in a form set forth in Exhibit IV attached to this Agreement.

14.6 **INJUNCTIVE RELIEF.** TAB and its Affiliates must be protected against the potential for unfair competition by You and those individuals subject to this covenant as set out in **Section 14.5** use of TAB's and/or its Affiliates training, assistance, Confidential Information and Trade Secrets in direct competition with TAB and/or its Affiliates. You further acknowledges that TAB would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other proprietary information with You or Your Managing Party absent Your and those individuals subject to this covenant as set out in **Section 14.5** agreement to strictly comply with the provisions of this **Section 14.** You acknowledge that as a franchisee of TAB, You and those individuals subject to this covenant as set out in **Section 14.5** will have access to TAB's and/or its Affiliates' Confidential Information and Trade Secrets and therefore will be in a unique position to use the special knowledge gained as a franchisee. You acknowledge that a breach of the covenants contained in this **Section 14** will be deemed to threaten immediate and substantial irreparable injury to TAB and its Affiliates, which cannot be compensated for in monetary damages. Accordingly, You agree that TAB and its Affiliates will have the right, without prior notice to You, to obtain immediate injunctive relief without limiting any other rights or remedies it may have and without posting a bond.

14.7 **SEVERABILITY.** TAB has attempted to limit the right to compete only to the extent necessary to protect TAB's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, TAB reserves the right to reduce the scope of said

provision without Your consent, at any time or times, effective immediately upon notice to You. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect TAB, its Affiliates, and their successors and assigns and may be enforced by any of them.

14.8 **INDEPENDENT OBLIGATION.** The obligations set out in this **Section 14** are independent of any obligation of TAB under this Agreement.

15. INSURANCE; INDEMNIFICATION

15.1 INSURANCE.

(a) **Coverage.** You agree to procure and maintain in full force and effect throughout the Initial Term and any Interim Period, at Your sole cost and expense, the required insurance coverage set forth in the Operations Manual, as well as all insurance coverage required by applicable law. TAB, in its reasonable discretion, may modify the insurance coverage requirements in the Operations Manual and You agree to comply with any such change within such reasonable time as TAB may require. The insurance amounts required by TAB are minimum coverage only.

(b) **Requirements.** All insurance policies obtained by You and/or required in the Operations Manual will (1) name TAB as an additional or “added” insured; (2) contain a waiver by the insurance carrier of all subrogation rights against TAB, its Affiliates, officers, directors, owners, shareholders and employees; and (3) provide that TAB will receive 30 days' written notice prior to the termination, cancellation, expiration, or modification of any such policy. Within 30 days of this Agreement, and within 10 days of each annual renewal, You agree to furnish to TAB a copy of the certificate, or other evidence, of the insurance or renewal or extension for each required insurance policy, together with evidence of payment of premiums and the policy limits then required.

(c) **Failure To Obtain Insurance.** If You at any time fail or refuse to maintain in effect any insurance coverage required by this Agreement, or to furnish satisfactory evidence thereof, after 30 days notice to You, TAB, at its sole option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on Your behalf, and You agree to promptly execute any applications or other forms or instruments required to obtain any such insurance. You further agree to pay to TAB, on demand, any costs, expenses, and premiums incurred by TAB.

15.2 INDEMNIFICATION BY YOU.

(a) **Scope.** You agree to indemnify and hold harmless TAB Indemnified Parties from and against, and to reimburse them for, all liabilities, obligations, actual and consequential damages, taxes, costs, expenses and losses (including, without limitation, costs of judgment or settlement, attorneys' fees, accountants' fees, and expert witness' fees, costs and expenses of investigation and proof of facts, court costs and expenses, other litigation expenses and travel and living expenses) reasonably incurred by any of the TAB Indemnified Parties in connection with any claim, litigation or other action arising out of or through (1) Your Business and the operations of Your Business; (2) any services performed by any third parties (such as, but not by limitation, the services of Contract Facilitators); (3) Your or Your Managing Party's breach of this Agreement or any Member agreement; (4) You or Your Contract Facilitator's breach of any Contract Facilitator Agreement; (5) Your taxes, liabilities, costs or expenses of the Business; or (6) Your or Your affiliates activities for which the TAB Indemnified Parties are named or threatened to be named as a party. You agree to be responsible for and will pay and satisfy any judgment or settlement that might arise out of any such claim, litigation or other action.

(b) **Defense Of Claims.** Without limiting the generality of the foregoing, You agree that, if TAB Indemnified Parties are made a party to any lawsuit or other legal action as described in **Section 15.2(a)**, TAB may, at its sole option, either (1) tender the defense and/or prosecution of the case or action to You, and You agree to then be responsible for diligently and promptly pursuing such case or action at Your sole cost and expense; or (2) hire counsel directly to protect its interests and bill You for all costs, fees, and expenses set out in **Section 15.2(a)**.

(c) **Trademark Claims.** This **Section 15.2** will not apply to any claim based on Your authorized use of the Trademarks in strict accordance with this Agreement and the Operations Manual.

15.3 **SURVIVAL.** This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration, transfer or termination of this Agreement.

16. ASSIGNMENT, TRANSFER, AND ENCUMBRANCE

16.1 **BY TAB.** This Agreement is fully assignable and transferable by TAB, in whole or in part, and will inure to the benefit of any assignee(s), transferee(s), or other legal successor(s) to its interest herein. Upon such assignment, TAB will be relieved of all obligations and liability under this Agreement. Upon consummation of the assignment, You hereby release and hold harmless TAB from any and all future liability under any of the terms, conditions and covenants, express or implied, contained in this Agreement which shall have been assigned. You agree to look solely to the assignee for performance of TAB's obligations hereunder.

16.2 **BY YOU.**

(a) **Limitations On Transfer By You.** You, Your Managing Party and Your owners acknowledge that the rights and duties created by this Agreement are personal to You, Your Managing Party and Your owners and that TAB has granted the rights under this Agreement to You in reliance upon the individual or collective character, skill aptitude, attitude, business ability, experience and financial capacity of You, Your Managing Party and Your owners. Accordingly, You may not Transfer Your Business, any Franchise Agreement or any direct or indirect ownership interest in Your Business, You, in any of Your assets used in connection with Your Business or any right to provide Facilitation services or SBL Coaching to any TAB Member without TAB's prior written consent, which may be granted in TAB's sole discretion. Any Transfer without such approval shall constitute a breach of this Agreement, shall be void and convey no rights to or interest in this Agreement, the Business, any Contract Facilitator Agreement, Member agreement, TAB Member or any direct or indirect ownership interest in Your Business, You or in Your assets.

(b) **Definition Of Transfer.** For purposes of this Agreement, a "Transfer" shall mean and include any voluntary or involuntary, direct or indirect, assignment, sale, gift conveyance, transfer, or other disposition of an interest, including without limitation (1) of any capital stock, partnership interest, membership interest or other ownership interest of You; (2) merger or consolidation of You; (3) in bankruptcy or otherwise by operation of law or by court order; (4) any change of control or management of the Business; (5) any transfer of Your TAB Member(s) to another franchisee or licensee; or (6) any change of control or management of any assets used in the Business.

16.3 **CONDITIONS FOR TRANSFER OF BUSINESS BY YOU.** In addition to any other conditions TAB may require for its consent, in order for TAB to grant its consent to a Transfer, the following conditions must be met:

(a) You, Your Managing Party and Your owner(s) are in full compliance with this Agreement and all other agreements between TAB or its Affiliate and You, Your Managing Party and Your owner(s);

(b) If the transferee(s), its owners or affiliates are a party to any agreement with TAB or its Affiliates, they must be in full compliance with any such agreement;

(c) The transferee(s) are, in the sole opinion of TAB, individuals of good moral character who have sufficient business experience, aptitude, are of legal age and have the financial resources to own and operate Your Business and otherwise satisfy the then applicable criteria and standards for franchisees, including the prohibition on any transferee or its owners or Managing Party from owning, directly or indirectly, or engaging in, or intending to engage in, any Competitive Activity;

(d) The transferee completes and passes TAB's application and background check process;

(e) The transferee and his/her managing party, if the transferee is a legal entity, has successfully completed TAB's Initial Training Program, Advanced Business Development Training or such other training program as may then be required of new TAB franchisees and has paid TAB the Initial Training Fee, at the then current rate. This training requirement cannot be satisfied by the transferee completing any prior TAB training program, including but not limited to the Contract Facilitator Training;

(f) The transferee and any managing party, if the transferee is a legal entity, has executed and agreed to be bound by the then current form of Franchise Agreement and such ancillary agreements as are then used by TAB in granting franchise rights for the operation of a Business. In the event that the Transfer is less than 51% of the ownership interest in You and the Managing Party remains the same, TAB may waive the requirement to sign the then current form of Franchise Agreement and ancillary agreements;

(g) All obligations, including all amounts owed by You, Your Managing Party and Your owner(s) to TAB or its Affiliates have been assumed by the transferee or have been paid;

(h) You have paid TAB a Transfer Fee as set out in **Section 5.2(s)**. In the event that the Transfer is less than 51% of the ownership interest in You and the Managing Party remains the same, TAB may waive the Transfer Fee;

(i) If the transferee was introduced to You via a franchise broker, during TAB's franchise sales process or other referral source working with TAB, You must also pay any applicable referral fees charged by the broker or other referral source, TAB's standard resale fee and any sales commission which would have been paid to any TAB salesperson working with the party to whom You are transferring Your Business;

(j) TAB will have the right, but not the obligation, to approve the material terms and conditions of such Transfer, including, without limitation, determining that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Business in the Protected Territory by the transferee in compliance with TAB's then current Franchise Agreement and ancillary agreements; and

(k) You, Your Managing Party and Your owner(s) have executed a general release in a form prescribed by TAB.

16.4 **ASSIGNMENT TO A LEGAL ENTITY.** Subject to **Section 8.1(c)**, this Agreement and the assets and liabilities of the Business may be assigned by You to a corporation, limited liability company, or other legal entity provided that (1) You own and control not less than 67% of the equity and voting power of all issued and outstanding ownership interests; (2) the corporation, limited liability company or other legal entity does not conduct other business other than the operation of the Business; and (3) Your Managing Party continues as the Managing Party of the Business. The Articles of Incorporation, Bylaws, and other organizational documents of such entity will recite that the issuance and assignment of any interest therein is restricted by the terms of this Agreement, and all issued and outstanding equity ownership certificates of such entity will bear a legend reflecting or referring to the restrictions herein. You will furnish to TAB, at any time and from time to time upon request in such form as TAB may require, a list of all owners of equity in such entity reflecting their respective ownership interests.

16.5 **OWNERSHIP OF MANAGING PARTY.** If You are a partnership, corporation, limited liability company or other entity, Your Managing Party must own at least 51% of the equity interest in You.

16.6 **YOUR DEATH OR DISABILITY.**

(a) **Transfer.** Upon the death, permanent disability, insanity or appointment of a conservator or guardian of You, Your owner(s) or Your Managing Party either You, Your owner(s), Your Managing Party or the estate, executor, administrator, conservator, or other personal representative, as the case may be, will, within 180 days and subject to the conditions set out in **Section 16.3**, assign such person's interest in Your Business to a third party approved by TAB. If the heirs or beneficiaries of any such person are unable to meet the conditions of **Section 16.3**, You, Your owner's, Your Managing Party or such estate, executor, administrator, conservator or other personal representative will have a reasonable time, not to exceed 180 days, from the date of such death, permanent disability, insanity, or appointment of a conservator or guardian, to dispose of Your, Your owner's or Your Managing Party's interest, subject to the conditions set out in **Section 16.3**. Failure to so dispose of Your, Your owner's or Your Managing Party's interest within 180 days will constitute a breach of this Agreement. If within 15 days after the date of Your, Your owner's or Your Managing Party's death, permanent disability, insanity, or appointment of a conservator or guardian, You, Your owner's, Your Managing Party or the estate, executor, administrator, conservator, or other personal representative will appoint an interim manager, who has been pre-approved by TAB, to operate Your Business until the rights to own Your Business have been assigned within the 180 day period referenced in this **Section 16.6**. If You, Your owner's, Your Managing Party or the estate, executor, administrator, conservator, or other personal representative fails to appoint an interim manager within 15 days, TAB may appoint one as set forth in **Section 16.7**.

16.7 **OPERATION OF FRANCHISE BUSINESS.** In order to prevent any interruption of the Business which would cause harm to the Business, if You, Your Managing Party, owner(s) and/or Your TAB approved Contract Facilitators are unable or fail to operate Your Business for a period of 45 days or longer for any reason whatsoever (except as provided in **Section 16.6**, in which case the period is 15 days) You authorize TAB to appoint an interim manager to operate Your Business for so long as TAB deems necessary and practical. In the event that TAB appoints an interim manager, during the interim period, all revenue from the operation of Your Business will be kept in a separate account and the expenses of Your Business, including reasonable compensation and expenses of TAB and its agents will be charged to the account. Additionally, TAB will retain 50% of Your Business' revenue as a management fee. Nothing contained herein will be construed to require TAB to operate Your Business in the case of Your inability to operate same, and the rights set forth herein may be exercised in the sole and absolute discretion of TAB.

16.8 **TAB'S RIGHT OF FIRST REFUSAL.**

(a) **Notice Of Offer.** If You obtain a bona fide, arm's length, executed and written offer from a responsible and fully disclosed purchaser to Transfer an interest in the Business, the material assets of the Business or an ownership interest in You, (if You are a legal entity), You will submit an exact copy of such offer to TAB by sending the information via registered mail, separately, to the Chief Executive Officer and legal department of TAB.

(b) **Right Of First Refusal.** TAB will have the right, exercisable by written notice delivered to You, Your Managing Party or Your owner(s) within 30 days from the date of delivery of an exact copy of such offer to TAB, to purchase such interest that is the subject of the written offer described in **Section 16.8(a)** for the price and on the terms and conditions contained in such offer. But, TAB may substitute cash for any form of payment proposed in such offer and will have not less than 30 days to prepare for closing. You are responsible for paying all of the debts of Your Business; however, TAB may, at closing, pay any of Your trade creditors out of the purchase price, and set off against the purchase price any of Your unpaid debts to TAB.

(c) **Failure To Exercise Right Of First Refusal.** If TAB does not exercise its right of first refusal, You, Your Managing Party or Your owner(s) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to TAB's approval of the Transfer as provided in **Section 16.3** and this **Section 16.8**.

(d) **Ongoing Right.** If the sale to such transferee that is the subject of the offer described in **Section 16.8(a)** is not completed within 120 days after delivery of such offer to TAB, or if there is a material change in the terms of the sale, TAB will again have the right of first refusal herein provided.

16.9 **NO WAIVER.** TAB's consent to a Transfer as provided in this **Section 16** will not constitute a waiver of any claims it may have against You, Your owners or Managing Party nor shall it be deemed a waiver of TAB's right to demand exact compliance with any of the terms or conditions of this Agreement.

17. DEFAULT; SUSPENSION AND TERMINATION

17.1 **REMEDIES.** If You meet the conditions set out in **Sections 17.2** or **17.3** or are in default of any provision of this Agreement ("Default(s)"), TAB has the right, at its sole option, without prejudice to any other rights or remedies it may have, to (a) suspend performance of certain or all of its services to You during the time period You are in Default of this Agreement; (b) suspend Your, Your Managing Party and/or Your Contract Facilitator(s) right to use the Licensed Methods; (c) suspend Your, Your Managing Party and/or Your Contract Facilitator(s) right to form TAB Boards, Facilitate TAB Boards, and/or provide SBL Coaching (d) terminate this Agreement and all rights granted to You hereunder (subject to the provisions of applicable law governing franchise termination and renewal); (e) suspend the Satellite Website; (f) suspend access to the CRM System; (g) charge a fee for late or non-submittals of reports, tips and the like; and/or (h) exercise any rights it may have under this Agreement, at law or in equity.

17.2 **OPPORTUNITY TO CURE.** If any of the following conditions are met, TAB will have the right to exercise its remedies described in **Section 17.1** after giving You 30 days prior written notice. You will have an opportunity to cure the condition during the 30 day period commencing on the date of such written notice. Notwithstanding the foregoing, You may receive a shorter or longer period to cure such condition if required or permitted by applicable law or otherwise stated in this Agreement.

- (a) Failure to perform all of the lawful terms, conditions, and obligations contained in this Agreement or the Operations Manual or any other agreement that You, Your owners, Managing Party, affiliates, officers or directors have with TAB or its Affiliates;
- (b) Failure to comply with Your obligations under any Member agreement;
- (c) Loses any permit or license which is a prerequisite to the operation of the Business;
- (d) Uses a Contract Facilitator who (1) has not signed a Contract Facilitator Agreement, in the form required by TAB; (2) has not successfully completed Contract Facilitator Training; (3) has been determined by TAB, in its sole discretion, to be unqualified to serve as a Contract Facilitator; (4) has not complied with the terms of the Contract Facilitator Agreement; or (5) made payments to You, Your Managing Party or affiliates in a manner prohibited in **Section 11.2(a)(ii)**;
- (e) Failure to provide TAB with the reports and other financial information as required under this Agreement or as set forth in the Operations Manual;
- (f) Failure to pay Your lawful debts and taxes when due, provided that You will not be in Default hereunder during the period that You may reasonably contest such debt or taxes;
- (g) Failure, refusal or neglects to obtain the TAB's prior written approval or consent as required by this Agreement;
- (h) Failure or refusal to comply with the then current requirements of the Operations Manual;
- (i) Commits any other act that constitutes good cause under applicable law or court decisions;
- (j) Failure to submit to TAB a Membership Application for any TAB Members prior to their receiving SBL Coaching or participating in a TAB Board; or

17.3 NO OPPORTUNITY TO CURE. Notwithstanding anything contained herein to the contrary if, as applicable law permits, any of the following conditions are met TAB will be permitted to exercise its remedies described in **Section 17.1** (without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity) immediately upon delivery of notice to You.

- (a) Conviction of a felony or any other criminal misconduct that adversely affects the operation, maintenance, reputation, or goodwill of Your Business, the Licensed Methods, TAB, its Affiliates or other franchisees or licensees;
- (b) Fraudulent activity that, in the sole opinion of TAB, adversely affects the operation, maintenance, reputation, or goodwill of Your Business, the Licensed Methods, TAB, its Affiliates or other franchisees or licensees;
- (c) Misrepresent information that You are required to report to TAB in connection with this Agreement or in Your application to become a franchisee;
- (d) Engage in conduct which, in the sole opinion of TAB, reflects unfavorably upon the operation, maintenance, goodwill, and/or reputation of Your Business, other franchisees, licensees, the Licensed Methods, TAB or its Affiliates;

(e) Abandon the Business or fail to actively operate the Business. Abandonment shall be determined by TAB and may include, without limitation, (1) failure to Facilitate a monthly TAB Board Meeting; (2) activity by You that indicates an intent to discontinue operation of the Business, including, without limitation, resigning or transferring substantially all Your TAB Members or placing a significant (as determined by TAB) number of Your TAB Members on scholarship; or (3) failing to respond to TAB's efforts to communicate with You;

(f) Failure to pay any sums due by You to TAB or any of TAB's Affiliates, suppliers, distributors or manufacturers if such failure continues for seven days after such sums are due and payable;

(g) Failure to pay any amounts due to TAB by their specified due dates two or more times within a 12 month period whether or not such failures or refusals are cured after notice;

(h) Subject to this **Section 17.3(h)**, three or more failures or refusals to comply with the provisions of this Agreement within a 12 month period whether or not such failures or refusals are for the same matter or are cured after notice;

(i) You, Your Managing Party or one or more of the Guarantors are insolvent, are the subject of an insolvency proceeding or comparable proceeding, You make a general assignment for the benefit of creditors, or a receiver is appointed for You;

(j) Diversion, concealment or failure to report, or attempt to divert, conceal, or fail to report any recruiting for TAB Members in a manner or in an area that is in violation of this Agreement or any other agreement involving TAB or its Affiliates;

(k) Collecting directly from TAB Members any Membership Dues, Business Assessment Fees or other fees due from TAB Members without TAB's prior approval;

(l) You, Your Affiliates or those persons set out in **Section 14.5** engaging in any Competitive Activity;

(m) Challenging or attempting to register, patent, trademark or copyright any of the Licensed Methods, Trademarks, Confidential Information, Trade Secrets, Operations Manual or other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates;

(n) Misusing the Licensed Methods, Trademarks, Confidential Information, Trade Secrets, Operations Manual, Satellite Website or other proprietary materials provided by TAB, its Affiliates or on behalf of TAB or its Affiliates and not remedying or causing to be remedied such misuse within 10 days after You become aware or reasonably should have become aware of such misuse;

(o) Intentionally or negligently disclosing to any unauthorized person the contents of or any part of the Operations Manual, Licensed Methods, Confidential Information, Trade Secrets or other proprietary information provided to You by TAB, its Affiliates or on behalf of TAB or its Affiliates;

(p) Violation of the transfer or assignment provisions of this Agreement;

(q) Using TAB franchisee, licensee, Affiliate and/or TAB Member Information in a manner prohibited under this Agreement, the Operations Manual or any other agreement between You and TAB or its Affiliates;

(r) You or Your Managing Party fails to satisfactorily complete the Initial Training Program or the Advanced Business Development Training;

(s) Any misrepresentation under **Section 20** or any violation of Anti-Terrorism Laws by You, any persons set out in **Section 14.5**, Your agents or Your employees;

(t) Any material judgment (or several judgments which in the aggregate are material) is obtained against You and remains unsatisfied or of record for 30 days or longer (unless a supersedes or other appeal bond has been filed); or if execution is levied against Your Business or any of the property used in the operation of the Business and is not discharged within 15 days;

(u) You create a sub-franchise of any kind under applicable law; or

(v) Commission of a Default that is by its nature not curable.

