

FRANCHISE DISCLOSURE DOCUMENT



SAFEGUARD FRANCHISE SALES, INC.

a Texas Corporation

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The franchise is for a distributorship in which the Distributor solicits orders for Safeguard products and services, including printed business forms and products, one-write accounting and other financial systems, non-financial one-write systems and other lines of products manufactured by Safeguard Business Systems, Inc. or made available by Safeguard Business Systems, Inc. through strategic alliances with selected vendors.

The total investment necessary to begin operation of a Safeguard Business (defined below) ranges from \$11,080 to \$65,130. These totals include \$1,530 to \$1,590 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Legal Services at 3000 Kellway Drive, Carrollton, Texas 75006 and 214-640-3916.

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

Buying a franchise is a complex investment. This information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can 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.

Date of Issuance: May 17, 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F-1, F-2, or G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Safeguard business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Safeguard franchisee?	Item 20 or Exhibits F-1, F-2, or G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit H.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The distributor agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with franchisor in Texas than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda: (if any)" to see whether your state requires other risks to be highlighted.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, and any Parents, Predecessors, and Affiliates

The franchisor is Safeguard Franchise Sales, Inc. (“SFS”, “we”, “us”, or “our”). For ease of reference, we may refer to the distributor as “you.” If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Distributorship Agreement will apply to your owners. These will be addressed in this disclosure document where appropriate.

SFS was incorporated in Texas on September 26, 2014 as a result of a corporate restructuring. SFS’s principal business address is 3000 Kellway Drive, Carrollton, Texas 75006. SFS conducts business under its corporate name and the name “Safeguard.” SFS’s agents for service of process are disclosed in Exhibit I to this disclosure document. SFS began offering distributorships on January 9, 2015.

Prior to January 9, 2015, SFS’s affiliate, Safeguard Franchise Systems, Inc. (“SF Systems”), was the franchisor for the Safeguard business. SF Systems offered Safeguard distributorships from May 2, 2007 until April 30, 2014 and may continue to hold some or all Distributorship Agreements to which it is party. The Safeguard distributorship system will, however, continue to be operated as a single system with services and support being provided to all Safeguard distributors by SBS and other affiliates as described below. As of December 31, 2023, SF Systems had 12 Safeguard distributors in the United States. Safeguard distributors that signed Distributorship Agreements with SF Systems are reported as Safeguard distributors in the applicable charts in Item 20 and are listed in Exhibit F-1. SF Systems shares SFS’s principal business address.

Safeguard Holdings, Inc. (“SHI”) is our immediate parent, and Deluxe Corporation is our ultimate parent. SHI shares our principal business address. Deluxe Corporation’s principal business address is 801 S. Marquette Avenue, Minneapolis, Minnesota 55402. SFS has no predecessors.

SFS’s affiliate, Safeguard Business Systems, Inc., or its predecessors (“SBS”), has manufactured and sold business products, services and systems, primarily to small (fewer than 50 employees), commercial, industrial, government, retail and not-for-profit businesses through a network of independent distributors since 1956. From 1956 through 2007, SBS contracted directly with distributors under agreements that are different from the form of agreement described in this disclosure document. SBS no longer offers distributorships, and distributors operating under those older agreements are called “Pre-Existing Distributors.” As of December 31, 2023, SBS had 86 Pre-Existing Distributors in the United States. The Pre-Existing Distributors as of December 31, 2023 are listed in Exhibit F-2. You and the Pre-Existing Distributors will offer similar products and services. Pre-Existing Distributors may elect to convert to the Distributorship Agreement contemplated by this disclosure document. SBS was incorporated in Delaware on October 30, 1967 and shares SFS’s principal business address.

SFS's affiliate, Safeguard Business Systems Limited ("SBSL"), intends to begin offering distributorships that are similar to the distributorships offered under this disclosure document in 2021. SBSL has offered distributorships under a different arrangement in Canada since 1984.

Except as described above, SFS and its affiliates (“Company-Owned Businesses”), including SF Systems and SBS, are not engaged in any other businesses and have never offered franchises in any other line of business.

The Franchise

Safeguard distributors solicit orders for products and services that carry the Safeguard trademarks (“Marks”), including printed business forms and products, one-write accounting and other financial systems, non-financial one-write systems like gift certificates and visitor pass systems, continuous and laser computer forms and checks, envelopes, tax forms, computer software, records management, full-color printing, business apparel, promotional products, office products, web and design services and related business supplies, and other lines of products manufactured by, or supplied to, SBS by outside vendors or companies affiliated with SBS (“SBS Products”). Distributors may also solicit orders for ancillary products, like stock tab paper, snap-out forms and envelopes, that are not SBS Products but that are not competitive

with SBS Products and that have been approved by SBS (“Sourced Products”). Sourced Products do not carry the Safeguard Marks. (SBS Products and Sourced Products are collectively referred to as “Safeguard Products and Services”).