17.4 **YOUR TERMINATION.** A termination of this Agreement by You shall be deemed to be a termination without cause and a breach hereof, by You. You agree that You shall not, on grounds of an alleged nonperformance by the TAB of any of its obligations or any other reason, withhold payment of any amount due to TAB whatsoever or set off amounts owed to TAB under this Agreement against any monies owed to TAB, which right of set off is hereby expressly waived by You.

17.5 **CROSS-DEFAULT.** If You, or any partnership, joint venture, limited liability company, corporation or other entity in which You have a controlling equity interest, are a franchisee pursuant to another franchise agreement with TAB, a Default under this Agreement shall constitute a Default under such other franchise agreement and vice versa, with like remedies available to TAB. Should such other franchise agreement cease to be valid, binding and in full force and effect for any reason then TAB may, at its option terminate this Agreement and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, TAB may at its option terminate the other franchise agreement. In the event that there is more than one franchisee, or if the franchisee should consist of more than one legal entity, the franchisee's liability hereunder shall be both joint and several.

17.6 **OBLIGATIONS UPON TERMINATION, TRANSFER OR EXPIRATION.**

(a) **Prohibited Activities.** After any termination, expiration, or transfer of this Agreement, for any reason whatsoever, You, Your owner(s) and Managing Party agree:

(i) Not to directly or indirectly at any time or in any manner identify or do anything to indicate that they (except in resumes or applications in pursuit of employment) or any business are or were a current or former franchisee or are or were otherwise associated with TAB;

(ii) Not to use any of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Contract Facilitator Agreements, Member Agreements, Satellite Website, TAB or its Affiliates proprietary materials or colorable imitation thereof or anything confusingly similar thereto;

(iii) Not to use any indicia of TAB or of Your Business in any manner or for any purpose; and

(iv) Not to, at any time or in any manner, disparage or take any action detrimental or disruptive to TAB, its Affiliates, TAB Members, owners, officers, directors, members, or any other TAB franchisees, licensees or their products or services.

(b) **Required Actions.** Except as otherwise specified by TAB, You agree that, upon termination or expiration of this Agreement, You will, within 15 days (or such other period specified by TAB):

- (i) Immediately notify all callers requesting information about Your former Business, TAB, Members, TAB Boards or SBL Coaching that such inquiries should be made to another phone number as specified by TAB;
- (ii) Take such action as is necessary to remove all references to Your Business, Licensed Methods, Confidential Information, Trade Secrets, URLs that contain the Trademarks or any portion thereof or confusingly similar thereto or other TAB or its Affiliates proprietary information from all telephone listings, listing agencies, websites, Internet, answering services, and any other organizations where You have used the above items;
- (iii) Take such action as may be required to remove all references to Your Business, Licensed Methods, Confidential Information, Trade Secrets or other TAB or its Affiliates proprietary information from Your websites, the World Wide Web hosting service providers, e-mail providers and Internet service providers;
- (iv) Cancel all fictitious or assumed names or equivalent registrations relating to Your Business;
- (v) Execute additional documentation required by TAB to effectuate this **Section 17.6(b)**;
- (vi) Pay to TAB all unpaid amounts owed to TAB or its Affiliates within five days after the effective date of termination or expiration of this Agreement. You agree to allow TAB to make a final inspection and audit of Your books and records during normal business hours within a two year period after the termination, expiration or transfer of Your Business for the purpose of verifying all amounts owed to TAB;
- (vii) Comply with any and all other post-term obligations which expressly or by their nature survive the expiration or termination of this Agreement; and
- (viii) Execute a release in a form specified by TAB.

(c) **Information to be Furnished to TAB.** You agree that, within 15 days after the effective date of any termination or expiration of this Agreement, You will:

- (i) Promptly destroy or return to TAB (per TAB's instructions) or its designee all copies of stationery, letterhead, signs, marketing and advertising materials and other materials, training materials, instructional programs, forms, invoices and copies or facsimiles of any of the above materials used in the Business; materials containing any of the Licensed Methods, Confidential Information, Membership Information, Trade Secrets, or other TAB proprietary information; the Operations Manual, Contract Facilitator Agreements, Member Agreements, contact information for TAB Members and Contract Facilitators; any other item identifying or relating to Your Business; and all records pertaining to the Business that belong to TAB; and
- (ii) Furnish to TAB, evidence satisfactory to TAB of Your compliance with **Section 17.6(b)**.

17.7 **FACILITATING TAB BOARDS AND SBL COACHING AFTER TERMINATION.**

(a) **Right to Continue Facilitation and SBL Coaching.** Notwithstanding the above, You may request that TAB permit You to continue, Facilitation and SBL Coaching in Your Protected Territory after the termination or expiration of this Agreement. Such request must be in writing and TAB may approve or reject the request in its sole discretion.

(b) **Conditions.** If TAB approves Your request as provided for in **Section 17.7(a)**, Your request will be subject to the following conditions:

- (i) You will not market, advertise or prospect for any new TAB Members;
- (ii) You will sign TAB's then current Contract Facilitator Agreement or Independent Facilitator Coach Agreement; and
- (iii) You must comply with the Facilitation and SBL Coaching requirements in the Operations Manual and any other requirements imposed by TAB in accordance with the Contract Facilitator Agreement or Independent Facilitator Agreement.

(c) **Post-Termination Obligations.** If You obtain TAB's approval to continue to Facilitate TAB Boards and provide SBL Coaching pursuant to this **Section 17.7** and You continue to meet the Conditions set out in **Section 17.7(b)**, You will not be required to immediately comply with all post termination obligations set forth in this Agreement identified by TAB. You will comply with any such unfulfilled obligations upon TAB's request at any time after the termination or expiration of this Agreement or any Contract Facilitator Agreement or Independent Facilitator Coach Agreement You sign and all such obligations will survive the termination or expiration of this Agreement, Contract Facilitator Agreement or Independent Facilitator Coach Agreement.

17.8 **TAB'S RELATIONSHIP WITH YOUR FORMER MEMBERS.** Upon any expiration or termination of this Agreement, TAB retains the right to sell and provide products and services, including, without limitation, those relating to the Licensed Methods and Supplemental Products and Services, to any and all of the TAB Members formerly served by Your Business, and to continue to solicit such TAB Members for additional business. TAB will have full rights to assign another person or entity to render the services and sell the products offered by You during the time You were operating the Business, through franchising, licensing, or any other legal method. Upon the expiration or termination of this Agreement, You will have no right to the TAB Members, and the TAB Members shall continue to belong to TAB, its successors and assigns.

17.9 **NO WAIVER.** Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which the TAB may have against the Franchisee, whether such claims or rights arise before or after termination or expiration.

17.10 **MEMBERSHIP DUES COLLECTED AFTER TERMINATION OR EXPIRATION.** TAB will retain all Gross Revenue from the TAB Opportunity collected after the expiration or termination date of this Agreement. You will not be entitled to any portion of the Gross Revenue from the TAB Opportunity collected after the expiration or termination date of this Agreement regardless of when such Membership Dues accrued.

18. REMEDIES, DISPUTE RESOLUTION, WAIVERS, ETC.

18.1 **DISPUTE RESOLUTION.** YOU AND TAB HAVE NEGOTIATED REGARDING A FORUM AND DISPUTE RESOLUTION MECHANISM TO RESOLVE ANY DISPUTES THAT MAY ARISE BETWEEN YOU AND TAB AND HAVE AGREED TO SELECT FORUMS AND DISPUTE RESOLUTION MECHANISM IN ORDER TO PROMOTE STABILITY IN YOUR RELATIONSHIP WITH TAB AS PROVIDED IN THIS **SECTION 18.**

(a) **Negotiation.** TAB AND YOU WILL USE BEST EFFORTS TO RESOLVE AND SETTLE BY DIRECT, PRIVATE NEGOTIATION ANY DISPUTES, SUBJECT TO THE EXCLUSIONS SET OUT IN **SECTION 18.10.** BOTH PARTIES MAY SEEK THE ADVICE AND ASSISTANCE OF LEGAL COUNSEL IN CONNECTION WITH ANY SUCH NEGOTIATION.

(b) **Mediation.** SUBJECT TO **SECTION 18.3,** IF THE PARTIES CANNOT RESOLVE AND SETTLE A DISPUTE BY PRIVATE NEGOTIATION WITHIN 60 DAYS AFTER A PARTY GIVES THE OTHER WRITTEN NOTICE THAT A DISPUTE EXISTS, THE PARTIES MUTUALLY AGREE THAT BEFORE COMMENCING ANY ARBITRATION PROCEEDING (AS PROVIDED BELOW), THE DISPUTE WILL FIRST BE SUBMITTED TO NON-BINDING MEDIATION. THE MEDIATION SHALL BE CONDUCTED UNDER THE THEN CURRENT CPR PROCEDURE FOR RESOLUTION OF FRANCHISE DISPUTES, 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. TAB AND YOU 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 MEDIATOR MAY NOT BE CALLED AS A WITNESS IN ANY COURT OR ARBITRATION PROCEEDING FOR ANY PURPOSE. EACH PARTY AGREES TO SEND AT LEAST ONE REPRESENTATIVE TO THE MEDIATION CONFERENCE WHO HAS THE AUTHORITY TO ENTER INTO BINDING CONTRACTS ON THAT PARTY'S BEHALF. THE COST OF THE MEDIATION, INCLUDING THE MEDIATOR'S FEE AND EXPENSES, SHALL BE SPLIT EQUALLY BETWEEN TAB AND YOU.

(c) **Arbitration.** IF THE PARTIES CANNOT FULLY RESOLVE AND SETTLE A DISPUTE THROUGH DIRECT MEDIATION WITHIN 30 DAYS AFTER THE MEDIATION CONFERENCE CONCLUDES, ALL UNRESOLVED ISSUES INVOLVED IN THE DISPUTE (SUBJECT TO **SECTION 18.3**) WILL BE SUBMITTED TO BINDING ARBITRATION BY THE AMERICAN ARBITRATION ASSOCIATION ("AAA") ON DEMAND OF EITHER PARTY. BUT, A NOTICE OR REQUEST FOR ARBITRATION WILL NOT OPERATE TO STAY, POSTPONE, OR RESCIND THE EFFECTIVENESS OF ANY DEMAND FOR PERFORMANCE OR NOTICE OF TERMINATION. THE ARBITRATION PROCEEDING WILL BE BEFORE ONE NEUTRAL ARBITRATOR WITH CONTRACT EXPERIENCE APPOINTED BY THE AAA IN ACCORDANCE WITH THE CURRENT OR SUCCESSOR COMMERCIAL ARBITRATION RULES OF THE AAA. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN CURRENT OR SUCCESSOR COMMERCIAL ARBITRATION RULES OF THE AAA. THE ARBITRATOR WILL AGREE TO FOLLOW AND APPLY THE EXPRESS PROVISIONS OF THIS AGREEMENT IN DETERMINING THE ARBITRATION AWARD. THE ARBITRATOR WILL NOT EXTEND OR MODIFY OR SUSPEND ANY OF THE TERMS OF THE AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY TAB. THE ARBITRATOR SHALL BE BOUND TO APPLY THE APPLICABLE LAW AND SHALL NOT RULE INCONSISTENTLY WITH APPLICABLE LAW. TAB AND YOU AGREE THAT, IN ANY

ARBITRATION PROCEEDING, EACH PARTY MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM WHICH IS NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. EACH PARTY WILL, UPON THE WRITTEN REQUEST OF THE OTHER PARTY, PROMPTLY PROVIDE THE OTHER WITH COPIES OF DOCUMENTS RELEVANT TO THE ISSUES RAISED BY ANY CLAIM OR COUNTERCLAIM ON WHICH THE PRODUCING PARTY MAY RELY IN SUPPORT OF OR IN OPPOSITION TO ANY CLAIM OR DEFENSE. ANY DISPUTE REGARDING DISCOVERY, OR THE RELEVANCE OR SCOPE THEREOF, SHALL BE DETERMINED BY THE ARBITRATOR, WHICH DETERMINATION SHALL BE CONCLUSIVE. ALL DISCOVERY SHALL BE COMPLETED WITHIN 60 DAYS FOLLOWING THE APPOINTMENT OF THE ARBITRATOR. AT THE REQUEST OF A PARTY, THE ARBITRATOR SHALL HAVE THE DISCRETION TO ORDER EXAMINATION BY DEPOSITION OF WITNESSES TO THE EXTENT THE ARBITRATOR DEEMS SUCH ADDITIONAL DISCOVERY RELEVANT AND APPROPRIATE. DEPOSITIONS SHALL BE LIMITED TO A MAXIMUM OF FIVE PER PARTY AND SHALL BE HELD WITHIN 30 DAYS OF MAKING OF A REQUEST. ADDITIONAL DEPOSITIONS MAY BE SCHEDULED ONLY WITH THE PERMISSION OF THE ARBITRATOR AND FOR GOOD CAUSE SHOWN. EACH DEPOSITION SHALL BE LIMITED TO A MAXIMUM OF SIX HOURS DURATION. ALL OBJECTIONS ARE RESERVED FOR THE ARBITRATION HEARING EXCEPT FOR OBJECTIONS BASED ON PRIVILEGE AND PROPRIETARY OR CONFIDENTIAL INFORMATION. TAB AND YOU AGREE THAT THE ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS AND THAT ANY ARBITRATION PROCEEDING BETWEEN TAB AND YOU SHALL NOT BE COMMENCED, CONSOLIDATED OR CONDUCTED WITH ANY OTHER ARBITRATION PROCEEDING. THE ARBITRATOR HAS NO AUTHORITY TO RULE ON THE ENFORCEABILITY OF THE BAN ON CLASS-ACTION ARBITRATION. ANY RULING BY THE ARBITRATOR AUTHORIZING ARBITRATION TO BE CONDUCTED ON A CLASS-WIDE BASIS IS SUBJECT TO APPEAL TO A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR WILL NOT HAVE THE AUTHORITY TO DECLARE ANY TRADEMARK GENERIC, DESCRIPTIVE OR OTHERWISE INVALID. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY YOU OR TAB. THE AWARD SHALL BE MADE WITHIN NINE MONTHS OF THE FILING OF THE NOTICE OF INTENTION TO ARBITRATE, AND THE ARBITRATOR SHALL AGREE TO COMPLY WITH THIS SCHEDULE BEFORE ACCEPTING APPOINTMENT. THIS TIME LIMIT MAY BE EXTENDED BY THE PARTIES OR ARBITRATOR IF NECESSARY. THE AWARD SHALL INCLUDING FINDINGS OF FACT AND CONCLUSIONS OF LAW. EITHER PARTY MAY APPLY TO THE COURT HAVING JURISDICTION FOR AN ORDER CONFIRMING, OR ENFORCING THE AWARD. THE ARBITRATOR SHALL HAVE THE RIGHT TO AWARD OR INCLUDE IN THE AWARD ANY RELIEF WHICH HE/SHE DEEMS PROPER IN THE CIRCUMSTANCES CONSISTENT WITH **SECTION 19**, INCLUDING MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE AND DECLARATORY RELIEF, AND LEGAL FEES AND COSTS IN ACCORDANCE WITH **SECTION 18.9** HEREOF, PROVIDED THAT THE ARBITRATOR SHALL NOT HAVE THE AUTHORITY TO AWARD EXEMPLARY, PUNITIVE OR TREBLE DAMAGES.

18.2 **FORUM.** THE MEDIATION AND ARBITRATION PROCEEDING WILL TAKE PLACE IN DENVER, COLORADO OR THE CITY NEAREST TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME AS DETERMINED BY THE MEDIATOR OR ARBITRATOR, AS THE CASE MAY BE, UNLESS THE PARTIES MUTUALLY AGREE TO ANOTHER LOCATION.

18.3 **CONSENT TO JURISDICTION.** YOU AND YOUR MANAGING PARTY HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF THE COURTS IN DENVER, COLORADO AND MEDIATION AND ARBITRATION IN DENVER, COLORADO OR AS PROVIDED IN **SECTIONS 18.2** OR **18.10**. YOU AND YOUR MANAGING PARTY HEREBY WAIVE ANY OBJECTION YOU OR YOUR MANAGING PARTY MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS.

18.4 **PRIOR RELATIONSHIP.** THE MEDIATOR AND ARBITRATOR SELECTED IN ACCORDANCE WITH **SECTIONS 18.1(b)** AND **(c)** WILL HAVE NO PRIOR BUSINESS OR PERSONAL RELATIONSHIP WITH ANY PARTIES.

18.5 **GOVERNING LAW.** EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN **SECTIONS 18.1, 18.10** AND THIS **SECTION 18.5**, ALL DISPUTES TO BE ARBITRATED BY YOU AND TAB PURSUANT TO THIS AGREEMENT WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT, AND NO PROCEDURAL ARBITRATION ISSUES ARE TO BE RESOLVED PURSUANT TO ANY STATE STATUTES, REGULATIONS, OR COMMON 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 WILL BE INTERPRETED UNDER THE LAWS OF THE STATE OF COLORADO, AND ANY DISPUTE BETWEEN THE PARTIES WILL BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF COLORADO, WHICH LAWS WILL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW.

18.6 **DEFINITION OF DISPUTE.** Subject to **Section 18.10**, “Dispute” means any disputes, controversies or claims between TAB, its Affiliate, shareholders, owners, officers, directors, agents, employees and attorneys (in their respective capacity) and You and Your Managing Party, owners, guarantors, owners, affiliates, officers, directors, agents and employees (collectively, “Parties”) (a) arising out of or related to this Agreement or any other agreement between the Parties relating to the Business or the relationship of the Parties hereto; (b) the relationship of the Parties hereto; or (c) the scope or validity of this Agreement or any other agreement between the Parties relating to the Business or the relationship of the Parties hereto or any provision thereof (including the validity and scope of the arbitration obligation, which You and TAB acknowledge will be determined by an arbitrator and not a court, unless the arbitrator invalidates the Arbitration provision in its entirety, in which case, wither party has the right to appeal such invalidation to a court of competent jurisdiction).

18.7 **BUSINESS JUDGMENT.** The parties recognize and any mediator, arbitrator and judge is affirmatively advised, that certain provisions of this Agreement reflect rights of TAB and You to take (or refrain from taking) certain actions in exercise of its business judgment based on its assessment of the long term interests of the franchised system as a whole. Where such discretion has been exercised, and is supported by the business judgment of TAB or You, a mediator, arbitrator or judge shall not substitute his or her judgment for the judgment so exercised by TAB or You.

18.8 **CONFIDENTIALITY.** All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the negotiation and mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose.

18.9 **COSTS AND ATTORNEYS' FEES.** If TAB or any of its Affiliates take action to enforce this Agreement or take any action due to your breach of this Agreement, You shall reimburse TAB and its Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys',

attorney 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 or seek relief for a breach of this Agreement. TAB reserves the right, but has no obligation, to advance Your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with this **Section 18.9**. If either party commences any legal action or proceeding in any court in contravention of the terms of **Section 18.1**, that party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorney's fees as described in this **Section 18.9**.

18.10 DISPUTES NOT SUBJECT TO NEGOTIATION, MEDIATION OR ARBITRATION. The following disputes are not subject to the procedures set out in **Sections 18.1(a), (b) or (c)**: (a) You, Your Managing Party, Guarantors, owners, affiliates, officers, directors, agents and employees use of the Trademarks, any other mark in which TAB or any of its Affiliates has an interest or the Copyrighted Materials; (b) conduct which is alleged to otherwise infringe the intellectual property rights of TAB or any of its Affiliates; (c) acts in derogation of Your obligations under **Sections 14.2** and **14.3**; or (d) actions for the collection of moneys expressly owed under this Agreement or any other agreement between the Parties (defined in **Section 18.6**) relating to the Business or relationship of the Parties. THE PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM UNDER THIS **SECTION 18.10** SHALL BE IN FEDERAL OR STATE COURTS SITUATED IN DENVER, COLORADO AND EACH PARTY WAIVES ANY OBJECTION IT MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS. NOTWITHSTANDING THE FOREGOING, IF TAB'S PRINCIPAL PLACE OF BUSINESS IS NOT LOCATED IN THE DENVER, COLORADO METROPOLITAN AREA, THE NEAREST CITY TO TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME WITH A STATE AND FEDERAL COURT WILL BE SUBSTITUTED FOR DENVER, COLORADO.