The form of SFS’s Distributorship Agreement is attached as Exhibit B to this disclosure document. The Distributorship Agreement authorizes you to solicit orders only for the Safeguard Products and Services described in those product and service addenda to the Distributorship Agreement which you accept by initialing, including any new Safeguard Products and Services which you accept by initialing the applicable product or service addendum to the Distributorship Agreement (collectively, “Authorized Safeguard Products and Services”). You are only authorized to solicit orders for Authorized Safeguard Products and Services. SBS decides whether or not to accept the order and make the sale. You will be paid a commission on any sales of Authorized Safeguard Products and Services resulting from orders that you solicit.

Your solicitation of Authorized Safeguard Products and Services pursuant to the Distributorship Agreement is referred to in this disclosure document as the “Safeguard Business.” You may operate your Safeguard Business from a commercial office facility or other facility you choose as long as the location of the facility complies with our Open Territory Policy described in Item 12.

We may make changes in the distributor system (“Distributor Network”) and in the operations, standards, and requirements that apply to the Distributor Network. These changes may require you to make additional investments in your Safeguard Business periodically during the term of the Distributorship Agreement.

We also have the right to delegate our obligations and duties under the Distributorship Agreement to 1 or more designees, including SBS. If we require, you must deal directly with any of our designees in the manner that we prescribe.

We previously operated a program (“Redevelopment Program”) under which an entity affiliated with us, Safeguard Acquisitions, Inc. (“SAI”), acquired existing independent, non-Safeguard businesses that offered products and service similar to the products and services offered by Safeguard Businesses, converted those independent businesses to Safeguard Businesses, and then sold the Safeguard Businesses to third parties to be operated as Safeguard Businesses under Distributorship Agreements or to Pre-Existing Distributors to be operated under their existing agreements. As of December 31, 2021, SAI had acquired 17 independent businesses under the Redevelopment Program. 13 of these independent businesses were sold to Pre-Existing Distributors, and 4 of these independent businesses were sold to new Safeguard distributors. As of the date of this disclosure document, we no longer operate the Redevelopment Program.

Competition

The market in which you will operate is subject to rapid change, and is highly competitive. You will compete with other distributors, direct mail, online sellers, catalogs, retail establishments, manufacturers, and perhaps others, depending upon the types of products offered.

Industry Specific Regulation

You must comply with all laws, and obtain and keep in force all licenses and permits required to operate the Safeguard Business at your own expense. Many of the laws, rules, and regulations that apply to businesses generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, also apply to Safeguard Businesses. You should consider these laws and regulations when evaluating your purchase of this distributorship.

The Payment Card Industry Data Security Standard (PCI-DSS) is the current standard of security requirements for all merchants or service providers that store, process or transmit cardholder data. You are responsible for achieving and maintaining PCI-DSS compliance.

**ITEM 2
BUSINESS EXPERIENCE**

President and Director: Mark Byers

Mr. Byers has served as President and Director of SFS and SF Systems since March 10, 2020. He also serves as President and Director of SBS and has responsibility for DFS Group, which is the reseller division of Deluxe Small Business Sales, Inc. , and serves as the Vice President of the Print Division of Deluxe Corporation since September 2023. Prior to joining SFS, Mr. Byers served as Vice President, Inbound and Outbound Contact Center for Deluxe Corporation since 2010. Mr. Byers has been based in Lenexa, Kansas, while serving in all positions described above.

Tim Stoffel - Vice President of Tax

Mr. Stoffel has served as Vice President, Corporate Tax of Deluxe Corporation since April 2020 and is based in Minneapolis, Minnesota. Prior to joining Deluxe Corporation, Mr. Stoffel served as Vice President, Corporate Tax for Merrill Corporation from October 2015 to March 2019, based in Minneapolis, Minnesota.

Senior Vice President and Chief Financial Officer William C. Zint

Mr. Zint has served as Senior Vice President and CFO since October 2022. Mr. Zint previously served as the VP of Corporate Finance for Deluxe Corporation from August 2020 to October 2022. He was the VP of Finance and HW CFO for NCR Corp from January 2019 to August 2020 and served as VP or Corporate Financial Planning & Analysis from May 2017 to January 2019.

Vice President and Secretary: Kevin Skipper

Mr. Skipper has served as Vice President for SFS since July 2020 and as Secretary since May 2017. He is also Senior Counsel for SBS and has held that position since May 2016. Mr. Skipper served as a Staff Attorney for SBS from February 2005 until May 2016.