18.11 INJUNCTIVE RELIEF. Notwithstanding anything contained in **Section 18.1** to the contrary, You and TAB will be entitled, to the entry of a temporary, preliminary, interim, interlocutory and permanent injunctive relief and orders of specific performance from a court of competent jurisdiction, without posting bond, enforcing the provisions of this Agreement or any other related agreement pertaining to use of the Licensed Methods, Confidential Information, Trade Secrets, Satellite Website, Trademarks, post termination obligations set out in this Agreement, and any Transfers by You. If either party secures any such injunction or order of specific performance, the non-securing party agrees to pay to the securing party its costs and attorneys' fees described in **Section 18.9** and damages that may be permitted under this Agreement. The non-securing party's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

18.12 SURVIVAL. The provisions of this **Section 18** are intended to benefit and bind certain third party non-signatories. The provisions of this **Section 18** will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

18.13 SEVERABILITY. If a court of competent jurisdiction decides the requirement to arbitrate a Dispute is unenforceable because applicable law does not permit the type of claim involved to be resolved by arbitration, or because this Agreement limits a party's rights or remedies in a manner applicable law does not permit, or for any other reasons, then the arbitration clause shall not be void. Only those portions of the arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

19. DISCLAIMER; LIMITATION OF LIABILITY

19.1 **NO WARRANTIES.** EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY TAB, TAB AND ITS AFFILIATES MAKE NO EXPRESS, IMPLIED, COLLATERAL OR CONDITIONAL WARRANTIES WITH RESPECT TO THE LICENSED METHODS, TAB PROMOTIONAL MATERIALS, DESIGNATED MATERIALS, OPERATIONS MANUAL, CONTRACT FACILITATOR AGREEMENT, SATELLITE WEBSITE, CRM SYSTEM, STANDARDS OR ANY OTHER PRODUCTS, SERVICES AND GOODS DEVELOPED, USED, LICENSED, LEASED, OR SOLD BY OR FOR TAB OR BY OR FOR YOU IN YOUR BUSINESS. TAB MAKES NO REPRESENTATIONS OR WARRANTIES OF TITLE, CONDITION OF TITLE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. TAB MAKES NO REPRESENTATION OR WARRANTY AS TO THE SUCCESS OR PROFITABILITY OF YOUR BUSINESS. TAB ASSUMES NO LIABILITIES OR RESPONSIBILITY FOR ANY ACTS OR OMISSIONS WHICH MAY GIVE RISE TO LIABILITY TO ANY OF YOUR CONTRACT FACILITATORS OR YOUR MEMBERS. TAB AND ITS AFFILIATES ASSUME NO LIABILITY OR OBLIGATION AND MAKE NO GUARANTY OR EXPRESS OR IMPLIED WARRANTIES TO YOU, YOUR MANAGING PARTY, YOUR AFFILIATES, YOUR MEMBERS, OR ANY OF YOUR CONTRACT FACILITATORS BY GRANTING OR DENYING ANY APPROVAL, CONSENT, WAIVER OR THE LIKE OR BY REASON OF ANY NEGLIGENCE, DELAY OR DENIAL OF ANY REQUEST THEREFORE.

19.2 **LIMITATION OF LIABILITY.** YOU, YOUR MANAGING PARTY AND AFFILIATES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE TAB INDEMNIFIED PARTIES. TAB AND THE TAB INDEMNIFIED PARTIES WILL NOT BE LIABLE TO YOU, YOUR MANAGING PARTY, YOUR AFFILIATES, YOUR CONTRACT FACILITATORS, MEMBERS, OR CUSTOMERS, FOR ANY TORT DAMAGES, PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, GENERAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL. IN THE EVENT OF A CLAIM AGAINST TAB OR THE TAB INDEMNIFIED PARTIES, YOU, YOUR MANAGING PARTY, YOUR AFFILIATES, YOUR CONTRACT FACILITATORS, MEMBERS, OR CUSTOMERS WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. TAB'S SOLE AND EXCLUSIVE LIABILITY FOR ANY CONDITIONS OR WARRANTIES EXTENDED TO YOU WILL BE TO REPAIR OR REPLACE, AT TAB'S OPTION, ANY OF THE PRODUCTS AND GOODS SOLD, LICENSED, OR LEASED BY TAB TO YOU WHICH ARE NOT IN COMPLIANCE WITH SUCH WARRANTY OR CONDITION, IF ANY. UNDER NO CIRCUMSTANCES WILL THE TAB INDEMNIFIED PARTIES LIABILITY EXCEED THE DOLLAR AMOUNT OF THE INITIAL FRANCHISE FEE OR THE AMOUNT PAID FOR ANY PRODUCT, SERVICE OR GOOD THAT IS NOT IN COMPLIANCE WITH SUCH CONDITION OR WARRANTY, IF ANY.

20. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

You represent, warrant and acknowledge as follows:

20.1 **DISCLOSURE DOCUMENT.** You have received a copy of the complete disclosure document required by the Trade Regulation Rule of the Federal Trade Commission concerning the franchise at least 14 calendar days prior to the date on which this Agreement was executed. You have received a fully completed copy of this Agreement at least seven calendar days prior to signing it.

20.2 **NO VIOLATION OF ANY OTHER AGREEMENT OR COMMITMENT.** The execution and performance of this Agreement by You does not violate or constitute a breach of the terms of any other agreement or commitment to which You are a party.

20.3 **LEGAL, VALID, AND BINDING VALIDATION.** The individuals executing this Agreement on Your behalf are duly authorized to do so, and, upon its execution, this Agreement will constitute Your legal, valid and binding obligation.

20.4 **COMPLIANCE.** You, Your Managing Party, and if You are a partnership, limited liability company, corporation or other entity, each of Your partners, members, managers, shareholders, and owners, as the case may be, have fully read this Agreement and all related agreements, and fully understand the terms and the import of the same, and represent that You and each of them is capable of complying and will comply with this Agreement.

20.5 **CONSULTATION WITH ADVISERS; INDEPENDENT INVESTIGATION; ACKNOWLEDGMENT OF FRANCHISEE.** TAB has advised You to consult with advisers of Your own choosing. You have been given ample time to do so before signing this Agreement. You have conducted an independent investigation of the Business contemplated by this Agreement and recognize that the success of Your Business is speculative, involves a high degree of financial risk and depends, to a large extent, upon Your ability as an independent business person and Your skills, initiative, hard work and other factors. You understand that You may sustain losses as a result of the operation or the closing of Your Business. You represent and warrant that You engaged Your own legal advisors who are licensed in the Protected Territory and who specialize in franchise law to ensure that You understand Your obligations under this Agreement and all applicable law(s). You further represent and warrant that You have familiarized Yourself with the laws and licensing requirements which govern the operation of Your Business in Your Protected Territory.

20.6 **REFERRAL FEE.** You acknowledge that if You were referred to TAB and You purchase a franchise, the referral source, whether it be another franchisee, facilitator or an unaffiliated third party, may be entitled to a referral fee from You.

20.7 **NON-RELIANCE ON REPRESENTATIONS.** TAB does not make any representations or warranties, express, implied or collateral, as to the potential success of Your Business and no one is authorized to make any such representations or warranties. TAB makes no representations or warranties that the required minimum insurance is adequate to protect You and TAB. You acknowledge, understand and accept that the information provided by TAB or its Affiliates does not constitute a representation or warranty as to the success or profitability of Your Business. You are not relying upon any representations by TAB or its officers, directors, shareholders, employees, agents, contractors, or servants about the business contemplated by this Agreement that are contrary to the provisions of this Agreement or any ancillary documents. TAB does not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of Your Business outside the franchise disclosure document and You have not received or relied upon any warranty, representation or guarantee, expressed, collateral or implied, as to the potential volume, profits, or success of the Business contemplated by this Agreement outside the franchise disclosure document. Actual results will vary among TAB's franchisees and TAB cannot estimate the results of any particular Business. You acknowledge that no approvals, consents, waivers, conditions, or the like by TAB are an endorsement by TAB or a warranty by TAB of the success of Your Business or the appropriateness of the particular items, persons, or matters so approved. You further acknowledge, understand and accept that You are not relying on TAB's or its Affiliates approvals, consents, waivers or the like.

20.8 **DIFFERENT FORMS OF AGREEMENTS.** You acknowledge that other TAB franchisees may operate under different forms of agreements and, consequently, that TAB's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

20.9 **TAB MAY REFUSE TO GRANT YOU A FRANCHISE.** YOU UNDERSTAND AND AGREE THAT TAB HAS NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR FOR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. YOU ACKNOWLEDGE THAT, UNLESS AND UNTIL TAB NOTIFIES YOU IN WRITING WITH A TAB EXECUTED FRANCHISE AGREEMENT THAT THE FRANCHISE HAS BEEN GRANTED, YOU ARE NOT A FRANCHISEE AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF TAB.

20.10 **NO RIGHT TO SUB-FRANCHISE.** TAB hereby expressly forbids sub- franchising of any kind. You hereby agree that You have no right to sell or negotiate the sale of franchises in the name of or on behalf of TAB. TAB further prohibits You from establishing any contractual relationship with any other party which could be deemed or interpreted to have established a sub-franchise relationship. You hereby agree that, to the full extent permitted by applicable law, sub-franchising of any kind on Your part or behalf shall be grounds for immediate termination of Your Franchise Agreement without notice and without opportunity to cure as set out in **Section 17.3**.

20.11 **CREDIT CHECKS AND BACKGROUND CHECKS.** You authorize TAB to obtain, at any time throughout the term of this Agreement, credit checks and background checks on You, Your Managing Party, Your owners and Your guarantors.

20.12 **APPLICATION FOR FRANCHISE.** All statements made by You in writing in connection with its application for this franchise were, to the best of Your knowledge, true when made and continue to be true as of the Effective Date of this Agreement.

20.13 **ANTI-TERRORISM.** You, Your Managing Party, guarantors and owners agree to comply with and/or to assist TAB to the fullest extent possible in TAB's efforts to comply with Anti- Terrorism Laws. In connection with such compliance, You, Your Managing Party, guarantors and owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that You, Your Managing Party, guarantors and owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) You, Your Managing Party and owners certify that none of them, their respective employees, or anyone associated with You, Your Managing Party and owners is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). You agree not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) You certify that You have no knowledge or information that, if generally known, would result in You, Your Managing Party, owners, their employees, or anyone associated with You, You, Your Managing Party and owners to be listed in the Annex to Executive Order 13224.

(c) You are solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and You specifically acknowledge and agree that Your indemnification responsibilities set forth in this Agreement pertain to its obligations under this **Section 20.13**.

(d) Any misrepresentation under this **Section 20.13** or any violation of the Anti-Terrorism Laws by You, Your Managing Party, owners and their employees shall constitute grounds for immediate termination of this Agreement and any other agreement You have entered TAB or its Affiliates.

20.14 **STATEMENT OF OWNERSHIP.** You represent that the Statement of Ownership attached to this Agreement as Exhibit II is true, complete, accurate and not misleading.

21. MISCELLANEOUS PROVISIONS

21.1 **RELATIONSHIP OF THE PARTIES.** Nothing in this Agreement is intended to create or does create the relationship of employer and employee, principal and agent, co-partners, joint venturers, fiduciary, or any other similar relationship, the existence of which is hereby expressly denied by all parties hereto, between You and TAB. You agree that You are in all respects an independent contractor. You do not have the authority to bind TAB to any agreement, whether written or oral, without the signature of the Chief Executive Officer of TAB. You will not be treated as an employee, partner, or joint venturer of TAB for any purpose, including but not limited to, for state or federal income tax purposes. You shall not incur any obligations or indebtedness except in Your name.

21.2 **NON-WAIVER.** No waiver by TAB of performance of any obligation under this Agreement shall be construed as a waiver of any other or future default of performance of such obligation. Further, TAB's forbearance, delay, failure to exercise or express waiver of a right or TAB's decision to take some other action regarding breach by any other TAB franchisee or any licensee or corporate facilitator shall not be evidence of a practice, custom or policy of TAB and shall not waive or impair TAB's ability to exercise any right, power or option it has under this Agreement in the event of the same, similar or different breach by You. In addition, TAB's acceptance of any payments due from You after any breach by You shall not constitute a waiver of said breach nor limit TAB's ability to fully exercise its rights under this Agreement as a result of Your breach.

21.3 **FORCE MAJEURE.** Neither TAB nor You will be liable for loss or damage or deemed to be in breach of this Agreement if TAB or You exercise best efforts to perform TAB's or Your obligations hereunder and TAB or Your failure to perform such obligations results from: (a) transportation, material, or energy shortages, or the voluntary foregoing of the right to acquire or use any of the foregoing, in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any government or any department or agency thereof; (c) acts of God; (d) acts or omissions of the other party; (e) fire, strike, embargo, insurrection, war (whether or not officially declared), or riot; or (f) acts of terrorism. Any delay resulting from any of said causes will extend performance accordingly or excuse performance in whole or in part, as may be necessary. Notwithstanding the foregoing, You or TAB will not be excused from performance of Your or TAB's obligations under this Agreement due to a Force Majeure event described herein where the affected party (1) assumed or should have assumed the risk of a Force Majeure event; (2) through its own fault or negligence caused the Force Majeure event; or (3) cannot otherwise perform its obligations under this Agreement due to a lack of funds.

21.4 **CUMULATIVE RIGHTS.** The rights and remedies of TAB hereunder are cumulative and no exercise or enforcement by TAB of any right or remedy hereunder will preclude the exercise or enforcement by TAB of any other right or remedy hereunder which TAB is entitled by law to enforce.

21.5 **RIDER.** If a state regulator requires an amendment to this agreement, the amendment is attached hereto in a state law rider as Exhibit VII. TAB will not, however, be precluded from contesting

the validity, enforceability, or applicability of such laws or regulations in any action relating to this agreement or to its rescission or termination.

21.6 **SURVIVAL.** All of Your obligations which expressly or by their nature survive the expiration, termination, transfer or assignment of this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration, termination, assignment or transfer of this Agreement and until they are satisfied in full or by their nature or express terms expire.

21.7 **TIME FOR BRINGING ACTION.** You agree that any claim or action brought by You relating to or arising from this Agreement will be barred if not brought within one year of the occurrence of the circumstances giving rise to such claim or action or comes to the attention of or should reasonably have come to Your attention.

21.8 **WAIVER OF JURY TRIAL.** TAB AND YOU HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY.

21.9 **BINDING EFFECT.** This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, successors, and permitted assigns.

21.10 **TIME IS OF THE ESSENCE.** Time is of the essence of this Agreement and in the performance of each and every term and provision hereof.

21.11 **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, will bear the necessary signatures.

21.12 **NOTICES.** All notices, consents, requests, demands, and other communications hereunder are to be in writing, and are deemed to have been duly given or made: (a) when delivered in person; (b) five days after transmittal by first class certified or registered mail; (c) in the case of express courier services, three days after delivery to the courier service with payment provided for; or (d) if by facsimile, when sent and facsimile confirmation received, in each case addressed as follows:

If to TAB, to: TAB Boards International, Inc.
11031 Sheridan Boulevard
Westminster, CO 80020 USA
Attention: Jason P. Zickerman, President & CEO
Fax: (303) 839-0012

with a copy to: TAB Boards International, Inc.
11031 Sheridan Boulevard
Westminster, CO 80020 USA
Attention: Legal Department
Fax: (303) 839-0012

and with a copy to: TAB Boards International, Inc.
11031 Sheridan Boulevard
Westminster, CO 80020 USA
Attention: Finance Department
Fax: (303) 839-0012

under this Agreement. This appointment is being coupled with an interest to enable TAB to protect the Licensed Methods.

NOTE: Acceptance of this Agreement by TAB can only be made if executed by the Chief Executive Officer of TAB.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY THE PARTIES.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement as of the date that TAB accepts this Agreement.

FRANCHISOR:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____
Jason P. Zickerman
President and Chief Executive Officer

By: _____
Its: _____

Date: _____

**EXHIBIT I
TO FRANCHISE AGREEMENT**

ADDENDUM TO FRANCHISE AGREEMENT

This “**Addendum**” to the TAB Boards International, Inc. Franchise Agreement (“**Agreement**”), dated _____, 2014, between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and _____ (“**You**”), is made effective as of the date of the Agreement. To the extent not defined herein, all capitalized references in this Addendum will have the meanings as defined in the Agreement.

1. **Protected Territory.** The following zip codes, postal codes, and/or counties, which are located in the state(s) or province(s) of California, constitute Your Protected Territory:

As You become aware of any zip code, postal code and/or county changes in Your Protected Territory, provide written notice of any such changes to TAB.

2. **Marketing List.** TAB will order Marketing Lists for Your Protected Territory at a designated time prior to the start of Your Mass Marketing Campaign. Additional Marketing Lists may also be ordered. The information contained in these Marketing Lists may contain overlapping entries and/or information which is not current. Moreover, there will likely be prospects in Your Protected Territory to whom You can market that are not included on these Marketing Lists. This is a result of the nature of how these Marketing Lists are compiled and TAB will assume no responsibility for any such omissions or errors.

TAB relies on third party vendors to supply the data used to calculate total businesses, and thus TAB has no control over the accuracy or changes to this data which may take place at any time. The total business calculations listed in this Agreement are the then current figures obtained by TAB from such third party vendor(s) on a periodic basis at TAB's sole discretion. These figures may change over time for reasons outside of TAB's control. You hereby agree and acknowledge that total business count and content of the Marketing Lists are final and there will be absolutely no negotiation regarding the calculation of total businesses or the content of any Marketing Lists or other lists of prospects supplied by TAB pursuant to this Agreement. You acknowledge that the Marketing Lists and total business count are provided in their AS IS WHERE IS condition.

3. **Training Program.** Your Initial Training Program will take place the week of

4. **Start of Business Operations.** For the purposes of the Agreement, Your Start of Business Operations, as defined in the Agreement, is: .

NOTE: This date must be initialed by TAB's CEO or Chairman to be effective _____
[CEO or Chairman's Initials]

5. **Managing Party and Facilitator(s).**

(a) The Managing Party approved for Your Business is:

(b) Facilitator(s) approved for the initial Board(s) You form is (are):

6. **Acknowledgment of Non Competitive Activity.** TAB agrees that the following business consulting projects in which You have been engaging in the 12 months prior to the date of execution of the Agreement will not be considered a Competitive Activity subject to the restrictions described in Section 14.2(b) of the Agreement: Prior to the Effective Date, you _____ (“Activities”) that are not the same as or similar to the Licensed Methods, Strategic Business Leadership[®], TAB Business Vantage[®] or activities that are the same as or similar to TAB Boards, or SBL Coaching. The Activities described above will not constitute Competitive Activities so long as You do not use the Licensed Methods or processes that are the same or similar thereto including Strategic Business Leadership[®], TAB Business Vantage[®] or activities that are the same as or similar to TAB Boards, or SBL Coaching.

***NOTE: This section must be initialed by TAB's CEO or Chairman to be effective.**
_____ [CEO or Chairman’s Initials]

Fully executed this ____ day of _____, 2014.

FRANCHISOR:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____
Jason P. Zickerman
President and Chief Executive Officer

By: _____
Its: _____

Date: _____

**EXHIBIT II
TO FRANCHISE AGREEMENT**

STATEMENT OF OWNERSHIP

This “**Statement of Ownership**”, attached as **Exhibit II** to the TAB Boards International, Inc. Franchise Agreement (“Agreement”), dated _____, 2014, between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and _____ (“**You**”), will further define Your form of ownership, as well as those parties which have an ownership interest in You. To the extent not defined herein, all capitalized references in this Statement of Ownership will have the meanings as defined in the Agreement.

1. **Your Name.** Your Name is:

2. **Your Form of Ownership.** Your form of ownership is (select one below):

_____ Individual *(No further information needed.)*

_____ Corporation *(Provide the state and date of incorporation, the names and addresses of each officer and director, and the names and addresses of every shareholder, including percentage of stock owned by each below.)*

_____ Limited Liability Company *(Provide the state and date of formation, the names and addresses of each manager, and the names and addresses of every member, including percentage of membership interest held by each member below.)*

_____ Partnership *(Provide name and address of each partner, percentage of business owned, whether active in management, and state in which partnership was formed below.)*

Any and all changes to the above information must be reported to TAB within 10 business days prior to the date such changes take effect.