Senior Manager, Learning and Development, Sales Enablement: Sue Holbert

Ms. Holbert has served as Senior Manager, Learning and Development, Sales Enablement for Deluxe Corp. since June 1, 2023. She is also Learning Manager, Technology for Safeguard Business Systems from November 2011 to November 2019.

Vice President C.O.D. Sales: Kellye Santos

Ms. Santos has served as SBS's Vice President C.O.D. Sales since October 2019. Ms. Santos served as Safeguard's Vice President of Customer Service from July 1998 to October 2019.

Vice President Franchise Growth and Development and Vice President of SBS, Inc.: Kevin Derella

Mr. Kevin Derella is Vice President Franchise Growth and Development for Safeguard Business Systems since December 2022. He is also Vice President of Safeguard Franchise Sales, Inc., as of February 14, 2023. Mr. Derella was also Executive Director Franchise Development from August 2012 to December 2019.

Director, Business Accountability & Compliance: Tom Ryan

Mr. Ryan has been Director, Business Accountability & Compliance since November of 2018 and is based in Chandler, Arizona. Mr. Ryan served as Regional Sales Support Manager for Safeguard from September of 2005 through November of 2018.

Unless otherwise noted, all personnel listed above are based in Dallas, Texas.

ITEM 3 LITIGATION⁽¹⁾

Past Litigation

Jeff Haulbrook and Jeff Haulbrook, Inc. v. Safeguard Business Systems, Inc., No. DC-21-06526, District Court of Dallas County, Texas. On May 21, 2021, Jeff Haulbrook and Jeff Haulbrook, Inc., one of our Pre-Existing Distributors based in South Carolina (collectively, "Haulbrook"), filed a demand for jury trial against SBS. Haulbrook alleges, among other things, that SBS breached its contractual obligations under the Distribution Agreement by incorrectly tracking commissions generated on certain products and services sales and thus failed to honor and make account protection commission payments to Haulbrook. Further, Haulbrook alleges SBS tortiously interfered with Haulbrook's negotiations and agreements to acquire the distribution businesses of six or more Safeguard distributors. Haulbrook alleges related causes of action for breach of the duty of loyalty, and duty of good faith and fair-dealing, fraud, malice, gross negligence, civil theft, and violation of the South Carolina Unfair Trade Practices Act ("UTPA"). Haulbrook seeks to recover actual damages, exemplary damages, treble damages for violation of the South Carolina UTPA, an accounting, attorneys' fees, costs of suit, pre- and post-judgment interest, and a declaratory judgment that SBS cannot exercise its right of first refusal in its distributor agreements to prevent Haulbrook's acquisition of Safeguard distribution businesses. SBS filed an answer in this case denying all allegations and asserting affirmative defenses to the claims. SBS also filed a counterclaim relating to Haulbrook's breach of an Amended Settlement Agreement between Haulbrook and SBS that was entered into in 2017 after Haulbrook asserted similar claims against SBS as the ones brought in this litigation, as well as a declaratory judgment to declare SBS's right to exercise its contractual rights of first refusal. SBS also seeks recovery of its attorneys' fees for pursuing such claims. The parties reached a confidential settlement whereby Safeguard agreed to purchase the exclusive commission rights held by Haulbrook and for the termination of Haulbrook's distributor agreement. The transaction was completed on September 15, 2022.

Safeguard Forms & Systems, Inc. v. Safeguard Business Systems, Inc., No. DC-19-12024, District Court of Dallas County, Texas. On August 15, 2019, Safeguard Forms & Systems, Inc., one of our Pre-Existing Distributors ("Plaintiff"), filed suit against SBS. Plaintiff alleged that it entered into an Asset Purchase Agreement for the sale by SBS to Plaintiff of the rights to commissions from certain customers located in and around the state of New Jersey. Plaintiff further alleged that SBS breached its contractual obligations by misrepresenting the worth of the business and failing to deliver some \$870,000 in sales. Plaintiff sought actual damages, attorneys' fees and costs of suit. Thereafter, the parties reached a confidential settlement whereby SBS agreed to expand the base of business that would be sold to Plaintiff under a prior settlement agreement ("the Adjustment Amount"). The Adjustment Amount was \$682,068.

T3 Enterprises, Inc., et. al. v. Safeguard Business Systems, Inc., et. al., Case No. CV-OC-1416400 (4th Judicial District Court of the State of Idaho, Ada County, August 26, 2014).⁽¹⁾ On August 26, 2014, T3 Enterprises, Inc. ("T3"), one of the three Pre-Existing Distributors operating in Idaho, filed suit against SBS, SAI, the Secretary and General Counsel of SBS, Michael Dunlap, Idaho Business Forms, Inc. ("IBF"), JDHRS, LLC ("JDHRS"), James Dunn ("Dunn"), Tressa McLaughlin ("McLaughlin"), Jamie McCormick ("McCormick"), and KMMR, LLC ("KMMR") in Idaho state court alleging, among other things, breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of the Texas Deceptive Trade Practices Act ("State Court Action"). On September 16, 2014, T3 amended its complaint in the State Court Action in order to add Thurston Enterprises, Inc. ("Thurston Enterprises"), another one of the three Pre-existing Distributors operating in Idaho, as a plaintiff (Thurston Enterprises and T3, collectively, "Plaintiffs"). Plaintiffs alleged that as part of SAI's purchase of IBF's business under the Redevelopment Program in August 2013, SBS entered into arrangements with members of IBF's senior management team (McLaughlin, McCormick/KMMR, and Dunn/JDHRS) under which KMMR solicited and sold Safeguard Products and Services to IBF's customers, and JDHRS continued to service certain of IBF's customers. Plaintiffs alleged that there was an overlap between Plaintiffs' customers and IBF's customers and that these sales/service activities violated Plaintiffs' customer protection rights under their

distributorship agreements with SBS. Plaintiffs sought compensatory damages, attorneys' fees, and costs and pre-judgment interest. The T3's claims against SBS were ordered to proceed before an arbitrator ("Arbitration").

The State Court Action proceeded minus T3's claims against SBS. On August 26, 2015, Plaintiffs added Deluxe Corporation ("Deluxe") as a defendant in the State Court Action and asserted claims of tortious interference as to Deluxe. All defendants other than SBS and Deluxe were dismissed from the State Court Action by stipulation or pursuant to motions for summary judgment by October 2016.

On December 5, 2016, the panel of three arbitrators issued a final award in the Arbitration ("Award"). The Award granted T3 \$1,474,707.53 in damages and \$2,886,334.42 in attorneys' fees and expenses against Safeguard, and declared that the distributor agreement between Safeguard and T3 would terminate upon payment of the Award by SBS. That award was converted to a judgment on May 5, 2017. SBS paid the judgment and costs in full.

The separate State Court Action was tried to a jury. The jury returned a verdict which found Deluxe not liable to Thurston Enterprises or T3 but did find SBS liable to Thurston Enterprises for actual damages of \$1,625,985 and punitive damages of \$4,750,000. T3 recovered nothing against Deluxe in the State Court Action. On January 13, 2017, the Court reduced the punitive damages awarded by the jury by \$341,929 and entered a judgment against SBS based on the jury's verdict in the State Court Action in favor of Thurston Enterprises for \$6,034,056 ("Initial Judgment"). Deluxe was dismissed with prejudice from the State Court Action by the Initial Judgment.

On May 5, 2017, the Court entered a final judgment totaling \$6,792,649.74 ("Final Judgment"). That Final Judgment was affirmed on appeal. SBS paid the judgment and costs in full.

United Safeguard Distributors Association, Inc. et al v. Safeguard Business Systems, Inc. and Deluxe Corporation, Case No. 2:15-CV-3998 (United States District Court, Central District of California, May 27, 2015).⁽¹⁾ United Safeguard Distributors Association, Inc. v. Safeguard Business Systems, Inc. and Deluxe Corporation, Case No. 2:15-CV-3998 (United States District Court, Central District of California, May 27, 2015). On May 27, 2015, United Safeguard Distributors Association, Inc. ("USDA"), an association of Safeguard distributors, filed suit against SBS and Deluxe in federal court in California requesting a declaratory judgment and injunctive relief. USDA alleges that SBS and Deluxe have engaged in a variety of improper actions against Pre-Existing Distributors, including breach of contract, imposing unfair sourcing and pricing requirements on the Pre-Existing Distributors, and entering onto arrangements with suppliers that require the suppliers to pay rebates to SBS. Plaintiff's second amended complaint added Safeguard distributors, Greg and Vicki Schob and Schob and Schob, Inc., alleging the same or similar grounds. SBS and Deluxe dispute the allegations. Defendants filed a motion to dismiss against the USDA for, among other things, lack of associational standing and jurisdiction. The USDA claims were dismissed. The parties settled this matter in April 2016 with SBS purchasing from the Schob plaintiffs certain assets for \$3,016,169.44. As part of the settlement, on or about April 5, 2016, the Schob plaintiffs dismissed their claims against Defendants.