FRANCHISOR:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____
Jason P. Zickerman
President and Chief Executive Officer

By: _____
Its: _____

Date: _____

**EXHIBIT III
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (“**Agreement**”), by TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) in favor of _____ (“**Franchisee**”), each of the undersigned (“**Guarantor(s)**”) hereby personally and unconditionally guarantees to TAB, its Affiliates (as defined in the Agreement), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned Guarantor(s) agrees to be personally bound by, and personally liable for the breach of each and every undertaking, agreement, covenant, and provision in the Agreement. Guarantor(s) further agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement. Each of the Guarantor(s) agrees to personally comply with and abide by the non-competition provisions, other restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to trademarks, assignment and transfer, to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration, transfer or termination of the Franchise Agreement or this Guaranty.

1. Each of the undersigned Guarantor(s) waives the following:
 - (a) Notice of demand for payment of any indebtedness or non performance of any obligations hereby guaranteed;
 - (b) Protest and notice of default to any party with respect to the indebtedness or non performance of any obligations hereby guaranteed; and
 - (c) Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.
2. Each of the undersigned Guarantor(s) consents and agrees that:
 - (a) His or her direct and immediate liability as defined herein will be joint and several;
 - (b) He or she will render any payment or performance required under the Agreement upon demand, if Franchisee fails or refuses punctually to do so;
 - (c) Such liability will not be contingent or conditioned upon pursuit by TAB of any remedies against Franchisee or any other person; and
 - (d) Such liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which TAB may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of this Agreement, including renewals thereof.

If TAB or any of its Affiliates are required to enforce this Guaranty in any judicial proceeding or appeal thereof, the Guarantor(s) shall reimburse the TAB and Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney 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.

The undersigned Guarantor(s) also recognize that certain disputes relating to the Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with **Section 18** of the Agreement. The terms contained in the Agreement any applicable Addendum and this Guaranty constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned Guarantor(s) has affixed his or her signature effective as of the same day and year as the Agreement was executed.

GUARANTORS:

Print Name Above

Signature (Individually)

Address:

Date: _____

TAB HEREBY ACKNOWLEDGES AND ACCEPTS THE FOREGOING UNDERTAKINGS BY THE GUARANTOR(S) WHO SIGNED ABOVE.

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____

Jason P. Zickerman

President and Chief Executive Officer

Date: _____

**EXHIBIT IV
TO FRANCHISE AGREEMENT**

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

In consideration of, and as an inducement to, the execution of the TAB Boards International, Inc. Franchise Agreement (“**Agreement**”), dated _____, 2014, between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and _____ (“**Franchisee**”), this “**Non-Disclosure and Non-Competition Agreement**” is made and entered into between TAB, Franchisee and Associate. To the extent not defined herein, all capitalized references in this Non-Disclosure and Non-Competition Agreement will have the meanings as defined in the Agreement.

RECITALS

A. TAB owns, operates, and grants franchises for the establishment and operation of TAB Businesses that form TAB Boards of TAB Members, Facilitate TAB Board Meetings and provide SBL Coaching under the Trademarks and using the Confidential Information and Trade Secrets.

B. TAB’s Confidential Information and Trade Secrets are all operations, marketing, materials and data bases, advertising, development and related information which are developed and utilized in connection with the operation of the Business, the Operations Manual, all aspects of the Licensed Methods, all information regarding TAB Members, including Membership Information, the terms of the Agreement, and all TAB or its Affiliates proprietary information (whether in print, electronic form, or oral).

C. TAB and its Affiliates have established substantial goodwill and an excellent reputation with respect to the Confidential Information and Trade Secrets, which goodwill and reputation have been and will continue to be of major benefit to TAB and its Affiliates.

THEREFORE, in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, Franchisee, and TAB, intending legally to be bound, agrees as follows:

1. **ASSOCIATE.** The Associate is (a) the Managing Party; (b) if Franchisee is a corporation, partnership, limited liability company or other form of entity, a manager, officer, member, director, partner, shareholder, non-managing party, owner or any of the foregoing immediate family member who has access to the Confidential Information and/or Trade Secrets; (c) a Contract Facilitator; (d) if Franchisee is an individual, the immediate family member of Franchisee who has access to the Confidential Information and/or Trade Secrets; (e) an employee, agent or contractor who has access to the Confidential Information and/or Trade Secrets; or (g) a Guarantor who has signed the Guaranty and Assumption of Franchisee’s Obligations attached as Exhibit III to the Franchise Agreement.

2. **CONFIDENTIAL INFORMATION AND TRADE SECRETS.**

(a) **Ownership.** Associate acknowledges that Confidential Information and Trade Secrets are the unique, exclusive property and Trade Secrets of TAB and/or TAB's Affiliates. Associate further acknowledges that TAB and its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that TAB and its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

(b) **Wrongful Use.** Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to TAB and/or TAB's Affiliates. Associate will not at any time, directly or indirectly, publish, disclose, divulge, or in any manner communicate to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of TAB or in the operation of the Business, any of the Confidential Information and Trade Secrets. Associate further agree not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, (1) any confusingly similar method, website, format, procedure, technique, system, Trademark, name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB or its Affiliates; or (2) any facility or program of TAB or its Affiliates.

(c) **Membership Information.** Associate agrees to keep confidential and not disclose information about TAB Members or personal or business matters of a confidential nature that Associate learns from TAB, its Affiliates, another TAB franchisee, licensee or TAB Member at a TAB Board Meeting or from any private consulting or private coaching session or otherwise. Associate may disclose such information pursuant to a valid court order, or with the permission of TAB, its Affiliates, another TAB franchisee, licensee or TAB Member to whom the information pertains (as the case may be). TAB Member Information will only be used for the purpose of operating the Franchisee's Business.

(d) **Required Action.** Associate will adopt and implement all reasonable procedures prescribed by TAB from time to time to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

3. **COMPETITIVE ACTIVITY; NON-COMPETE.**

(a) **Definition.** For purposes of this Agreement, a “**Competitive Activity**” means:

- (1) Services and products that are the same as, similar to, or competitive with the Licensed Methods or Business
- (2) Marketing or facilitating groups of business leaders, which group meetings are the same as or similar in nature to TAB Boards;
- (3) Providing regularly-scheduled private coaching sessions, mentoring or providing strategic planning services for business owners and/or their planning teams that use processes, methods or systems that are the same as or similar in nature to those processes, methods or systems that are used by the SBL System;
- (4) Providing services of the type provided by TAB and/or its Affiliates where those services are provided in relation to businesses of the type described in **Sections 3(a)(1) - (3)**;
- (5) Ownership, whether directly or indirectly, and whether beneficially or of record of any capital stock, partnership interest or any other interest in a business or entity that engages in the activities described in **Sections 3(a)(1) - (4)**;
- (6) Participation, either directly or indirectly, in the management or operation of a business as a partner, investor, shareholder, director, officer, employee, principal, agent, advisor, contractor or consultant or in any other capacity of any entity, business or person that engages in the activities described in **Sections 3(a)(1) - (4)**;

(7) Franchise, license, conduct or be connected with or assist any person, entity or business to franchise, license, conduct or be connected with the activities described in **Sections 3(a)(1) - (4)**; or

(8) Divert or attempt to divert, directly or indirectly, any business related to, or any customer or account of, a Business, TAB or its Affiliates, Other Businesses, or any other business then being offered or operated by TAB or its Affiliates in the Protected Territory; or divert or attempt to divert, directly or indirectly, the employment of any employee or Contract Facilitator of TAB, its Affiliates or another TAB franchisee or licensee to any entity to conduct activities described in this **Section 3(a)**.

(b) **Ancillary Business**. Associate may conduct Ancillary Business(es), so long as the:

(1) Confidential Information, Trade Secrets, Trademarks or any portion thereof or anything confusingly similar thereto, URLs containing the Trademarks or any portion thereof or anything confusingly similar thereto, the Satellite Website and TAB proprietary materials are not used in connection with such Ancillary Businesses;

(2) Ancillary Business(es) does not constitute a Competitive Activity, as defined in **Section 3(a)** above;

(3) Ancillary Business would not, in TAB's sole opinion, compete with a Business, any Other Business or business then being offered or operated by TAB or its Affiliate(s) in the Protected Territory; and

(4) Ancillary Business would not likely harm or disparage the goodwill or be inconsistent with the image associated with a Business, TAB, any Other Business or business then being operated or offered by TAB or its Affiliate(s) in the Protected Territory and/or the Confidential Information, Trade Secrets and Trademarks (collectively, "**Restrictions**").

(c) **In Term Covenant**. Associate acknowledges that TAB will be unable to protect the Confidential Information and Trade Secrets and other confidential and proprietary elements of the Business and TAB's proprietary information and achieve an exchange of ideas with Franchisee and Associate if Associate were permitted to hold competitive interests or engage in Competitive Activities. Therefore Associate hereby covenants and agrees that, so long as he is an Associate as defined in **Section 1** of this Non-Disclosure and Non-Competition Agreement, except while associated with or operating the Business in a manner authorized by TAB, Associate will not engage, directly or indirectly, in any Competitive Activity anywhere other than as expressly authorized under this Agreement. Associate acknowledges that a violation of this section would constitute an unfair method of competition.

(d) **Post Termination Covenant**. For a period of two years following the later of (1) the termination, transfer, or expiration of this Franchise Agreement; (2) the last date that Associate was as Associate as defined in **Section 1** of this Non-Disclosure and Non-Competition Agreement; (3) the last date Associate Facilitates a TAB Board or provides SBL Coaching; or (4) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Associate shall not engage in any Competitive Activity within:

(1) the Protected Territory;

(2) within 25 miles of the outer boundaries of the Protected Territory;

(3) within the Protected Territory of another Business other than Franchisee's Business; and

(4) within 25 miles of the location where a TAB Board meets.

4. **ACKNOWLEDGEMENTS.** Associate acknowledge the following:

(a) That Associate will be able to earn a livelihood without violating the foregoing restrictions;

(b) That Associate's entire knowledge of the operation of the Business and the Confidential Information and Trades Secrets that Associate now or will obtain is derived from TAB or its Associate's Confidential Information and Trade Secrets; and

Communication among TAB, its Affiliates, Franchisee, Associate and TAB's other franchisees and licensees will be chilled if it is perceived that Associate is violating this Agreement.

5. **CONFORMING TO THE REQUIREMENTS OF LAW.** The parties hereto acknowledge that they have attempted to limit Associate's right to compete only to the extent necessary to protect TAB's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant is in any way disputed at any time, an arbitrator or court may modify and enforce the covenant to the extent that they believe to be reasonable under the circumstances existing at the time.

6. **INJUNCTION.** TAB and its Affiliates must be protected against the potential for unfair competition by Associate's use of the Confidential Information and Trade Secrets in direct competition with TAB or its Associates. Associate further acknowledges that TAB would not have entered into the Franchise Agreement or shared (or permitted the sharing of) the Confidential Information and Trade Secrets with Associate absent Associate's agreement to strictly comply with the provisions of this Agreement. Associate acknowledges that as an Associate he/she/it will have access to TAB's or its Affiliates Confidential Information and Trade Secrets and therefore will be in a unique position to use the special knowledge gained as an Associate. Associate acknowledges that a breach of the covenants contained in this Agreement will be deemed to threaten immediate and substantial irreparable injury to TAB and/or its Affiliates, which cannot be compensated by monetary damages. Accordingly, You agree that TAB and its Affiliates will have the right, without prior notice to Associate, to obtain immediate injunctive relief, including, preliminary, interim, interlocutory and permanent injunctive relief, without limiting any other rights or remedies it may have and without posting a bond.

7. **EFFECT OF WAIVER.** The waiver by Associate, Franchisee, TAB or its Affiliates of a breach of any provision of this Non-Disclosure and Non-Competition Agreement will not operate or be construed as a waiver of any subsequent breach thereof.

8. **BINDING EFFECT.** This Non-Disclosure and Non-Competition Agreement will be binding upon and inure to the benefit of Associate, Franchisee, TAB and its Affiliates, and their respective heirs, executors, representatives, successors, and assigns.

9. **ENTIRE AGREEMENT.** This Non-Disclosure and Non-Competition Agreement and any documents referenced herein contain the entire agreement of Associate, Franchisee, and TAB relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed

by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

10. **GOVERNING LAW.** This Non-Disclosure and Non-Competition Agreement will be governed by and construed under the laws of the state of Colorado.

11. **JURISDICTION AND VENUE.** In the event of a breach or threatened breach by Associate of this Non-Disclosure and Non-Competition Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of the State of Colorado, and irrevocably agrees that venue for any action or proceeding will be in the City and County of Denver, Colorado. All parties waive any objection to the jurisdiction of these courts or to venue in Denver, Colorado. Notwithstanding the foregoing, TAB, its Affiliates or Franchisee may enforce this Non-Disclosure and Non-Competition Agreement in any court of proper jurisdiction in the state where the Franchisee's Business is located.

12. **SEVERABILITY.** TAB has attempted to limit the right to compete only to the extent necessary to protect TAB's and its Affiliate's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, TAB reserves the right to reduce the scope of said provision without Associate's or Franchisee's consent, at any time or times, effective immediately upon notice to Associate and Franchisee. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect TAB, its Affiliates, and their successors and assigns and may be enforced by any of them.

13. **COSTS OF ENFORCEMENT.** In any action at law or in equity to enforce any of the provisions or rights under this Non-Disclosure and Non-Competition Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, will pay the successful party or parties all costs, expenses and reasonable attorney's fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party will recover judgment in any such action or proceeding, such costs, expenses and attorney's fees will be included as part of such judgment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed this Non-Disclosure and Non-Competition Agreement on the date first above written.

FRANCHISOR:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____
Jason P. Zickerman
President and Chief Executive Officer

By: _____
Its: _____

Date: _____

ASSOCIATE:

**EXHIBIT V
TO FRANCHISE AGREEMENT**

CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS, ETC.

In consideration of, and as an inducement to, the execution of the TAB Boards International, Inc. Franchise Agreement (“**Agreement**”), dated _____, 2014, between TAB BOARDS INTERNATIONAL, INC. (“**Assignee**”) and _____ (“**Assignor**”), this “**Conditional Assignment Of Telephone And Directory Listings, Etc.**” is made and entered into on even date herewith, between Assignee and Assignor. To the extent not defined herein, all capitalized references in this Conditional Assignment Of Telephone And Directory Listings, Etc. will have the meanings as defined in the Agreement.

Pursuant to the terms of the Agreement, and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet website addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of Assignor's Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone, directory, or other company with respect to any such listings with the same force and effect as if they had originally been issued to Assignee. This Conditional Assignment Of Telephone And Directory Listings, Etc. is valid on the effective date first set forth above and is, in all circumstances, irrevocable. Assignee may fill in, add, or change the effective date and the listings at any time. The telephone, directory, or other company involved with any such listings is hereby authorized by both Assignee and Assignor to rely on this Conditional Assignment Of Telephone And Directory Listings, Etc. Furthermore, both Assignee and Assignor will hold harmless and indemnify the telephone, directory, or other company involved with any such listings from any claims based on reliance on this Conditional Assignment Of Telephone And Directory Listings, Etc.

FRANCHISOR:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____
Jason P. Zickerman
President and Chief Executive Officer

By: _____
Its: _____

Date: _____

**EXHIBIT VI
TO FRANCHISE AGREEMENT
CLOSING ACKNOWLEDGMENT**

This “**Closing Acknowledgment**”, attached as **Exhibit VI** to the TAB Boards International, Inc. Franchise Agreement (“**Agreement**”), dated _____, 2014, between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and _____ (“**Franchisee**”), must be completed before or at the same time Franchisee signs the Agreement. To the extent not defined herein, all capitalized references in this Closing Acknowledgment will have the meanings as defined in the Agreement.

TAB salesperson handling this sale:

A. The following are true and correct:

Yes _____ No _____ I had a face-to-face meeting with a salesperson or TAB representative.

If yes, the date of said meeting was:

_____ The date which I received the Franchise Disclosure Document about the TAB Franchise.

_____ The date I received a fully completed copy (other than signatures) of the Agreement I later signed.

_____ The earliest date on which I signed the Agreement or any other binding document (not including the receipt).

_____ The earliest date on which I delivered cash, check, or consideration to a TAB representative or any other salesperson.

B. Acknowledgement and Representations. Please answer and initial after each representation.

As You know, You and TAB are entering into a Franchise Agreement for the operation of a TAB Business Franchise. This purpose of this closing acknowledgment is to determine whether any statements or promises were made to You that TAB has not authorized or that may be untrue, inaccurate or misleading, and to be certain that You understand the limitations on claims that may be made by You by reason of the offer and sale of the TAB Business Franchise and operation of Your TAB Business. Please review each of the following questions carefully and provide honest responses to each question.

1. Did You receive a copy of TAB’s Franchise Disclosure Document (and all exhibits and attachments) at least (a) 14 days before the execution of the franchise or other agreement or payment of any consideration; or (b) if You are a resident of Iowa at the earlier of first personal meeting or 14 days before the execution of the franchise or other agreement or payment of any consideration or (c) if You are a resident of New York, Oklahoma or Rhode Island at the earlier of first personal meeting or 10 business days before the execution of the franchise or other agreement or payment of any consideration; or (d) if You are a resident of Michigan, Oregon or Washington 10 business days before the execution of any binding agreement or payment of any consideration.

Yes _____

No _____

Initial _____

2. Have You studied and reviewed carefully the TAB Franchise Disclosure Document and Franchise Agreement.

Yes _____ No _____ Initial _____

3. Is the name, address and phone number of any broker and each of TAB's employees or representatives who was involved in offering You this TAB Business Franchise listed on the TAB Franchise Disclosure Document receipt You signed (or on any updated receipt TAB provided to You).

Yes _____ No _____ Initial _____

4. Do You understand that the Franchise Agreement contains the entire agreement between You and TAB concerning the TAB Business Franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or TAB's Franchise Disclosure Document will not be binding?

Yes _____ No _____ Initial _____

5. Do You understand that the success or failure of Your TAB Business will depend in large part on Your skills and experience, Your Business acumen, Your local market, the economy, inflation, and other economic and business factors?

Yes _____ No _____ Initial _____

6. Do You understand that the TAB Business Franchise granted to You is for the right to operate a TAB Business Franchise only in the Protected Territory, that there may be pre-existing TAB Business Franchises operating in Your Protected Territory with no marketing or protected territory rights and that TAB or its affiliates have the right to issue franchises or operate competing businesses for or at locations, as We determine, near Your Protected Territory.

Yes _____ No _____ Initial _____

7. Do You understand that You are bound by a non-compete covenants (both in-term and post-term) listed in **Section 14** and that an injunction is an appropriate remedy to protect the interests of the TAB System if You violate the covenants? Further, do You understand that the term "You" for purposes of the covenants is defined broadly such that any actions in violation of the covenants by those holding any interest in the Franchisee entity may result in an injunction, default and termination for the Franchise Agreement?

Yes _____ No _____ Initial _____

8. Do You understand that the current economic crisis and financial situation could have a negative impact on the franchise industry, the TAB System and Your TAB Business? Do you also understand that the economic situation may worsen?

Yes _____ No _____ Initial _____

9. I had an opportunity to seek professional advice regarding the Disclosure Document and the Agreement.

Yes _____ No _____ Initial _____

If You answered "No" to any question 1-9, please explain (attach additional sheets if necessary):

10. Was any oral, written or visual claim, guaranty, assurance or representation, promise, agreement, contract, commitment, understanding or otherwise made to You which contradicted the disclosures in the TAB Franchise Disclosure Document or the Agreement?

Yes _____ No _____ Initial _____

11. Was any oral, written or visual claim, guaranty, assurance or representation made to You by an employee or other person speaking on TAB's behalf which stated, suggested, predicted or projected Your sales, income, expenses, cash flow, tax effects, performance or profit levels?

Yes _____ No _____ Initial _____

12. Did any employee or other person speaking on TAB's behalf make any statement or promise regarding the costs involved in operating a TAB Business Franchise that is not contained in the TAB Franchise Disclosure Document or that is contrary to or different from the information in the TAB Franchise Disclosure Document?

Yes _____ No _____ Initial _____

13. Did any employee or other person speaking on TAB's behalf make any promises, agreements, contracts, commitments, representations, guarantees, assurances, understandings, "side deals," or otherwise to You with respect to any matter, including, but not limited to, any representations or promises regarding advertising (television or otherwise), marketing, the Protected Territory, operational assistance, or other services?

Yes _____ No _____ Initial _____

14. Are You relying in any way on any promises, guarantees, assurances, agreements, contracts, commitments, representations, understanding, or "side deals," except as explicitly set forth in the Agreement, or a written addendum or exhibit thereto, signed by You and an officer of TAB.

Yes _____ No _____ Initial _____

If You answered "Yes" to any question 10-14, please explain (attach additional sheets if necessary):

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS CLOSING ACKNOWLEDGMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

TAB does not make or endorse any franchisee or other individual to make or endorse any representations, warranties, projections, or disclosures of any type of any financial information, date, or results with respect to this or any other franchise, whether with respect to sales, income, expenses, profits, cash flow, tax effects, or otherwise, whether made on behalf of or for TAB, any franchisee, or other individual, and expressly disclaims any such financial information, data, or results. If any such representations have been made to You by any person, immediately inform an officer of TAB.