Safeguard OKC, Inc., et. al. v. Safeguard Business Systems, Inc., et. al., Cause No. DC-15-00180 (191st Judicial District Court for the State of Texas, Dallas County, January 7, 2015).⁽¹⁾ On January 7, 2015, Safeguard Forms & Systems, Inc. ("F&S"), a Pre-Existing Distributor based in Georgia, Richard Stallings ("Stallings"), F&S's principal, and Safeguard OKC, Inc. ("OKC"), an affiliate of F&S based in Oklahoma, filed suit against SBS and SAI in Texas state court alleging breach of contract, breach of the duty of good faith and fair dealing, negligent misrepresentation, fraud and fraudulent inducement and unfair competition. Plaintiffs alleged that SBS and SAI made certain false or negligent representations to them related to 2 Oklahoma businesses that OKC and F&S purchased under the Redevelopment Program in September 2011 and May 2012 and in order to induce plaintiffs to enter into a 1-year management agreement with SBS and SAI for the Oklahoma businesses in September 2013. The plaintiffs sought compensatory, consequential and exemplary damages, specific performance of the distributorship agreement, attorneys' fees, and costs and interest. The parties settled this matter in July 2015 with the plaintiffs returning one of the Oklahoma businesses to SAI that the plaintiffs had purchased and mutually terminating the Distributorship Agreement

for that business. Additionally, the parties agreed to terms under which the plaintiffs' debt to SAI for the original purchase of the business would be extinguished over a period of approximately two years if certain conditions are met.

Note (1): The franchisor, Safeguard Franchise Sales, Inc., was not a party to any of the litigation described in Item 3.

Other than the above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

You must pay \$1,500 for a limited license to use the proprietary CMS program. In our 2023 fiscal year, the initial fee that Distributors paid ranged from \$0 to \$60, but we are not obligated to continue to reduce the initial fee. You are not required to pay this fee until you have begun operation of your Safeguard Business. You must purchase a Safeguard Learning Center ("SLC") user license for a one-time \$30 fee for each active employee of your Safeguard Business, regardless of status or position (such as full-time or part-time). You will not pay the license fee or SLC user license fee directly. Those fees will be deducted from your commissions. These amounts are non-refundable and are uniformly imposed on all distributors.

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transaction Handling Fee	Reasonable fee based on the cost to provide transaction handling services (currently \$500 per year (payable in monthly installments of \$41.67)).	By the 15 th day of each month for the preceding month	See Note 2
CMS Support Fee	Monthly fee of \$65 and \$4.00 per minute for non-CMS related technical support).	By the 15 th day of each month for the preceding month	See Note 3
Sourced Products and BODP Fee	Currently, an amount based on a percentage of the amount invoiced to the customer for each order processed.	As incurred	See Note 4

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Promotional Products Fee	Currently, an amount based on a percentage of the amount invoiced to the customer for each order processed.	As incurred	See Note 5
Base Connection Services Fee	Currently, \$10,000.00 per year or \$833.00 per month plus 4.5% of revenue generated by the program.	One-half of fee deducted from commissions two times per month	See Note 6
Additional and Ongoing Training Fee	Reasonable fee (currently \$0 to \$4,000 per person).	As incurred	See Note 7
Direct Marketing Services Fees	Reasonable fee (currently, no cost per mailed piece).	As incurred	See Note 8
Promotional Item Cost Sharing	10% to 50% of the cost of promotional or print items.	As incurred	See Note 9
Safeguard Learning Center (SLC) Access Fee	One time \$30 access fee per person. Then you must pay \$30 per month for 4 or fewer users; \$45 per month for 5 to 9 users; and \$75 per month for 10 or more users.	By the 15 th day of each month for the preceding month	See Note 10
The Exchange (Conference held at our discretion but no more often than every eighteen months) Registration Fee	\$700 to \$1,400 per person (includes lodging) plus travel expenses.	As incurred	See Note 11
The Connexion (Regional Meetings)	\$0 plus travel expenses	As incurred	See Note 12
Transfer Fee	The greater of \$10,000 or 25% of the then-current initial franchise fee (if applicable).	Prior to or on the effective date of the transaction	See Note 13
Additional Business Base Fee	The greater of \$10,000 or 25% of the then-current initial franchise fee (if applicable).	Prior to or on the effective date of the transaction	See Note 14
Loan Modification Fee	3% of the then-outstanding principal amount at our discretion	On demand	See Note 15
Disposal Fee	An amount equal to the purchase price of inventory including freight costs and applicable sales tax	As incurred	See Note 16

Notes:

1. You are not required to pay any royalty, but there are other fees that you must pay as set forth in the chart above. All fees are imposed by us, are payable to us or our designee, are non-refundable, and are uniformly imposed, unless otherwise noted. All fees are deducted from your commission payments. We have the right to delegate our rights and obligations under the Distributorship Agreement, including our right to receive payments under the Distributorship Agreement, to 1 or more designees, including SBS. In addition to the fees described in this chart, you may incur ongoing license and/or support fees for the Customer Relationship Software (defined below), which we cannot estimate and will vary depending on the brand of software and level of support you select.

2. At your request and subject to our approval, if you transfer or sell your Safeguard Business to a third party, we or our designee will facilitate the payments from the purchaser to you, by withholding amounts owed to you from the purchaser's monthly commission and forwarding the amount to you. This fee is the amount that you must pay for that service.

3. The current cost for support for the CMS program is \$65 per month. This support includes CMS upgrades, revisions, CMS related issues, reporting tool support, and CMS installation support. We also offer support for non-CMS issues such as Internet access, PC and printer or network systems due to equipment replacement or upgrades, email support, and assistance with computer viruses at the rate of \$4.00 per minute.

4. We or our designee will work with vendors chosen by you and approved by SBS for Sourced Products to ensure that the product orders are accurate and the customer receives correct billing statements, and we will also administer the billing to customers and payment of vendors and manage all sales tax payments and customer receivables. These orders will incur fees for these services based on a percentage of the amount invoiced to the customer, excluding freight charges, for products ordered by the customers. This fee is not paid separately to us but is, instead, collected by us in the form of a reduction of your commission on orders to which the Sourced Products fee applies. The current Sourced Products fees are set forth in the table below.

Sourced Products Fee	
Total Amount Ordered	PL 81 Sourced Fee
\$0.00 to \$999.99	10.00%
\$1,000.00 to \$4,999.99	8.50%
\$5,000 and up	4.50%

If you pay the supplier of Sourced Products directly (Bill Only Distributor Paid or "BODP"), you must pay SBS the BODP fee described in the table below.

BODP Fees	
Total Amount Ordered	PL 89 BODP Fee
\$0.00 to \$229.99	10.50%
\$230.00 to \$999.99	10.50%
\$1,000.00 to \$1,999.99	10.00%
\$2,000.00 to \$4,999.99	8.50%
\$5,000.00 to \$14,999.99	6.50%
\$15,000.00 and up	4.50%

Except as noted above, these fees are uniformly calculated for all distributors and may be increased upon written notice. We designate certain vendors as “Preferred Suppliers.” We or our affiliates may receive rebates from these Preferred Suppliers, and as a result, we may offer a reduction in the Sourced Products fees you incur. We reserve the right to change or eliminate the reduction in Sourced Products fees incurred by you when using a Preferred Supplier without notice.

5. We or our designee will work with vendors chosen by you and approved by SBS for Promotional Products and Apparel to ensure that the product orders are accurate and the customer receives correct billing statements and will also administer the billing to customers and payment of vendors and manage all sales tax payments and customer receivables. You must pay fees for these services based on a percentage of the amount invoiced to the customer, excluding freight charges, for products ordered by the customers. This fee is not paid separately to us but is, instead, collected by us in the form a reduction of your commission on orders to which the fee applies. The current Promotional Products Fees are set forth in the table below.

Promotional Products and Apparel Fee	
Total Amount Ordered	PL 20 and 84 Fee
\$0.00 to \$999.99	8.5%
\$1,000.00 to \$4,999.99	6.5%
\$5,000 and up	2.5%

You will also have access to the CMS.Net system to assist you to process and track these orders.

6. At your request and subject to our approval, we or our designee will manage your base of business to allow you to devote more time to generate new business. If you choose to use Base Connection, you will forward your telephone lines to the Safeguard Contact Center allowing customers to talk directly with a Safeguard Base Connection representative. Base Connection Services include the processing of new and repeat orders for customers, assistance in the resolution of customer service issues and provision of cross-selling to customers. You must pay an annual fee of \$10,000.00 plus 4.5% of any revenue generated as a result of the efforts of the Base Connection Team. The \$10,000.00 fee will be billed monthly at \$833.00. We generally will not offer the Base Connection Services if gross sales of the Safeguard Business are less than \$50,000 per year. For the purposes of this paragraph, “gross sales revenue” means all revenue from sales of your Safeguard Business.

7. If additional training is required, you must pay a reasonable fee for each training session.

8. We or our designee, provide certain direct marketing services. These services may include sending various programmatic and targeted customer promotional or a la carte for some mailings. Participation is mandatory and you may not opt out. In addition, you have the option to purchase certain advertising and promotional materials from us for a reasonable fee and we also may offer mailings and other advertisements on a co-op basis where Safeguard shares in the cost. These fees may rise as costs for performing these services rise.