In addition, TAB does not permit any promises, agreements, contracts, commitments, representations, understandings, "side deals," or otherwise, or variations or changes in or supplements to the Agreement, except by means of a written Amendment thereto, signed by Franchisee and an officer of TAB.

You understand and agree to all of the foregoing.

Signed: _____ Signed: _____

Print Name: _____ Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

By: _____
Jason P. Zickerman
President and Chief Executive Officer

Date: _____


**EXHIBIT VII
TO FRANCHISE AGREEMENT
STATE LAW RIDER**

**EXHIBIT VIII
TO FRANCHISE AGREEMENT**

TRADEMARKS

TAB's Current Trademarks Are:

TAB Trademarks

TRADEMARK
ACHIEVE SUCCESS WITH PEER ADVICE AND COACHING
 <hr style="width: 10%; margin-left: 0;"/>
TAB
TAB BOARDS
TAB BOARDS REWARDS
TAB BUSINESS VANTAGE
TALKTAB
THE ALTERNATIVE BOARD
THE ALTERNATIVE BOARD TAB
TIPS FROM THE TOP
TAB EMERGING ENTREPRENEUR BOARD
TABenos

SBL Trademarks

TRADEMARK
STRATEGIC BUSINESS LEADERSHIP

**EXHIBIT C
(TO FRANCHISE DISCLOSURE DOCUMENT)**

MARKETING SUPPORT AGREEMENT

THIS MARKETING SUPPORT AGREEMENT (“Marketing Agreement”) is made between TAB BOARDS INTERNATIONAL, INC. (“TAB”) and _____ (“You”), is hereby incorporated into and made a part of the Franchise Agreement between the Parties (“Agreement”), and shall be effective upon receipt by TAB.

NOW, THEREFORE, for and in consideration of the promises and covenants contained herein and in the Agreement, Franchisee agrees as follows:

1. **SCHEDULE**. The key dates set forth herein will allow Your Marketing Event or other marketing, sales or prospecting activity to proceed in a timely manner. Should any of these dates be missed, all subsequent events in the Marketing Event or other marketing, sales or prospecting activity are in jeopardy of not being completed in a timely fashion. Missed dates may compromise the effectiveness of Your Marketing Event or other marketing, sales or prospecting activity and may produce unsatisfactory results. Every effort will be made to make up time lost due to missed dates, but no guarantees can be made. If dates are missed and TAB’s corporate Marketing Department believes that a significant negative impact on Your Marketing Event or other marketing, sales or prospecting activity will result, You will be asked to acknowledge the negative impact and either allow or disallow Your Marketing Event or other marketing, sales or prospecting activity to proceed. If You disallow the Marketing Event or other marketing, sales or prospecting activity, it will be rescheduled for a time period provided by TAB, and depending upon Field Support Training Service availability. If You do not re-schedule Your Marketing Event or other marketing, sales or prospecting activity, You acknowledge that TAB makes no representations or warranties regarding the results of Your Marketing Event or other marketing, sales or prospecting activity. Any costs incurred through Your decision to stop and reschedule the Marketing Event or other marketing, sales or prospecting activity will be due to TAB and TAB assumes no liability for these or any other lost or additional costs as a result of Your decision to stop and reschedule the Marketing Event or other marketing, sales or prospecting activity.

2. **NO WARRANTY**. When TAB provides services or arranges for others to provide services and/or marketing support for Your Marketing Event or other marketing, sales or prospecting activity, TAB does not warrant or guarantee the results of any such service and/or marketing support or any Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity. There is no way to predict the number of TAB Member prospects, if any, who will respond to any Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity. You assume complete financial liability for the Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity, regardless of the results.

3. **NO LIABILITY**. TAB is not responsible for mistakes or any other actions of outside resources or vendors used for the Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity. If, however, an outside resource or vendor has made mistakes in the performance of a Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity, TAB will request concessions or rebates for You. If the outside resource or vendor grants any concessions or rebates, the amount will be credited to the cost of the particular Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity. The balance of the cost of the Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activity, after crediting the concessions or rebates will be Your responsibility.

4. **YOUR ACKNOWLEDGEMENTS.** You acknowledge that it is customary for (a) up to 10% of the phone numbers of prospective TAB Members used in telemarketing to be disconnected; (b) up to 60% of the email addresses of prospective TAB Members will not be collected; and (c) up to 75% of the TAB Member prospects on any lists not to be contacted. You acknowledge that these numbers are a guideline and Your results may be greater than or less than the numbers set forth herein for Your Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activities. TAB makes no representations or warranties regarding any lists, names, contact information, emails or other prospective TAB Member information provided for Marketing Event, One-on-One Meeting or other marketing, sales or prospecting activities and all such information is provided in its "AS IS" "WHERE IS" condition.

5. **FORCE MAJEURE.** Neither TAB nor You shall be liable for loss or damage or deemed to be in breach of this Agreement if Your or TAB exercises Your or its best efforts to perform Your or its obligations hereunder and Your or its failure to perform Your or its obligations results from: (a) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof; (c) acts of God; (d) acts or omissions of the other party; or (e) fire, strike, embargo, war or riot. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part, as may be necessary.

6. **FACSIMILE.** Facsimile signatures and faxed transmissions executed shall have the same full force and effect as originally executed documents.

You:

Date ____/____/____

MARKETING CAMPAIGN AGREEMENT



THE ALTERNATIVE BOARD®
Change Perspective. Improve Business. Enjoy Life.

www.TheAlternativeBoard.com

Camp#

TAB Mktg Coordinator:

Initiation Date:	ID Status:	
Facilitator:	Location:	
Host:		
Marketing Event Details:	Date: _____ Breakfast _____ Location: _____ Lunch _____ Time: _____ Other _____	
Marketing Event Details:	Date: _____ Breakfast _____ Location: _____ Lunch _____ Time: _____ Other _____	
Marketing Event Details:	Date: _____ Breakfast _____ Location: _____ Lunch _____ Time: _____ Other _____	
Marketing Event Details:	Date: _____ Breakfast _____ Location: _____ Lunch _____ Time: _____ Other _____	
Field Support Training Services Planning:		
Field Support Training Service(s):	<u>Week 1</u>	<u>Week 2</u>
Begin Date:		
End Date:		
_____ Franchisee Signature		_____ Date
Please sign and return all pages to complete this agreement – FAX# (303) 839-0012		



THE ALTERNATIVE BOARD®
Change Perspective. Improve Business. Enjoy Life.

MARKETING CAMPAIGN CALENDAR

DATE:

_____ **The following is due back to TAB:**
Signed Marketing Support Agreement

_____ **E-Mail Blasts to begin**
_____ **Letter, if any, sent to Printer**

_____ **Telemarketing to begin**
_____ **Telemarketing to be completed**

_____ **Start logging onto TAB's CRM System every day to identify new leads and start the confirmation process. Confirmation calls should be made within 24 hours of lead generation.**

Meeting Dates:

_____ **Meeting results due back to TAB (update Website Roster)**

NOTE:

You must keep your calendar completely clear from _____ to _____ for confirmations and private meetings

Franchisee Signature

Date

Please sign and return all pages to complete your marketing campaign agreement – FAX# (303) 839-0012

**EXHIBIT D
(TO THE FRANCHISE DISCLOSURE DOCUMENT)**

FIELD SUPPORT TRAINING SERVICES AGREEMENT

THIS FIELD SUPPORT TRAINING SERVICES (“Agreement”) is made between TAB Boards International, Inc. (“TAB”) and _____ (“Franchisee”) is hereby incorporated into and made a part of the Franchise Agreement between the Parties (“Agreement”), and shall be effective upon receipt by TAB. Capitalized terms not defined here have the meaning set out in the Franchise Agreement.

NOW, THEREFORE, for and in consideration of the promises and covenants contained herein and in the Agreement, Franchisee agrees as follows:

1. **FIELD SUPPORT TRAINING SCHEDULE**. The dates of Field Support Training Services shall be as follows:

Notwithstanding the foregoing, Franchisee must pass the core competency exam before the Field Support Training Services will be provided.

2. **CHANGES TO FIELD SUPPORT TRAINING SCHEDULE**. If the dates of Field Support Training per this Agreement are changed or altered in any way for any reason, TAB may, in its sole determination:

- (a) Assign a different Field Support Training personnel to provide the Field Support Training Services; and/or
- (b) Postpone marketing campaign to a future date (weeks or months later), subject to next Field Support Training personnel availability regardless of the dates set out in the Franchise Agreement or the date Franchisee completes the Initial Training Program.

All scheduling and any subsequent changes must be approved by the Director of Marketing at TAB.

UNDER NO CIRCUMSTANCES ARE FIELD SUPPORT TRAINING PERSONNEL AUTHORIZED TO MAKE SCHEDULING COMMITMENTS OR CHANGES TO ANY MARKETING SCHEDULE. ALL INQUIRIES, CHANGES, QUESTIONS OR COMMENTS MUST BE MADE DIRECTLY THROUGH THE DIRECTOR OF MEMBER ACQUISITION. COMMENTS REGARDING FIELD SUPPORT TRAINING SERVICES SCHEDULING OR DATE CHANGES BY ANYONE OTHER THAN THE DIRECTOR OF MEMBER ACQUISITION ARE NONBINDING, REGARDLESS OF THE SOURCE—WHETHER TAB CORPORATE EMPLOYEES OR FIELD SUPPORT TRAINING PERSONNEL.

Please sign below and fax back to the Director of Campaign Operations at (303) 839-0012, or respond to the e-mail confirming Franchisee’s agreement to the dates of Field Support Training Services listed above, no later than Friday, (DATE). If the Director of Campaign Operations does not receive

Franchisee's executed copy of this Field Support Training Services Agreement by the above date, TAB may exercise the rights set out in **Sections 2(a) and/or (b)**.

FRANCHISEE:

Individually
Address: _____

Phone: _____
Fax: _____
Print Name: _____

OR: If entity:

(Insert name of entity here)

By: _____
Name: _____
Title: _____
Address: _____

Phone: _____
Fax: _____

By: _____
Name: _____
Title: _____
Address: _____

Phone: _____
Fax: _____

Date: _____

**EXHIBIT E
(TO FRANCHISE DISCLOSURE DOCUMENT)**

CRM SYSTEM USE AGREEMENT

This CRM System Use Agreement (“**Agreement**”) is entered into by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation, with a principal place of business at 11031 Sheridan Boulevard, Westminster, Colorado 80020 (“**TAB**”) and the undersigned franchisee (“**Franchisee**”). TAB and Franchisee will sometimes collectively be referred to herein as the “**Parties**”.

RECITALS

A. TAB and Franchisee entered into a franchise agreement or independent associate agreement (“**Franchise Agreement**”) pursuant to which Franchisee operates a TAB, as defined in the Franchise Agreement (“**TAB Business**” or “**Business**”).

B. TAB has a license and right to sub-license a customer relationship management system (“**CRM System**”) through a third party vendor under a Master Subscription Agreement between TAB and third party vendor.

C. Franchisee desires to use the CRM System in his/her/its TAB Business and TAB desires to grant Franchisee the right to use the CRM System in Franchisee’s TAB Business in accordance with the terms of this Agreement and the Master Subscription Agreement.

D. All capitalized terms not defined in this Agreement have the meaning set out in the Franchise Agreement between Franchisee and TAB.

AGREEMENT

1. **CRM System Use.** TAB hereby grants Franchisee a non-exclusive sublicense to use the CRM System only in his/her/its TAB Business for the period described in **Sections 2 and 3.** The sublicense is nontransferable and subject to the terms and conditions set out in the Master Subscription Agreement located at <https://www.salesforce.com/company/msa.jsp>.

2. **Use Period.** The sublicense will commence on the Effective Date set out in **Section 8(e)** and will expire on January 31, 2015 (“**Period**”).

3. **Term and Termination.** The term of this Agreement shall extend from the Effective Date until the earliest of:

(a) expiration of the Period. Upon expiration of the Period, so long as Franchisee is not in default of this Agreement or the Franchise Agreement, this Agreement will automatically renew for successive twelve month periods (“**Renewal Period**”), unless either Party notifies the other in writing within 45 days prior to the expiration of the Period or Renewal Period of its intent to terminate the Agreement;

(b) termination by TAB if Franchisee is in default of the Franchise Agreement past all applicable cure periods or if Franchisee is in default of this Agreement and fails to cure such default within 10 days from the date of TAB’s written notice; or

(c) termination of the Master Subscription Agreement.

4. **CRM System License Fee.** You will pay TAB a monthly license fee in the amount of \$94.00 (“**License Fee**”). The License Fee will be due and payable within 10 calendar days of the date of the invoice sent by TAB. If the License Fee is not received within the 10 calendar day period, the License Fee will be deducted from Amounts Collected on Your Behalf. If this Agreement is terminated prior to the expiration of the Period or any Renewal Period, Franchisee will still pay the full amount of the

License Fee for the remaining balance of the Period or any Renewal Period. A new License Fee in the then-current amount will be charged for each Renewal Period.

5. **Training and Technical Support.** TAB will make available to Franchisee a tutorial on the CRM System at the date and time scheduled by TAB from time to time. TAB may also provide reasonable technical support via telephone and e-mail, in TAB's determination, on TAB-specific customization to the CRM System during TAB's regular business hours. Franchisee may receive additional technical support from the third party vendor of the CRM System to the extent available from such third party vendor.

6. **Warranties.** The CRM System, training and technical support is provided in its AS IS WHERE IS condition. TAB MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES AS TO MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE.

7. **Liability.** TAB will not be liable for any special, indirect, incidental or consequential damages arising from this Agreement or any negligence. In no event will TAB's liability under this Agreement exceed the CRM System License Fee paid by Franchisee. Franchisee acknowledges that the CRM System is a third party product. TAB has no liability arising from any damages to Franchisee's computer or data caused by installation or use of the CRM System.

8. **General Provisions.**

(a) **Miscellaneous Provisions.** The Miscellaneous Provisions set out in the Franchise Agreement are incorporated herein.

(b) **Governing Law.** This Agreement and the rights and obligations of the Parties hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of Colorado regardless of the choice of law rules of such state or any other jurisdiction. All disputes arising out of this Agreement shall be subject to the dispute resolution provisions in the Franchise Agreement. Franchisee agrees to submit to the personal and exclusive jurisdiction and venue in Colorado.

(c) **Assignment.** Franchisee may not assign Franchisee's rights under this Agreement without prior written approval from TAB.

(d) **No Changes.** All of the terms, conditions and provisions of the Franchise Agreement between Franchisee and TAB will remain in full force and effect as originally written and signed.

(e) **Effective Date.** The Effective Date of this Agreement is _____, 2014 [To be completed by TAB]

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC.

By: _____

By: _____

Name: _____

Title: _____

EXHIBIT F
(TO THE FRANCHISE DISCLOSURE DOCUMENT)

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**EXHIBIT G
(TO THE FRANCHISE DISCLOSURE DOCUMENT)**

LIST OF FRANCHISEES AS OF MARCH 2014

UNITED STATES

STATE	NAME	CONTACT INFORMATION
ALABAMA		
	James Morris	Huntsville, AL 35802 256-655-0940 jim@tab-tnvalley.com
	Mike Kozlik	Birmingham, AL 35226 205-979-9174 Mike@TABCentralAlabama.com
ARKANSAS		
	Harold Heinze	Springdale, AR 72762 303-558-1331 HCHeinze@TABArkansasNWA.com
ARIZONA		
	Thomas Neustedter	Tucson, AZ 85750 520-549-6287 tomN@tabtucson.com
CALIFORNIA		
	Ray Brun	Fairfield, CA 707-864-5762 rayb@tabeastbaynorth.com
	Bob French	Milbrae, CA 650-652-9393 bob@tabsmc.com
	Bob Kramer	Pebble Beach, CA 831-622-0109 kramer@tabmontereysalinas.com
	Nicholas Leighton	Newport Beach, CA 949-478-5880 Nick.leighton@tabSoCal.com
	Thomas Hampton	Los Angeles, CA 90036 323-857-1771 STHConsulting@TABLANorth.com
COLORADO		
	Phil Bowers	Denver, CO 303-910-0619 philipbowers@spectrummanage.com
	Kevin Kays	Broomfield, CO 303-495-2566 kevin@tabdenvernorth.com
	Blair Koch	Boulder, CO 720-304-3300 blair@tabdenverwest.com

STATE	NAME	CONTACT INFORMATION
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	Bill Vrettos	Grand Junction, CO 970-245-5615 bizcoach@bresnan.net
	Barry Blocker	Salida, CO 81201 719-239-9785 barry@TABSouthernColorado.com
	Michelle Fishman	Boulder, CO 80303-4729 303-817-0620 mfishman@thealternativeboard.com
CONNECTICUT		
	Peter Begin	West Hartford, CT 860-561-4205 pbegin@tab-greaterhartford.com
	Larry Gardner	Sandy Hook, CT 203-364-9039 Larry@TAB-westct.com
	Vernon Miller	Wilton, CT 203-761-0340 bmiller@tab-swct.com
DELAWARE		
	Doug Roof	Hockessin, DE 302-235-1530 droofTAB@comcast.net
FLORIDA		
	Arnold Goldman	Miami Beach, FL 305-867-7770 Arnold@tab-southbroward.com
GEORGIA		
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	Spencer Sterling	Atlanta, GA 404-437-9647 spencer@tabnwatlanta.com

STATE	NAME	CONTACT INFORMATION
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ILLINOIS		
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	Bruce Caris	Wilmette, IL 847-251-4881 bcaris@tabchicago.com
	Denny Coll	Lake in the Hills, IL 847-404-1767 dc65scribe@comcast.net
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	Jack Elson	Medinah, IL 847-858-7134 jelson@tabchicago.com
Transfer	Phil York	Deerfield, IL 60015 847-769-6751 PYork@tabchicago.com
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	Raymond Hodges	Homewood , IL 60430 708-740-7688 shodges@tabchicago.com
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IOWA		
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	Roger Stalheim	Winterset, IA 515-975-9089 rlsinc@tabdsmmetro.com
KENTUCKY		
	Ed Merkler	Stamping Ground, Kentucky 502-542-1789 ed.merkler@tabcentralkentucky.com

STATE	NAME	CONTACT INFORMATION
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MAINE		
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MARYLAND		
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MASSACHUSETTS		
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MICHIGAN		
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MINNESOTA		
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	Mark Komen	Plymouth, MN 763-551-4777 mkodyne@aol.com
	Mitchell Olson	Orono, MN 952-471-0082 mitchello@mchsi.com
MISSOURI		
	Wayne Berry	Jefferson City, MO 904-599-2522 aquariusintl@charter.net
	John Keener	Eureka, MO 636-938-7039 jkeener@tabstlouis.com
	Cornell Meyer	Highland, IL 618-654-8429 Cmeyer@tab-stlouismetro.com

STATE	NAME	CONTACT INFORMATION
NEBRASKA		
	Greg Vacek	Omaha, NE 402-312-4744 gregv@TABMidlands.com
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NEW JERSEY		
Transfer	Brian Nelson	Harleysville, PA 215-256-6408 bnelson@tabdelawarevalley.com
	Catherine Lawler	Holland, PA 732-579-8509 CLawler@TAB-CNJ.com
	Chuck Graziano	Ramsey, NJ 201-825-4822 cgraziano@tabnewjersey.com
	Chris Lipper	Morristown , NJ 888-822-9006 chris@tabnj.com
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NEW MEXICO		
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NEW YORK		
	George Buttacavoli	Halesite, NY 631-427-7457 gbuttacavoli@att.net
	Steve Davies (Has 3 franchises)	Huntington, NY 516-208-2810 sdavies@tabli.com
	Jacquelyn Gernaey	Port Jefferson, NY 631-474-4310 Jackie@tabny.com
	Peter Mintz	Bronxville, NY 914-663-9510 peterm@fleetwoodresearch.com
	Steve Rosenberg	Briarcliff Manor, NY 914-844-3958 srosenberg@tabwestchester.com
NORTH CAROLINA		
	Jay Brennan	Greensboro, NC 336-298-2088 Jay@TABGreensboro.com
transfer	David Reeves	Hendersonville, NC (828) 606-9040 dreeves@tabwnc.com

STATE	NAME	CONTACT INFORMATION
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	Dallas Romanowski	Wilmington, NC 910-681-1420 dallas@tab-wilmington.com
	Deborah Straughn	Charlotte, NC 704-900-7818 Dabs8865@carolina.rr.com
	Keith Weaver (Two Franchises)	Cary, NC 919-624-9673 walt@smart-state.com
OHIO		
	Craig Grenko	Loveland, OH 513-505-7342 craig@tabcincinnatiorth.com
	Robert Hothem	Centerville, Ohio 45458 937- 68-6059 bhothem@tabmiamivalley.com
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OREGON		
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PENNSYLVANIA		
	Barry Arnold	York, PA 717-843-0776 BArnold@TABYork.com
	Glenn Flickinger	Pittsburgh, PA 412-831-5816 GFlickinger@TAB-PghSouth.com
	Ed Kleinman	Havertown, PA 610-853-2095 ekleinman@TAB-SEPA.com
	Stephen Swanson	Beaver Falls, PA 412-492-8476 sswanson@tabpittsburgh.com
	Brian Nelson (Two franchises)	Harleysville, PA 215-256-6408 bnelson@tabdelawarevalley.com

STATE	NAME	CONTACT INFORMATION
	Arik Hertz	Richboro, PA 18954 215-693-6294 ahertz@tabneph.com
SOUTH CAROLINA		
	David Krysh	Simpsonville, SC 864-349-5299 david@TABUPsc.com
	Bernie Moscovitz (Two Franchises)	Beaufort, SC 843-384-9911 bernie@TAB-LowCountry.com
TENNESSEE		
	Dick Wallace	Franklin, TN 615-567-8842 dwallace@tab-nashvillesouth.com
TEXAS		
	Raymond Champney	Bedford, TX 817-318-1233 TAB@rjcenter.com
	Larry Dickman	San Antonio, TX 210-615-1800 ldickman@tabsanantonio.com
	John Dini (2 Franchises)	San Antonio, TX 210-615-1800 Jdini@mpninc.com
	Diana Gats	Irving, TX 972-255-5634 TAB@dianagats.com
	Douglas Jamison	Southlake, TX 817-310-5858 jamison@TAB-Northcentraldfw.com
	Dane Kelley	Plano, TX 972-839-6873 dkelley@tabcollinco.com
	Don Maranca	San Antonio, TX 210-615-1800 dmaranca@TABSanAntonio.com
	Ed and Valerie Riefenstahl	Grapevine, TX 817-251-1711 eriefenstahl@tabfortworthmetro.com
	Milton Schopper	Spring, TX 713-569-0001 milton@texasgulfgroup.com
	Rusty Smith	Houston, TX 713-874-1648 rsmith@tab-houston.com
	Jay Whittle	Dallas, TX 214-240-6787 JWhittle@TABMetroDallas.com

STATE	NAME	CONTACT INFORMATION
	Joe Zente and Otis Brinkley	Austin, TX 512-331-1822 (Joe) 512-470-1936 (Otis) joe@tabaustin.com otisbtab@me.com
	Jim Robertson	The Woodlands , TX 77381 832-813-5207 Jim@TABWoodlands.com
UTAH		
	Craig Andrews	Ivans, UT 435-673-9895 craig@tabsunv.com
transfer	Robert Marro	Denver, CO 80202 303-859-5000 bob@TAB-DenverDTC.com
	Russell Lookadoo	Lehi, UT 801-808-3681 rlookadoo@tab-saltlakemetro.com
VIRGINIA		
	Brad and Mary Williams (two franchises)	Herndon, VA 703-435-6646 brad@tabalexandria.com
WISCONSIN		
	Michael J. Audit & Jim Marshall	Oshkosh, WI 920-232-6999 (Michael) maudit@tab-new.com
	Alan V. Wallach	Milwaukee, WI 414-961-1447 avwallach@sbcglobal.net

CANADA

PROVINCE	NAME	CONTACT INFORMATION
BRITISH COLUMBIA		
	Kevin Armstrong	Vancouver, BC 604-683-6188 karmstrong@tabvancouver.com
	Rod Woodcock	Whiterock, BC 778-989-9493 Rod.woodcock@tab-fraservalley.com
	Malcolm Webster	Victoria, BC 250-704-4434 malcolm@tabvancouverisland.com

PROVINCE	NAME	CONTACT INFORMATION
MANITOBA		
	Kim Christie	Winnipeg, MB 204-831-8631 kim@tab-winnipeg.com
ONTARIO		
	Gordon Cundell	Burlington, ON 519-489-6750 gcundell@tab-tricitieson.com
	Tom Eansor	Oakville, Ontario 905-847-0420 tjeansor@hotmail.com
	Neil Russell	Mississauga, ON 647-202-8123 neil@tab-mississaugaeast.com
	Philip Spensieri	Unionville, ON 905-475-4119 Philip@TABYorkRegion.com
transfer	Mark Fornasiero	Oakville, ON L6J 2B74169104996Mark@TABBrampton.com
	Ken West	Toronto, ON 416-652-9475 kenwest@echo-on.net
	John D. Womack	Mississauga, ON 905-607-4542 john@TABMississauga.com
Transfer	John D. Womack and Philip Spensieri	Mississauga, ON 905-607-4542 john@TABMississauga.com Unionville, ON 905-475-4119 Philip@TABYorkRegion.com
	Peter Wares	Windsor , ON n8n 1w2 519-739-3479 peter@devmark.ca
	Doug Kerr	Mississauga, ON L5J2A1 905-916-2468 doug@tabetobicoke.com

VENEZUELA

STATE	NAME	CONTACT INFORMATION
CARACAS		
	Carlos Hurtado	Altamira, Caracas, 582-122-653821 churtado@ceo-consultores.com

**EXHIBIT H
(TO THE FRANCHISE DISCLOSURE DOCUMENT)**

**FRANCHISEES WHO HAVE LEFT THE SYSTEM DURING THE MOST RECENTLY
COMPLETED FISCAL YEAR OR WHO HAVE NOT COMMUNICATED WITHIN 10 WEEKS
OF THE DATE OF THIS FDD**

UNITED STATES

STATE	NAME	CONTACT INFORMATION
CALIFORNIA		
Expired	Bill Seelig	Campbell, CA 408-377-0123 bill@seeligs.com
FLORIDA		
Expired/IFC	Larry Amon	Naples, FL 239-592-1001 lamon6@comcast.net
GEORGIA		
	Kent Gregoire	Atlanta, GA 404-949-0199 kent@tabmetroatlanta.com
IDAHO		
	Thomas Gay	Eagle, Idaho 208-853-2900 thomasgay@tab-boise.com
ILLINOIS		
Transferred/Sold	Mike Petrushka	Des Plaines, IL 877-822-8090 x702 mpetrushka@tabchicago.com transfer
MASSACHUSETTES		
	Ed Gilroy	Southborough, MA 508-480-0400 ejgilroy@verizon.net
MINNESOTA		
	Peter Bosse	Minneapolis, MN 612-642-1822 pete@tabmpeast.com
	Rochelle Shirk	Plymouth, MN (612)251-9970 rshirk@savvyplanning.net
NEW YORK		
	Albert Bellenchia	Kinderhook, NY al@tabnycapital.com 518-758-1321

NORTH CAROLINA		
transfer	Joe Dyer	Flat Rock, NC 828-693-7353 joe@tabasheville.com
RHODE ISLAND		
	Steve Zito	Narragansett, RI 401-789-7760 steve@Tab-Providence.com
UTAH		
transfer	Rosanne Bruegmann	Salt Lake City, Utah 385-202-7078 rbruegmann@tab-wasatchfront.com

CANADA

PROVINCE	NAME	CONTACT INFORMATION
BRITISH COLUMBIA		
Term Expired	Nicholas Economou	Victoria, BC 250-744-1296 timeonmyside@shaw.ca
ONTARIO		
transfer	Malcolm Webster	Mississauga, ON 289-997-8841 Malcolm@tabtanorthwest.com

If you buy this Franchise, Your contact information may be disclosed to other buyers when You leave the franchise system

EXHIBIT I
(TO THE FRANCHISE DISCLOSURE DOCUMENT)

AUDITED FINANCIAL STATEMENTS



THE ALTERNATIVE BOARD®

The Business Owner's Strategic Advantage

**Consolidated Financial Statements
and
Independent Auditors' Report
December 31, 2013, 2012, and 2011**

EKS&H
AUDIT | TAX | CONSULTING

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
TAB Boards International, Inc. and Subsidiaries dba The Alternative Board
Westminster, Colorado

We have audited the accompanying consolidated financial statements of TAB Boards International, Inc. and Subsidiaries dba The Alternative Board (the "Company"), which are comprised of the consolidated balance sheets as of December 31, 2013, 2012, and 2011, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of TAB Boards International, Inc. and Subsidiaries dba The Alternative Board as of December 31, 2013, 2012, and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EKS&H LLLP
EKS&H LLLP

March 24, 2014
Denver, Colorado

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31,		
	2013	2012	2011
Assets			
Current assets			
Cash and cash equivalents	\$ 1,073,488	\$ 964,246	\$ 1,023,494
Accounts receivable, net	79,847	72,074	113,098
Accounts receivable, related party	59,409	288,920	131,087
Notes receivable, current portion, net	23,595	58,988	85,220
Prepaid and other assets	<u>124,282</u>	<u>206,999</u>	<u>70,587</u>
Total current assets	<u>1,360,621</u>	<u>1,591,227</u>	<u>1,423,486</u>
Non-current assets			
Property and equipment, net	473,366	535,938	657,939
Property and equipment, net, related to variable interest entity	1,572,132	1,609,441	1,646,749
Due from related parties	326,318	256,980	236,802
Notes receivable, less current portion, net	14,964	-	12,973
Intangible assets, net	<u>310,973</u>	<u>171,654</u>	<u>73,285</u>
Total non-current assets	<u>2,697,753</u>	<u>2,574,013</u>	<u>2,627,748</u>
Total assets	<u>\$ 4,058,374</u>	<u>\$ 4,165,240</u>	<u>\$ 4,051,234</u>
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 868,478	\$ 933,164	\$ 1,028,679
Accrued expenses	334,721	268,400	255,356
Deferred revenue	154,005	367,556	32,998
Notes payable, current portion	28,634	28,628	26,587
Notes payable - related party, current portion	-	12,437	12,432
Interest rate swap liability, current portion	<u>58,163</u>	<u>61,024</u>	<u>52,574</u>
Total current liabilities	1,444,001	1,671,209	1,408,626
Non-current liabilities			
Notes payable, less current portion	1,133,266	1,159,712	1,186,166
Note payable - related party, less current portion	-	1,482	21,770
Interest rate swap liability, less current portion	<u>116,326</u>	<u>183,071</u>	<u>210,299</u>
Total liabilities	<u>2,693,593</u>	<u>3,015,474</u>	<u>2,826,861</u>
Commitments			
Stockholders' equity			
TAB stockholders' equity			
Common stock, no par value, 6,000,000 shares authorized, 990,000 (2013, 2012, and 2011) shares issued and outstanding	7,412	7,412	7,412
Advances to stockholders	(198,540)	(100,136)	-
Retained earnings	<u>1,363,804</u>	<u>1,108,058</u>	<u>1,085,944</u>
Total TAB stockholders' equity	1,172,676	1,015,334	1,093,356
Non-controlling interest	<u>192,105</u>	<u>134,432</u>	<u>131,017</u>
Total stockholders' equity	<u>1,364,781</u>	<u>1,149,766</u>	<u>1,224,373</u>
Total liabilities and stockholders' equity	<u>\$ 4,058,374</u>	<u>\$ 4,165,240</u>	<u>\$ 4,051,234</u>

See notes to consolidated financial statements.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Income and Comprehensive Income

	For the Years Ended December 31,		
	2013	2012	2011
Revenues (Note 12)			
Franchise royalties and fees	\$ 3,447,221	\$ 3,724,316	\$ 4,103,813
Initial franchise and training fees	1,217,883	902,948	396,111
Other revenue	276,804	318,305	458,324
Marketing development revenue	207,624	256,936	287,779
Marketing campaign revenue	<u>82,972</u>	<u>98,163</u>	<u>101,702</u>
Total revenues	<u>5,232,504</u>	<u>5,300,668</u>	<u>5,347,729</u>
Operating expenses			
General and administrative	3,361,148	3,540,164	3,775,946
Marketing, membership development, commissions, and other direct expenses	983,011	849,220	535,655
Marketing development expense	207,624	231,227	287,779
Depreciation and amortization	230,417	317,554	427,493
Royalties	<u>75,982</u>	<u>137,175</u>	<u>140,483</u>
Total operating expenses	<u>4,858,182</u>	<u>5,075,340</u>	<u>5,167,356</u>
Income from operations	<u>374,322</u>	<u>225,328</u>	<u>180,373</u>
Other income (expense)			
Interest income	494	945	1,336
Interest expense	<u>(79,403)</u>	<u>(81,422)</u>	<u>(96,157)</u>
Total other expense	<u>(78,909)</u>	<u>(80,477)</u>	<u>(94,821)</u>
Net income	295,413	144,851	85,552
Other comprehensive income (loss)			
Change in fair value of interest rate swap agreement	<u>69,606</u>	<u>18,778</u>	<u>(51,281)</u>
Comprehensive income	365,019	163,629	34,271
Net income applicable to non-controlling interest	(39,667)	(36,237)	(35,153)
Other comprehensive (income) loss applicable to non-controlling interest	<u>(69,606)</u>	<u>(18,778)</u>	<u>51,281</u>
Comprehensive income attributable to TAB	<u>\$ 255,746</u>	<u>\$ 108,614</u>	<u>\$ 50,399</u>

See notes to consolidated financial statements.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

**Consolidated Statement of Changes in Stockholders' Equity
For the Years Ended December 31, 2013, 2012, and 2011**

	TAB Boards International, Inc. and Subsidiaries					Non-Controlling Interest - VIE			Consolidated
	Common Stock		Retained Earnings	Advances to Stockholders	Total Stockholders' Equity	Accumulated Other Comprehensive Loss	Members' Equity	Total Members' Equity	Total Stockholders' Equity
	Shares	Amount							
Balance - December 31, 2010	1,042,500	\$ 7,805	\$ 1,091,849	\$ -	\$ 1,099,654	\$ (211,592)	\$ 410,337	\$ 198,745	\$ 1,298,399
Repurchase of common stock	(52,500)	(393)	(56,304)	-	(56,697)	-	-	-	(56,697)
Member distributions	-	-	-	-	-	-	(51,600)	(51,600)	(51,600)
Change in fair value of swap agreement	-	-	-	-	-	(51,281)	-	(51,281)	(51,281)
Net income	<u>-</u>	<u>-</u>	<u>50,399</u>	<u>-</u>	<u>50,399</u>	<u>-</u>	<u>35,153</u>	<u>35,153</u>	<u>85,552</u>
Balance - December 31, 2011	990,000	7,412	1,085,944	-	1,093,356	(262,873)	393,890	131,017	1,224,373
Advances to stockholders	-	-	-	(100,136)	(100,136)	-	-	-	(100,136)
Member distributions	-	-	(86,500)	-	(86,500)	-	(51,600)	(51,600)	(138,100)
Change in fair value of swap agreement	-	-	-	-	-	18,778	-	18,778	18,778
Net income	<u>-</u>	<u>-</u>	<u>108,614</u>	<u>-</u>	<u>108,614</u>	<u>-</u>	<u>36,237</u>	<u>36,237</u>	<u>144,851</u>
Balance - December 31, 2012	990,000	7,412	1,108,058	(100,136)	1,015,334	(244,095)	378,527	134,432	1,149,766
Advances to stockholders	-	-	-	(98,404)	(98,404)	-	-	-	(98,404)
Member distributions	-	-	-	-	-	-	(51,600)	(51,600)	(51,600)
Change in fair value of swap agreement	-	-	-	-	-	69,606	-	69,606	69,606
Net income	<u>-</u>	<u>-</u>	<u>255,746</u>	<u>-</u>	<u>255,746</u>	<u>-</u>	<u>39,667</u>	<u>39,667</u>	<u>295,413</u>
Balance - December 31, 2013	<u>990,000</u>	<u>\$ 7,412</u>	<u>\$ 1,363,804</u>	<u>\$ (198,540)</u>	<u>\$ 1,172,676</u>	<u>\$ (174,489)</u>	<u>\$ 366,594</u>	<u>\$ 192,105</u>	<u>\$ 1,364,781</u>

See notes to consolidated financial statements.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Years Ended		
	December 31,		
	2013	2012	2011
Cash flows from operating activities			
Net income	\$ 295,413	\$ 144,851	\$ 85,552
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	230,417	317,554	427,493
Provision for doubtful accounts	31,600	9,750	64,509
Changes in assets and liabilities			
Accounts receivable	(18,773)	31,274	19,626
Notes receivable	27,710	20,583	(84,230)
Prepaid expenses, deposits, and other assets	82,717	(136,412)	69,035
Accounts payable	(64,686)	(95,515)	46,434
Accrued expenses	66,321	13,044	(53,487)
Deferred revenue	(289,611)	334,558	(35,354)
	65,695	494,836	454,026
Net cash provided by operating activities	361,108	639,687	539,578
Cash flows from investing activities			
Purchase of property and equipment	(121,684)	(146,926)	(165,010)
Purchases of intangible assets	(148,171)	(109,688)	-
Advances on notes receivable	(1,942)	-	(23,617)
Proceeds from notes receivable	50,121	18,622	34,346
Net cash used in investing activities	(221,676)	(237,992)	(154,281)
Cash flows from financing activities			
Payments on notes payable	(26,440)	(24,413)	(22,542)
Payments on related party notes	(13,919)	(20,283)	(3,110)
Payments from (to) related parties	61,769	(364,647)	249,836
Member distributions to non-controlling interest	(51,600)	(51,600)	(51,600)
Repurchase of common stock	-	-	(2,500)
Payments on capital lease obligations	-	-	(8,588)
Net cash (used in) provided by financing activities	(30,190)	(460,943)	161,496
Net increase (decrease) in cash and cash equivalents	109,242	(59,248)	546,793
Cash and cash equivalents - beginning of year	964,246	1,023,494	476,701
Cash and cash equivalents - end of year	\$ 1,073,488	\$ 964,246	\$ 1,023,494

(Continued on the following page)

See notes to consolidated financial statements.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Continued from the previous page)

Supplemental disclosure of cash flow information:

Cash paid for interest for the years ended December 31, 2013, 2012, and 2011 was \$79,403, \$81,422, and \$96,157, respectively.

Supplemental disclosure of non-cash activity:

During the years ended December 31, 2013, 2012, and 2011, the Company recognized an unrealized gain (loss) on the interest rate swap of \$69,606, \$18,778, and \$(51,281), respectively, as a component of stockholders' equity.

During 2012, the Company forgave \$86,500 in related party notes receivable due from stockholders in the form of a deemed equity distribution.

During 2012 and 2011, the Company sold master franchise agreements to area developers in exchange for notes receivable totaling \$42,794 and \$124,258, respectively. The Company will accept payment on the notes receivable in the form of commissions earned for franchise sales and unit franchisee support services. During the years ended December 31, 2013 and 2012, payments in the amount of \$27,710 and \$132,985, respectively, were applied to notes receivable.

During 2013 and 2012, the Company entered into note receivables from franchisees totaling \$76,060 and \$24,060, respectively.

During 2011, the Company entered into an agreement with a related party to repurchase 52,500 shares of common stock for total consideration of \$56,697, which includes a note payable of \$37,312, cash payment of \$2,500, and forgiveness of notes receivable from this stockholder of \$16,885.

See notes to consolidated financial statements.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies

TAB Boards International, Inc. and Subsidiaries dba The Alternative Board (the "Company") was incorporated on January 2, 1996 as IHTAB, Inc. During 2002, the Company changed its name to TAB Boards International, Inc. ("TAB") to reflect its continuing efforts to expand into international markets. The Company is a leading international provider of peer advisory and coaching solutions to leaders in privately held businesses. These services use the Company's proprietary methods of doing business.

The Company formed a wholly owned subsidiary, IHTAB-Canada Ltd., on August 25, 1997 in the province of Alberta. This entity began operations in 1998 to support the franchising opportunities in Canada. On June 8, 2004, the subsidiary changed its province of incorporation to Nova Scotia and changed its name to TAB Boards International (Canada), Inc. During 2006, the subsidiary changed its name to TAB Boards International (Canada) Corporation. During 2002, the Company opened operations in Venezuela. In January 2009, January 2012, November 2012, April 2013, and June 2013, the Company entered into a master franchise agreement with companies in the United Kingdom, New Zealand, Germany, Ireland, and the Czech Republic, respectively. The Company continues to explore other international expansion opportunities.

In June 2007, 6350 AEF, LLC ("AEF") acquired a building that was 100% leased to TAB. In conjunction with the acquisition, AEF entered into a note agreement, which was guaranteed by TAB and a common stockholder of TAB and AEF.

The following table summarizes the franchise activity for the TAB System:

	December 31,		
	2013	2012	2011
Franchises at the beginning of the year	145	142	155
Franchises sold and operational	18	22	9
Franchises closed	<u>(12)</u>	<u>(19)</u>	<u>(22)</u>
Franchises at the end of the year	<u>151</u>	<u>145</u>	<u>142</u>
Franchises sold but not yet in operation	<u>-</u>	<u>-</u>	<u>-</u>

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TAB Boards International, Inc., its subsidiary, TAB Boards International (Canada) Corporation, and 6350 AEF, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Principles of Consolidation (continued)

The Company is required to consolidate variable interest entities in which it is the primary beneficiary. AEF was formed for the sole purpose of purchasing a building and leasing the building to TAB. In addition, these two companies are under common control. As the Company has fully guaranteed the debt of AEF, and AEF's sole source of revenue is from the Company, AEF is a variable interest entity. Furthermore, the Company is considered the primary beneficiary as it has been determined to have the power to direct the activities that most significantly impact AEF's economic performance and under the guarantee has the obligation to absorb the losses of AEF. Accordingly, AEF is required to consolidate its accounts at carrying value and eliminate intercompany amounts. In addition, the net income of AEF is presented as "Net income applicable to non-controlling interest" in the accompanying consolidated financial statements.

International Sales

Revenue by geographic area is as follows:

	December 31,		
	2013	2012	2011
United States revenue	\$ 4,230,386	\$ 4,624,566	\$ 4,743,296
International revenue	<u>1,002,118</u>	<u>676,102</u>	<u>604,433</u>
	<u>\$ 5,232,504</u>	<u>\$ 5,300,668</u>	<u>\$ 5,347,729</u>

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet dates, and throughout the years, cash and cash equivalent balances exceeded the federally insured limit.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to its franchisees. The Company performs an initial credit analysis of its franchisees to reduce credit risk.

Accounts Receivable

The Company considers a reserve for doubtful accounts based on the creditworthiness of the franchisee. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible accounts and is determined by estimating the collectibility of each individual account balance on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2013, 2012, and 2011, the allowance for doubtful accounts was \$79,265, \$46,067, and \$158,210, respectively.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from 5 to 39 years, and leasehold improvements are amortized over the shorter of the life or the related lease terms.

Intangible Assets

Intangible assets are recorded at cost and are amortized on the straight-line basis over their contractual or estimated useful lives as follows:

TIPS FROM THE TOP	15 years
TAB System	15 years
TAF	10 years

During 2012, the Company began developing a new program, The Alignment Factor ("TAF"), for the benefit of current and future franchisees. The Company capitalizes certain direct and indirect costs incurred to develop kits, trademarks, online training, DVDs, books, etc. related to TAF. As of December 31, 2013 and 2012, capitalized costs were \$257,859 and \$109,688, respectively, and were included in intangible assets. TAF capitalized costs will be amortized over 10 years, beginning in 2014.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. When necessary, the Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

Franchise Royalties and Fees

Pursuant to the current franchise agreements, franchisees are required to pay business assessment fees, royalty or opportunity fees, and member administration and support fees. All fees are recognized when earned.

Initial Franchise and Training Fees and Related Franchise Costs

Initial franchise and training fees paid by franchisees are recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed, which is generally when the franchise commences operations. Initial franchise and training fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred revenue and are non-refundable. Related costs are deferred and are expensed when the revenue is recognized.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Master Franchise Agreement

The master franchise agreement ("Master Agreement") provides a non-exclusive right to sell and open franchises in a defined geographic territory and requires the master franchisor to be responsible for advertising, soliciting, and screening prospective franchisees in the defined territory. The initial master franchise fee is recognized when paid as the Company does not have any future obligation to the master franchisor. The Master Agreement also requires the master franchisor to sell and start operations of a minimum number of new franchises per year or the Master Agreement can be terminated. Additionally, the master franchisor will pay the Company an agreed-upon royalty percentage as defined in the Master Agreement. The Master Agreement is for a period of 10 years, with the option to extend for an additional 20 years.

Marketing Campaign Revenue and Expense

Marketing campaign costs are deferred and are expensed when the revenue is earned as the marketing campaign is performed.

Marketing Development Revenue

A marketing development fee is due monthly from each franchisee pursuant to the franchise agreement. Revenues and expenses are recognized in equal amounts as marketing development expenses are incurred. Marketing development expenses are used to promote brand awareness, which enhances member lead-generation, and include but are not limited to creating and testing direct response materials, media relations, advertising, and promotional marketing materials.

Advertising Costs

The Company expenses advertising costs as incurred. Such advertising is used to recruit qualified potential franchise candidates. Advertising expense for the years ended December 31, 2013, 2012, and 2011 was \$77,985, \$43,074, and \$24,621, respectively.

Income Taxes

The Company has elected to be treated as an S corporation for income tax purposes. Accordingly, all taxable income and losses are reported in the income tax returns of the Company's stockholders, and no provision for income taxes has been recorded in the accompanying consolidated financial statements.

If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the Company's stockholders rather than the Company. Accordingly, there would be no effect on the Company's consolidated financial statements.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. No interest or penalties have been assessed during the years ended December 31, 2013, 2012, and 2011. The Company's information returns for tax years subject to examination by tax authorities include 2009 and 2010 through the current period for state and federal tax reporting purposes, respectively. Currently, none of the Company's information returns are being examined by any state or federal tax agencies.

Financial Instruments

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets and liabilities that are observable for the asset or liability; or
- Level 3: Unobservable pricing inputs that are generally less observable from objective sources, such as discounted cash flow models or valuations.

The financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's policy is to recognize transfers in and/or out of the fair value hierarchy as of the date for which the event or change in circumstances caused the transfer.

The Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, are carried at cost, which approximates fair value due to the short-term maturity of these instruments. The Company's interest rate swap is recorded at fair value. The Company's borrowings under its credit facility, as further described in Note 7, approximate the fair value due to its floating rate structure. As considerable judgment is required to develop estimates of fair value, the estimates provided are not necessarily indicative of the amounts the Company could realize upon the purchase or refinancing of such instruments.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the 2013 presentation.

Note 2 - Notes Receivable

Notes receivable consist of the following:

	December 31,		
	2013	2012	2011
Note receivable from a franchisee, non-interest-bearing, monthly payments of \$1,000 until August 2014 and then \$2,000 until June 2016. Note matures June 1, 2016 and is unsecured.	\$ 50,000	\$ -	\$ -
Note receivable from a franchisee that was paid off in 2013.	-	7,631	26,439
Note receivable from a franchisee, bearing interest at 6% and collateralized by franchisee agreement. The note was paid off in 2012.	-	-	18,622
Notes receivable from area developers, bearing interest at 2.31% and collateralized by the area developer agreements. The balances will be reduced in exchange for services provided by the area developers.	13,595	31,733	101,051
Note receivable from a franchisee that was paid off in 2013.	-	24,060	-
	63,595	63,424	146,112
Less allowance	(25,036)	(4,436)	(47,919)
	38,559	58,988	98,193
Less current portion	(23,595)	(58,988)	(85,220)
	\$ 14,964	\$ -	\$ 12,973

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 2 - Notes Receivable (continued)

The Company has not reflected a discount on its note receivable issued with 0% interest as it would not be material. The Company reserves an allowance for doubtful collections. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible accounts and is determined by estimating the collectibility of each individual account balance on an ongoing basis.

Note 3 - Property and Equipment

Property and equipment consists of the following:

	December 31,		
	2013	2012	2011
Computer equipment and software	\$ 2,381,812	\$ 2,260,126	\$ 2,151,938
Furniture, fixtures, and equipment	238,526	238,526	238,526
Leasehold improvements	249,510	249,510	244,437
Media	58,278	58,278	58,278
Vehicles	<u>33,665</u>	<u>33,665</u>	<u>-</u>
	2,961,791	2,840,105	2,693,179
Less accumulated depreciation	<u>(2,488,425)</u>	<u>(2,304,167)</u>	<u>(2,035,240)</u>
	<u>\$ 473,366</u>	<u>\$ 535,938</u>	<u>\$ 657,939</u>

Property and equipment related to the variable interest entity consists of the following:

	December 31,		
	2013	2012	2011
Building	\$ 1,455,027	\$ 1,455,027	\$ 1,455,027
Land	<u>362,719</u>	<u>362,719</u>	<u>362,719</u>
	1,817,746	1,817,746	1,817,746
Less accumulated depreciation	<u>(245,614)</u>	<u>(208,305)</u>	<u>(170,997)</u>
	<u>\$ 1,572,132</u>	<u>\$ 1,609,441</u>	<u>\$ 1,646,749</u>

Depreciation expense for the years ended December 31, 2013, 2012, and 2011 was \$221,565, \$306,235, and \$416,174, respectively.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 4 - Intangible Assets

Intangible assets consist of the following:

	December 31,		
	2013	2012	2011
TIPS FROM THE TOP	\$ 37,000	\$ 37,000	\$ 37,000
TAB System	132,785	132,785	132,785
TAF	<u>257,859</u>	<u>109,688</u>	<u>-</u>
	427,644	279,473	169,785
Less accumulated amortization	<u>(116,671)</u>	<u>(107,819)</u>	<u>(96,500)</u>
	<u>\$ 310,973</u>	<u>\$ 171,654</u>	<u>\$ 73,285</u>

Amortization expense for the years ended December 31, 2013, 2012, and 2011 was \$8,852, \$11,319, and \$11,319, respectively. Amortization expense is expected to be \$8,852 for each of the next five years.

Note 5 - Line-of-Credit

The Company maintains a \$750,000 line-of-credit agreement with interest accrued at the Prime Rate (3.25% at December 31, 2013) and a maturity date of June 2014. The line-of-credit is collateralized by substantially all assets of the Company, guaranteed by the majority stockholder of the Company, and subject to certain financial covenants. There was no balance outstanding on the line-of-credit as of December 31, 2013.

Note 6 - Financial Instruments

The Company maintains a financing agreement that contains an interest rate swap agreement that protects the Company from potential future cash flow exposure due to rising variable interest rates. The swap agreement has a designated notional amount of \$1,161,900, \$1,188,340, and \$1,212,753 at December 31, 2013, 2012, and 2011, respectively. This swap agreement matures in June 2017, which is consistent with the maturity date of the related debt. The current portion of the swap reflects the amount the Company is expected to realize in the income statement in 2013, which is \$58,163.

At December 31, 2013, 2012, and 2011, the Company recognized a liability of \$174,489, \$244,095, and \$262,873, respectively, for the fair value of the above swap agreement, which reflects the balance the Company would pay if the swap agreement was canceled as of December 31, 2013, 2012, and 2011. Future changes in the fair value of the swap agreement are recorded through other comprehensive income (loss) and are excluded from earnings. If the agreement is canceled at any time prior to its expiration, any gain or loss included in other comprehensive income (loss) would be reclassified and recorded in earnings.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 6 - Financial Instruments (continued)

These swaps are valued based upon a calculation using Level 2 assumptions, as discussed in Note 1. The Company determines the fair value of its interest rate swap under the income valuation technique using a discounted cash flows model. Significant inputs to the valuation model include the contracted notional amount, LIBOR yield curves, and the applicable credit-adjusted risk-free rate yield curve. The Company's interest rate derivative is included in the Level 2 fair value hierarchy because all the significant inputs are directly or indirectly observable.

Note 7 - Notes Payable

Notes payable consist of the following:

	December 31,		
	2013	2012	2011
<p>Note payable to a bank with interest at LIBOR plus 1.25% (1.4172% at December 31, 2013). The note calls for monthly principal and interest payments ranging from \$1,420 to \$2,910 and matures June 2017. The note is collateralized by the building, guaranteed by the majority stockholder of the Company, and is subject to certain financial covenants.</p>	\$ 1,161,900	\$ 1,188,340	\$ 1,212,753
Less current portion	<u>(28,634)</u>	<u>(28,628)</u>	<u>(26,587)</u>
	<u>\$ 1,133,266</u>	<u>\$ 1,159,712</u>	<u>\$ 1,186,166</u>

Maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 28,634
2015	31,216
2016	33,807
2017	<u>1,068,243</u>
	<u>\$ 1,161,900</u>

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 8 - Stockholders' Equity

Common Stock

A total of 1,000,000 shares of voting common stock and 5,000,000 shares of non-voting common stock are authorized. Both voting and non-voting common stock have the same rights of ownership, other than voting rights, and both have no par value. During 2004, 52,500 non-voting shares were issued to an officer for \$5 upon the exercise of an option granted during 2004. During 2011, TAB repurchased the 52,500 non-voting shares of common stock in exchange for forgiveness of a note receivable from the stockholder of \$16,885, cash payment of \$2,500, and a note payable of \$37,312 (Note 10).

Note 9 - Commitments

Operating Leases

The Company leases vehicles and copiers under non-cancelable operating leases. Lease expense related to vehicles and copiers for the years ended December 31, 2013, 2012, and 2011 was \$19,199, \$16,223, and \$29,009, respectively.

Future minimum lease payments under these leases are approximately as follows:

Year Ending December 31,

2014	\$	10,780
2015		5,196
2016		<u>3,031</u>
	\$	<u>19,007</u>

Note 10 - Related Party Transactions

Direct Communication Service, Inc. ("DCS") is a related party to the Company through common ownership. DCS sold the TAB business to the Company for \$1 and a royalty agreement. Under this agreement, the Company was required to pay royalties, which ranged from 1% to 5%, to DCS when certain revenue levels were reached. Effective January 1, 2005, this agreement was revised by DCS to a flat 1% royalty on all revenue with a \$10,000-per-month minimum, which was amended to a \$4,000-per-month minimum effective January 1, 2013. The Company purchased the TAB System for a one-time fee of \$132,785 in exchange for the change to the royalty agreement. Royalties of \$75,022, \$120,000, and \$120,000 were paid each year to DCS under this agreement for the years ended 2013, 2012, and 2011, respectively.

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 10 - Related Party Transactions (continued)

Through December 31, 2004, the Company had licensed from DCS the non-exclusive rights to sublicense TAB facilitators to train in and use the Strategic Business Leadership ("SBL") system and the registered trademark "Strategic Business Leadership" (the "Mark"). SBL was owned by DCS along with the Mark. Effective January 1, 2005, the ownership of the Mark and the exclusive rights to use the SBL system for business owners and their companies was transferred to the Company for \$5,995, plus a monthly payment to DCS of the greater of 5% of all gross TAB new member fees or \$25 per new member. On January 1, 2013, the agreement was amended to suspend payments until January 2015. Payments of \$0, \$17,175, and \$20,483 were paid to DCS under this agreement for the years ended 2013, 2012, and 2011, respectively.

Throughout 2013, 2012, and 2011, the Company advanced certain amounts to entities under common control, which are reported as accounts receivable, related party, in the accompanying consolidated balance sheets. As of December 31, 2013, 2012, and 2011, the Company maintained \$385,727, \$545,900, and \$367,889 in related party receivables, respectively, which are due and payable upon demand, and \$198,540 and \$100,136 as advances to stockholders as of December 31, 2013 and 2012, respectively.

During 2011, the Company entered into a note payable agreement with a former stockholder for \$37,312 as part of a stock repurchase. The note does not have a stated interest rate and is uncollateralized. Management has determined that any discount on the note payable would be immaterial and, therefore, has not recorded any such discount (Note 8). The note was paid in full during 2013.

Note 11 - 401(k) Plan

The Company maintains a 401(k) plan (the "Plan") for those employees who meet certain eligibility requirements set forth in the Plan. The Company may make a discretionary contribution to the Plan and employees will vest in the Company's contributions based on a six-year vesting schedule. The Company did not elect to make matching contributions for 2013, 2012, and 2011.

Note 12 - Combined System-Wide and Franchisor Revenues (Unaudited)

The following table is a summary of total system-wide sales and franchisor revenue:

	December 31, (Unaudited)		
	2013	2012	2011
System-wide franchise member dues and fees	\$ 15,383,478	\$ 15,986,017	\$ 16,710,874
Initial franchise and training fees	1,036,579	1,134,532	440,269
Marketing and other revenue	<u>714,237</u>	<u>814,387</u>	<u>980,181</u>
Total combined system-wide and franchisor revenues	<u>\$ 17,134,294</u>	<u>\$ 17,934,936</u>	<u>\$ 18,131,324</u>

TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13 - Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the consolidated financial statements were available for issuance.

**EXHIBIT J
(TO THE FRANCHISE DISCLOSURE DOCUMENT)**

STATE LAW ADDENDA AND RIDERS

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A FRANCHISE 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.

3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

4. ITEM 3 of the Franchise Disclosure Document is amended to provide that neither the franchisor, nor any person in ITEM 2 of the Franchise Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following paragraphs are added at the end of ITEM 17 of the Franchise Disclosure Document:

Any condition, stipulation or provision in the Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act. If the Franchise Agreement contains a provision that is inconsistent with the act, the act will control.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Secs. 101 et seq.).

You must sign a general release of claims if You renew or transfer Your franchise. California Corporations Code Section 31512 voids a waiver of Your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of Your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will be conducted in Westminster, Colorado, where Our headquarters are located, with the costs being borne as provided in the Franchise Agreement. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Colorado. These provisions might not be enforceable under California law.

ILLINOIS

1. The “Summary” section of ITEM 17(v) of the Franchise Disclosure Document is amended to read as follows:

Litigation or arbitration will be in Illinois.

2. The “Summary” section of ITEM 17(w) of the Franchise Disclosure Document is amended to read as follows:

Except for federal law, Illinois law applies.

MARYLAND

1. The “Summary” sections of ITEMS 17(c) and (m) of the Franchise Disclosure Document, captioned “Requirements for You to Renew or Extend” and “Conditions for Our Approval Of Transfer,” are amended by adding the following:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The “Summary” section of ITEM 17(h) of the Franchise Disclosure Document, captioned “Cause’ Defined - Defaults Which Can Be Cured,” is amended by adding the following:

The Franchise Agreement provides for termination upon Your insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but We will enforce it to the extent enforceable.

3. The “Summary” section of ITEM 17(v) of the Franchise Disclosure Document, captioned “Choice of Forum,” is amended to read as follows:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to the end of the ITEM 17 chart:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MICHIGAN

THE FOLLOWING APPLIES ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

(a) A prohibition on the right of a Franchisee to join an association of Franchisees.

(b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a Franchisee of rights and protections provided in this act. This shall not preclude a Franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed Franchisee 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a Franchisee, arrange for the escrow of 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.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone: (517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in Our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing Our arbitration section. You acknowledge that we will seek to enforce this section as written.

MINNESOTA

1. The third paragraph after the chart in ITEM 14 is replaced with the following:

You must notify Us immediately when You learn about an infringement of or challenge to Your use of Our Trademarks. We will indemnify You for any loss, costs, or expenses arising out of any third party claim, suit or demand that Our Trademarks infringe the trademark rights of a third party or cause unfair completion to a third party to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g). We will control any administrative proceeding or litigation involving Our Trademarks.

2. The following paragraphs are added at the end of the chart in ITEM 17:

With respect to franchises governed by Minnesota law, We will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that You be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Pursuant to Minn. Stat. §80C.21 and Minn. Rule Part 2860.4400J, these sections shall not in any way abrogate or reduce Your rights as provided in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to jurisdiction of the courts of Minnesota.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

Minnesota Rule Part 2860.4400J prohibits You from waiving Your rights to a jury trial or waiving Your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE

COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

2. The following paragraphs are added at the beginning of ITEM 3 of the Franchise Disclosure Document:

Except as provided below, neither We, any predecessor, any person identified in ITEM 2, or an affiliate offering franchises under Our principal trademark has an administrative, criminal, or civil action pending against Us, it, him, or her alleging a felony; a violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.

Neither We, any predecessor, any person identified in ITEM 2, nor an affiliate offering franchises under Our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

Neither We, any predecessor, any person identified in ITEM 2, or an affiliate offering franchises under Our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following paragraph is added at the beginning of ITEM 4 of the Franchise Disclosure Document:

Neither We nor any of Our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately preceding the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against Us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of Our, its, his, or her debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against Us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of Our, its, his, or her debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Ours held this position in the company or partnership.

4. The "Summary" section of ITEM 17(d) of the Franchise Disclosure Document is amended by adding the following:

You also may terminate the Franchise Agreement on any grounds available by law.

5. The "Summary" section of ITEM 17(j) of the Franchise Disclosure Document is amended by adding the following:

However, no assignment will be made except to an assignee who, in Our good faith judgment, is willing and able to assume Our obligations under the Franchise Agreement.

6. The “Summary” sections of ITEMS 17(c) and (m) of the Franchise Disclosure Document are amended by adding the following:

, provided, however, that all rights enjoyed by You and any causes of action arising in Your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

7. The “Summary” section of ITEM 17(s) of the Franchise Disclosure Document is amended by adding the following:

Modifications to the Operations Manual will not unreasonably affect Your obligations, including economic requirements, under the Agreement.

8. The “Summary” sections of ITEMS 17(v) and (w) of the Franchise Disclosure Document are amended by adding the following:

This choice of law and forum should not be considered a waiver of any right conferred upon You by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The “Summary” sections of ITEMS 17(c) and 17(m) of the Franchise Disclosure Document are amended to add the following:

Any release executed will not apply, to the extent prohibited by applicable law, with respect to claims arising under the North Dakota Franchise Investment Law.

2. The “Summary” section of ITEM 17(r) of the Franchise Disclosure Document is amended to add the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, We will seek to enforce them to the extent enforceable.

3. The “Summary” section of ITEM 17(u) of the Franchise Disclosure Document is amended to read as follows:

Except for certain claims, We and You must arbitrate all disputes.

4. The “Summary” section of ITEM 17(v) of the Franchise Disclosure Document is amended to read as follows:

Subject to Your arbitration obligation and to the extent required by the North Dakota Franchise Investment Law, You may bring an action in North Dakota.

5. The “Summary” section of ITEM 17(w) of the Franchise Disclosure Document is amended to read as follows:

Except for federal law, North Dakota law applies.

RHODE ISLAND

1. The “Summary” section of ITEM 17(v) of the Franchise Disclosure Document is amended to read as follows:

Subject to Your arbitration obligation and to the extent required by applicable law, You may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section of ITEM 17(w) of the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

Except for Federal Arbitration Act and other federal law, and except as required by the Rhode Island Franchise Investment Act, Colorado law governs.

WASHINGTON

The following paragraph is added at the end of ITEM 17 of the Franchise Disclosure Document:

If any of the provisions in this Franchise Disclosure Document and/or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the “Act”), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the Franchise Disclosure Document and/or Franchise Agreement.

VIRGINIA

The following is added to the end of the ITEM 17 chart:

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 ground for default or termination stated in the franchise 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.

**THE FOLLOWING PAGES IN THIS EXHIBIT J ARE
STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT**

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB Business that You will operate under the Franchise Agreement was made in the State of Illinois and the TAB Business will be located in Illinois, and/or (b) You are a resident of Illinois.

2. **GOVERNING LAW.** The first two sentences of Section 15.5 of the Franchise Agreement are deleted in their entirety and replaced with the following:

Except to the extent governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to or alleged to arise from or relate to:

- (a) this Agreement or any other agreement between You and TAB;
- (b) the relationship of TAB and You; or
- (c) the validity of this Agreement or any other agreement between You and TAB

will be governed by the laws of the State of Illinois as long as the jurisdictional requirements of those Illinois laws are met independently without reference to this Subsection. However, if Illinois law does not apply jurisdictionally, then disputes or claims arising from or relating to or alleged to arise from or relate to (a) through (d) above will be governed by the laws of the State of Colorado, without regard to its conflict of laws principles, except that any Colorado law regulating the sale of franchises or governing the relationship of a franchisor and its Franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Subsection.

3. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added to the end of the second paragraph of Section 14.4 of the Franchise Agreement:

HOWEVER, THE WAIVER IN THIS SECOND PARAGRAPH SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 200.609.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If individual, use this table; if not, delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

_____ Individually

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If entity, use this table; if not, delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) You are a resident of the State of Maryland, and/or (b) Your TAB Business will be located or operated in Maryland.

2. **AGREEMENTS/RELEASES.** The following is added to the end of the Franchise Agreement:

You will be required to sign a release at the time of transfer, renewal or amendment of the Franchise Agreement. Notwithstanding any other provision of this Agreement, no release to be provided by You will apply to claims under the Maryland Franchise Registration and Disclosure Law.

3. **ACKNOWLEDGMENTS/WAIVER.** Sections 20 of the Franchise Agreement and the Closing Acknowledgment are amended by adding the following:

Such representations and acknowledgments are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **TERMINATION BY TAB.** Section 10.3(j) of the Franchise Agreement is amended by adding the following:

Termination upon Your insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but TAB intends to enforce this provision to the extent enforceable.

4. **CONSENT TO JURISDICTION.** Section 14.2(b) of the Franchise Agreement is amended by adding the following language:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and disclosure Law.

5. **TIME FOR BRINING ACTION.** Section 15.6 of the Franchise Agreement is amended by adding the following language:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If individual, use this table; if not, delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

_____ Individually

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If entity, use this table; if not, delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the TAB Business that You will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the franchise offering or sales activity occurred in Minnesota.

2. **INDEMNIFICATION.** The following is added as a new Section 15.4

Indemnification by TAB. TAB will indemnify You for any loss, costs, or expenses arising out of any third party claim, suit or demand that the Trademarks infringe the trademark rights of a third party or cause unfair completion to a third party to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g). TAB will control any administrative proceeding or litigation involving TAB’s Trademarks.

3. **RELEASES.** The following is added to the end of Section 17.6(b)(8) of the Franchise Agreement:

, notwithstanding any other provision of this Agreement, no release to be signed by You will apply to claims under the Minnesota Franchises Law.

4. **TERMINATION OF AGREEMENT.** The following language is added to the Franchise Agreement as new Section 17.11:

Cure Period. With respect to franchises governed by Minnesota law, TAB will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

5. **GOVERNING LAW.** The following language is added to the end of Section 18.5 of the Franchise Agreement:

HOWEVER, NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80 CONCERNING YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, TAB WILL COMPLY WITH MINN. STAT. SEC. 80C.14, SUBDS. 3, 4, AND 5 WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIED CASES, THAT YOU BE GIVEN 90 DAYS' NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS' NOTICE OF NON-RENEWAL OF THE FRANCHISE AGREEMENT.

6. **WAIVER OF JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, the second paragraph of Section 21.8 of the Franchise Agreement is deleted.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

(If individual, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

Individually _____

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

(If entity, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB Business that You will operate under the Franchise Agreement was made in the State of New York, and/or (b) You are a resident of New York and will operate the TAB Business in New York.

2. **TRANSFER BY TAB.** Section 16.1 of the Franchise Agreement is amended by adding the following language at the end of the paragraph:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in TAB's good faith judgment, is willing and able to assume TAB's obligations under this Agreement.

3. **RELEASES.** The following is added to the end of the Franchise Agreement:

, notwithstanding any other provisions of this Agreement, all rights You enjoy and any causes of action arising in Your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

4. **TERMINATION OF AGREEMENT BY YOU.** Section 17 of the Franchise Agreement is amended by adding the following as Section 17.11:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW.** Section 18.5 of the Franchise Agreement are amended by adding the following language:

; NOTWITHSTANDING THE FOREGOING, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK.

6. **BINDING EFFECT.** Section 6.4(b) of the Franchise Agreement is amended by adding the following language:

Modifications to the Operations Manual will not unreasonably affect Your obligations, including economic requirements, under this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If individual, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

_____ Individually

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If entity, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) You are a resident of North Dakota and the TAB Business that You will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the franchise offering or sales activity occurred in North Dakota.

2. **RELEASES.** The following is added to the end of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** Section 14.2(d) of the Franchise Agreement is amended by adding the following:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, You acknowledge and agree that TAB intends to seek enforcement of these provisions to the extent allowed under the law.

4. **ARBITRATION.** Section 18.2 of the Franchise Agreement is amended to add the following:

To the extent required by North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which TAB and You agree.

5. **GOVERNING LAW.** The first two sentences of Section 18.5 of the Franchise Agreement are deleted in their entirety and replaced as follows:

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN TAB AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF COLORADO, EXCEPT THAT ANY COLORADO LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 21.8 of the Franchise Agreement is deleted.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If individual, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

Individually _____

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If entity, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB Business that You will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) You are a resident of Rhode Island and will operate the TAB Business in Rhode Island.

2. **GOVERNING LAW.** The first two sentences of Section 15.5 of the Franchise Agreement are deleted in their entirety and replaced with the following:

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN TAB AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF COLORADO, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT: (1) ANY COLORADO LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH; AND (2) TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If individual, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

Individually _____

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If entity, use this table; if not; delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

This Rider (the “**Rider**”) is effective this _____ day of _____, 20____, by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and _____, whose principal business address is _____ (“**You**”).

1. **BACKGROUND.** TAB and You are parties to that certain Franchise Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB Business that You will operate under the Franchise Agreement was made in the State of Washington, (b) You are a resident of Washington, and/or (c) the TAB Business will be located or operated in the State of Washington.

2. **ADDITION OF PARAGRAPHS.** The following paragraphs are added to the end of the Franchise Agreement:

In recognition of the requirements of the Washington Franchise Investment Protection Act (the “**Act**”) and the rules and regulations promulgated thereunder, the Franchise Agreement of TAB Boards International, Inc. shall be modified as follows:

The State of Washington has a statute, RCW 19.100.180, which might supersede the Agreement in Your relationship with TAB, including the areas of termination and renewal of Your franchise. There also might be court decisions which supersede the Agreement in Your relationship with TAB, including the areas of termination and renewal of Your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be, but only if required by the Act (unless such requirement is preempted by the Federal Arbitration Act), in the State of Washington, or in a place mutually agreed upon by the parties at the time of the arbitration, or as determined by the arbitrator.

in the event of a conflict of laws, to the extent required by the Act, the provisions of the Act shall prevail.

To the extent required by the Act, a release or waiver of rights executed by a Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

Transfer fees might be collectable only to the extent that they reflect TAB's reasonable estimate or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this Rider.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If individual, use this table; if not, delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

_____ Individually

Address: _____

Phone: _____

Fax: _____

Print Name: _____

TAB BOARDS INTERNATIONAL, INC., a Colorado corporation

(If entity, use this table; if not, delete. If used, delete this instruction)

YOU:

By: _____

Name: _____

Title: _____

Date: _____

(Insert name of entity here)

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

**EXHIBIT K
(TO THE FRANCHISE DISCLOSURE DOCUMENT)**

**GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE
FOR USE IN MARYLAND**

**TAB BOARDS INTERNATIONAL, INC.
GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE
FOR USE IN MARYLAND**

TAB BOARDS INTERNATIONAL, INC. (“TAB”) and the undersigned Franchisee, _____ (“You”), currently are parties to a certain Franchise Agreement (“Franchise Agreement”) dated _____. You have asked TAB to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____

_____. TAB has the right under the Franchise Agreement to obtain a general release from You (and, if applicable, Your owners) as a condition of taking this action or agreeing to this request. Therefore, TAB is willing to take the action or agree to the request specified above if You (and, if applicable, Your owners) give TAB the release and covenant not to sue provided below in this document. You (and, if applicable, Your owners) are willing to give TAB the release and covenant not to sue provided below as partial consideration for TAB's willingness to take the action or agree to the request described above.

Consistent with the previous introduction, You, on Your own behalf and on behalf of Your successors, heirs, executors, administrators, personal representatives, agents, assigns, owners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge TAB and its affiliates and the current and former shareholders, members, officers, directors, principals, employees, agents, representatives, successors, and assigns of TAB and its affiliates (collectively, the “TAB Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that You and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the TAB Parties (1) arising out of or related to the TAB Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to Your and the other Releasing Parties' relationship, from the beginning of time to the date of Your signature below, with any of the TAB Parties. You, on Your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the TAB Parties on any of the Claims released by this paragraph and represent that You have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph. Notwithstanding anything herein to the contrary,

TAB also is entitled to a release and covenant not to sue from Your owners. By his, her, or their separate signatures below, Your transferring owners likewise grant to TAB the release and covenant not to sue provided above.

**The following language applies only to transactions governed by the Maryland
Franchise Registration and Disclosure Law**

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. You may commence a lawsuit against TAB in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law that are not released.

—~~TAB~~”

(If individual, use this table; if not; delete. If used, delete this instruction)

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

—~~YOU~~”:

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

Individually
Address: _____
Phone: _____
Fax: _____
Date: _____

—~~TAB~~”

(If entity, use this table; if not; delete. If used, delete this instruction)

TAB BOARDS INTERNATIONAL, INC., a
Colorado corporation

—~~YOU~~”:

(Insert name of entity here)

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

By: _____
Name: _____
Title: _____
Address: _____
Phone: _____
Fax: _____
Date: _____

YOUR OWNERS

Name: _____

Name: _____

**EXHIBIT L
(TO THE FRANCHISE DISCLOSURE DOCUMENT)**

SATELLITE SITE SERVICE AUTHORIZATION

This SATELLITE SITE SERVICE AUTHORIZATION (“**Agreement**”), is entered into by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and the undersigned franchisee (“**Franchisee**” or “**You**”). TAB and Franchisee will collectively be referred to herein as the “**Parties**.”

WHEREAS, the Parties have entered into a franchise or independent associate agreement which is in effect (“**Franchise Agreement**”); and the Parties desire that TAB provide to Franchisee a TAB satellite internet website, and that TAB collect associated fees for such service from Franchisee’s credit card.

THEREFORE, in consideration of the terms and conditions hereinafter set forth, and other good and valuable consideration, the Parties agree as follows:

1. Term and Termination. This Agreement will be effective when signed by Franchisee and received by TAB. This Agreement will expire simultaneously with the expiration or termination of the Franchise Agreement. Franchisee may terminate this Agreement at any time for any reason by providing TAB at least thirty (30) days prior written notice. Should Franchisee default in the performance of this Agreement or materially breach any of its provisions, TAB, at its option, may immediately terminate this Agreement by giving Franchisee written notification of the same. TAB may, at its sole discretion, discontinue offering the Satellite Service at any time. Notwithstanding any other provisions of this Agreement, this Agreement shall terminate automatically if TAB no longer offers the Satellite Service or upon the occurrence of any of the following events:

- (a) Bankruptcy or insolvency of either party;
- (b) Sale or transfer of the business by either party; or
- (c) Death or dissolution of either party.

2. Satellite Site. TAB will provide the Satellite Site which includes The Alternative Board® approved brand identity design template; TAB Corporate-office managed member promotional content; and professional and easy-to-use functionality allowing you to customize your web presence.

3. TAB and Franchisee Content and Data. Franchisee’s Satellite Site will consist of two forms of data: TAB corporate content data and Franchisee data. TAB corporate content data is leased to Franchisee and pushed out to Franchisee’s Satellite Site on a regular basis. Franchisee does not have an ownership interest in TAB corporate content. TAB corporate content data is copyrighted and owned by TAB and may not be copied or used in any form by You other than its display within Your Satellite Site as described in this Agreement, and cannot be modified or edited by You in any manner. All TAB corporate content data is hereby included in and governed by Your Nondisclosure and/or Confidentiality Agreement with TAB. Franchisee data is all data that Franchisee is allowed to and does upload to its Satellite Site, and can be edited and modified only by You. If you use your title it must clearly relate to the position You hold with Your entity and not with TAB. You bear sole responsibility for the content of Franchisee data, including its compliance with all laws.

4. Title, Rights and URLs. TAB owns all the rights, title, and interest in and to the Satellite Site, including all software, website designs, and related technology, but excepting Franchisee data. Franchisee will not use the Satellite Site except in accordance with this Agreement and their Franchise

Agreement, and will not have the right to sublicense or sell this technology to a third party. Upon termination of this Agreement, Franchisee will have no rights relating to the Satellite Site, or any other TAB product or proprietary information, including but not limited to, TAB trademarks and copyrights except to the extent granted in the Franchise Agreement between Franchisee and TAB. Any TAB-related URL used in connection with Franchisee's Satellite Site that contains any of TAB's trademarks must be owned by TAB and are licensed to Franchisee pursuant to the Franchise Agreement. Upon termination of the Franchise Agreement or this Agreement, TAB will be the sole owner of any such TAB-related URL with Franchisee retaining no interest whatsoever in such URL, except to the extent granted to Franchisee in the Franchise Agreement between Franchisee and TAB. No URL may be used in connection with the Satellite Site without the express approval of TAB, which TAB may grant or withhold in its sole judgment. Franchisee will identify its requested website URL below.

5. System Availability. After launch of the Satellite Site, TAB will use commercially reasonable efforts to ensure the continuous availability of the system, provided that, from time to time, reasonable downtime will be scheduled by TAB to accomplish maintenance or improvements. In the event of scheduled or unscheduled downtime, TAB will not be liable whatsoever for any expenses, losses or damages incurred by Franchisee.

6. Disclaimer of Warranty. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, TAB MAKES NO WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. TAB SPECIFICALLY DOES NOT GUARANTEE THE SECURITY OF ANY FRANCHISEE DATA CONTAINED WITHIN THE SATELLITE SITE. Franchisee acknowledges that errors in the Satellite Site will not necessarily be corrected, although TAB will make reasonable efforts to do so, and that TAB cannot, due to interdependencies on hardware and software products, warrant that defects in the Satellite Site can or will be corrected.

7. Fees and Payment. Franchisee agrees to pay the fees set forth in the Fee Schedule attached as Exhibit A to this Agreement. You agree that TAB will charge Your credit card pursuant to the Credit Card Authorization executed by You, attached as Exhibit B to this Agreement, on or about the 23rd of each month, or make a deduction to Your monthly statement for the following month pursuant to your election below. From time to time, TAB may change its pricing or pricing policies. If TAB increases any pricing TAB will notify You at least forty-five (45) days in advance of such price increase. In no event, however, will price increases occur more than once annually.

8. General Provisions. Notices may be provided by U.S. mail, courier, facsimile or email. This agreement will be governed by Colorado law; any action relating to this Agreement will be brought in Denver, Colorado. TAB will not be liable for any special, indirect, punitive, incidental or consequential damages resulting from use of the Satellite Site. In no event will TAB's liability in connection with this Agreement, whether in contract, tort or otherwise, exceed the fees paid to TAB by Franchisee under this Agreement. You agree to indemnify TAB for all actual and consequential damages resulting from Your use of the Satellite Site. Regarding the subject matter of this Agreement, this Agreement constitutes the entire agreement by the Parties, and is intended as an integration of any discussions or understandings between the Parties. Any and all prior agreements between the parties relating to a satellite website shall be deemed void and cancelled.

You authorize payment by the following method:

- Credit Card
- Deduction from monthly statement

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement as of the date that TAB accepts this Agreement.

FRANCHISEE:

[Print individual name or entity name of Franchisee]

[Signature]

[Title, if signing for entity]

[Date]

Franchisee's Requested Website URL, if known:

TAB BOARDS INTERNATIONAL, INC.

By: _____

Name: _____

Title: _____

Date: _____

**EXHIBIT A
TO
SATELLITE SITE SERVICE AUTHORIZATION
FEE SCHEDULE**

Satellite Site Setup Fee; one time only; due upon signing of this Agreement	\$288.00
Technology Fee	\$22.00

**EXHIBIT B
TO
SATELLITE SITE SERVICE AUTHORIZATION
CREDIT CARD AUTHORIZATION**

Please complete the below information

(CARDHOLDER NAME (BUSINESS OR INDIVIDUAL))	CREDIT CARD ACCOUNT NUMBER
<p style="text-align: center;">CARD TYPE</p> <p><input type="checkbox"/> MC/Visa <input type="checkbox"/> Amex <input type="checkbox"/> Discover <input type="checkbox"/> Diner's</p>	<p style="text-align: center;">EXPIRATION DATE (MM/YY)</p>
<p>CARDHOLDER BILLING ADDRESS:</p> <p>STREET CITY STATE ZIP</p>	

I authorize TAB Boards International, Inc. to charge my credit card for TAB services and products. Should my card expire or be declined, I will promptly provide TAB Boards International, Inc. with new credit card information.

CARDHOLDER SIGNATURE

DATE

TAB Boards International, Inc. will safeguard the above confidential information and use it only for the above noted purpose; it will not be released to any unauthorized parties.

World Headquarters: Phone: 800-727-0126
 Fax: 720-889-1375

EXHIBIT M
(TO FRANCHISE DISCLOSURE DOCUMENT)

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If TAB Boards International, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws require TAB Boards International, Inc. to provide this Franchise 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 (Iowa, New York, Oklahoma, Rhode Island, Michigan, and Washington).

If TAB Boards International, Inc. does not deliver this Franchise 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 appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: _____

Issuance Date: March 24, 2014

I have received a Franchise Disclosure Document dated March 24, 2014 that included the following Exhibits:

- A. List Of State Agencies/Agents For Service Of Process
- B. Franchise Agreement
- B I Addendum To Franchise Agreement
- B II Statement Of Ownership
- B III Guaranty And Assumption Of Franchisee's Obligations
- B IV Non disclosure And Non competition Agreement
- B V Conditional Assignment Of Telephone And Directory Listings, Etc.
- B VI Closing Acknowledgment
- B VII State Law Rider
- B-VIII Trademarks
- C. Marketing Agreement
- D. Field Support Training Services Agreement
- E. CRM System Use Agreement
- F. Operations Manual Table Of Contents
- G. List Of Franchisees
- H. Franchisees Who Have Left The System
- I. Audited Financial Statements
- J. State Law Addenda and Riders
- K. Grant Of Franchisor Consent And Franchisee Release For Use In Maryland
- L. Satellite Website Agreement
- M. Receipt

Date

Prospective Franchisee

Print Name

EXHIBIT M
(TO FRANCHISE DISCLOSURE DOCUMENT)

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- K. Grant Of Franchisor Consent And Franchisee Release For Use In Maryland
- L. Satellite Website Agreement
- M. Receipt

Date

Prospective Franchisee

Print Name

Item 23 - Contacts Information

Kelli Wolfe (The Alternative Board) [kwolfe@thealternativeboard.com]
11031 Sheridan Boulevard
Westminster Colorado 80020