9. Periodically, we may provide customers with certain branded print and/or promotional items (e.g., golf shirts, caps, etc.) as an inducement to purchase products or services. We will have sole and absolute discretion to determine what constitutes a branded print and/or promotional item and other terms of the promotions. The costs you pay will range from 10% to 50% of the costs of those items. We reserve the right to deduct these costs from your commissions. Participation in the promotions is mandatory and you may not opt out.

10. If you pay this optional monthly fee we will provide you with access to all content available on the SLC.

11. If you elect to attend our meeting, The Exchange, which is held every eighteen months, you must pay a standard registration fee which will range between \$700 and \$1,400 per person attending the meeting, depending on various factors, including whether each person has a single or double occupancy room. The

registration fee includes lodging expenses but does not include travel expenses, for which you will be responsible. Early registration discounts may be offered.

12. If you elect to attend The Connexion, you will be responsible for arranging travel and accommodations for those people attending the meeting. While there is no registration fee, you must pay for your travel and lodging expenses. Lunch is provided.

13. If you sell your interests in your Safeguard business, you will be required to pay a Transfer Fee.

14. If you acquire additional bases of business from a Safeguard Distributor or a third party seller, you will be required to pay an Additional Business Base Fee.

15. For any loan that we or our affiliates provide to you (e.g., cash advance or a loan of the business purchase price) with respect to which you request a refinancing or other modification, we have the right to charge you a loan modification fee.

16. We or our affiliates may agree to store certain quantities of product and/or stock in inventory to be provided to Safeguard customers at your location. Any write-offs, shrinkage or spoilage will be subject to the Disposal Fee. In addition, unless we mutually agree to a longer duration, a Disposal Fee will be due if inventory remains in stock for more than 365 days. See Inventory Agreement, attached as Exhibit B-1.

Periodically, we may restructure existing service offerings and may offer additional services and bundles of services for which fees will be charged. You may, but need not, use all of these services.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Desktop Computer ¹	\$2,500 to \$6,000	Lump Sum	As Arranged	Third Parties
CMS License Fee ²	\$1,500	Lump Sum	As Arranged	SFS
Other Software Applications ²	\$0 to \$2,500	Lump Sum	As Arranged	Third Parties
Automobile ³	\$0 to \$25,000	Can be financed	As Arranged	Third Parties
Training Costs ⁴	\$30 to \$4,000	Lump Sum	As Incurred	SFS or Third Parties
Safeguard Learning Center User License Fee ⁵	\$30 per user license fee for Safeguard Learning Center	Lump Sum	As Arranged	SBS
Insurance and Licenses ⁶	\$250 to \$4,000	Lump Sum	As Arranged	Third Parties
Telephone Services ⁷	\$270 to \$600	Lump Sum	As Arranged	Third Parties
Materials, Supplies, Other	\$500 to \$1,500	Lump Sum	As Arranged	Third Parties

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds – For Initial 3-Month Period ⁸	\$6,000 to \$20,000	As Incurred	As Incurred	Third Parties
Total ⁹	\$11,080 to \$65,130			

The estimated initial investment described above is for a start-up distributorship and assumes that your office will be in your home and not a separate office facility. If you are purchasing an existing distributorship, your investment could differ significantly from the estimates provided.

Notes:

1. See Item 11 for a description of minimum hardware and software requirements for your desktop computer. You may lease the computer equipment from a third party.
2. The cost of the license for the CMS program is \$1,500. See Item 5. You may wish to purchase other applications to operate and manage your business.
3. You will need an automobile to conduct your business. We estimate that your incremental cost to obtain a vehicle appropriate for use in your Safeguard Business will range from \$0 (if you use a vehicle you already own or lease) to \$25,000.
4. New Safeguard distributors must successfully complete either the “New Distributor Initial Training” (for distributors that have a base of business) or the “Start-Up Distributor Initial Training” (for distributors that do not have a base of business) within the first year of beginning operations of the Safeguard Business. The initial training begins within the first 30 days after the effective date of the Distributorship Agreement. In addition, new Safeguard distributors are encouraged, but are not required, to complete the Ongoing Development Training (which begins within the first 9 to 12 months after the effective date of the Distributorship Agreement). The estimated training costs cover the New Distributor Initial Training or the Start-Up Distributor Initial Training, as applicable. If you elect to complete the Ongoing Development Training, we generally do not charge an additional training fee, but, under certain circumstances and depending on the resources needed to provide such training, we may charge a reasonable additional training fee. You must pay the transportation and living expenses incurred by you or your representatives while attending the initial training. You will not receive compensation during training, except for commissions earned on any orders for Safeguard Products and Services billed while you are attending training. Although Pre-Existing Distributors may participate in these training programs and pay all associated costs, Pre-Existing Distributors that sign a Distributorship Agreement are not required to complete the initial training. The low end of the estimate assumes that you purchase limited, online training.
5. See Item 5.
6. You must maintain all insurance required by law, and by any lease or mortgage covering your office and/or vehicles. The cost of coverages, including your discretionary purchases, varies widely.
7. We recommend that you purchase voice mail/answering service, call waiting and three-way conference call services, and cellular phone with call waiting services from a communications service provider of your choice. We also suggest that you use a handheld wireless e-mail device.
8. These estimates are for an initial start-up period of 3 months. These figures are estimates only, and are based on our experience and the experience of other Safeguard distributors. Other costs and fees are described in Item 6. You should calculate your estimated expenses based on the anticipated costs in your market and consider whether you will need additional cash reserves. In addition to the estimated investment described above, if you are purchasing a new Safeguard distributorship you should be prepared to pay for your personal living expenses for at least the first year and perhaps longer, after you commence operations.

9. We relied on our and SBS's experience to compile these estimates. You should review these figures carefully with your business advisor. Amounts paid to third-party suppliers will be established by those suppliers and may be subject to change.

Except as noted in Item 10, we do not offer any financing for any initial fees or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You will not purchase Authorized Safeguard Products and Services for resale. Instead, you will solicit customer orders for Authorized Safeguard Products and Services, and, if those orders are accepted by SBS under the Distributorship Agreement, SBS will sell the Authorized Safeguard Products and Services directly to the customer and pay you a commission. You must purchase or lease only those items needed to operate your Safeguard Business. Generally, you have no obligation to purchase or lease those items from us, our affiliates (including SBS), or other designated third party suppliers. However, there are some exceptions, as follows:

CMS Program

You must obtain a license to use the proprietary CMS program to track and manage order entry and customer information from SBS. Attached as Exhibit C to this disclosure document is a copy of the Safeguard CMS License Agreement which must be signed at the same time as the Distributorship Agreement. There is a support service available to Distributors, and you must engage us to provide this support service to you.

SLC User License

You must obtain an SLC user license from SBS. A copy of the current form of SLC License Agreement is attached at Exhibit D to this disclosure document.

Authorized Safeguard Products and Services Orders

You must place all customer orders for Authorized Safeguard Products and Services through us or SBS. We or our designee will administer the billing and direct shipping to customers and the collection of accounts receivable, and all customer payments for Authorized Safeguard Products and Services must be sent directly to us or SBS directly. You must promptly forward to us or SBS any customer payments you may receive. All orders are subject to acceptance by SBS. You will be paid commissions on your sales as described in Item 16.

Purchases According to Specifications

We require that certain products or services you use in your Safeguard Business meet our standards and specifications, including the following:

Signage, Business Cards, Stationery, etc.

All business stationery, business cards, signage, or other non-proprietary aids must conform to our specifications, brand standards, and operating procedures.

Advertising

Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval before you use them. We will endeavor to approve or disapprove such materials within 20 days after our receipt of those materials. We may withdraw our approval at any time. You may not use any advertising or promotional materials that we have disapproved.

Customer Relationship Software

We do not currently require that you install and use any particular brand of Customer Relationship Software, but the Customer Relationship Software that you install and use must meet our standards and specifications. We reserve the right to require that you purchase Customer Relationship Software from a supplier we designate.

Approved Suppliers

You may only solicit orders for Authorized Safeguard Products and Services, the majority of which are manufactured by SBS or made available by SBS through strategic alliances. You may only solicit orders for Sourced Products approved by SBS as an Authorized Safeguard Product or Service. SBS will consider various factors, including whether the product would appeal to Safeguard's target customers, in approving or disapproving the Sourced Product. SBS will not approve Sourced Products which are identical or similar to any product manufactured by SBS or made available by SBS through a strategic alliance. If you wish to introduce or to offer a new product, or line of products as a Sourced Product, you must first obtain SBS's prior written approval. We will approve or disapprove the new product or line of products within 45 days of the date on which we receive all information we request about the proposed supplier. SBS will respond promptly to requests for approval of products not currently or previously approved if you identify the request as an urgent priority due to customer demand, give SBS enough information about the product and circumstances for SBS to make an informed decision, and subsequently confirm your request in writing or by facsimile. SBS does not currently charge a fee for reviewing requests to introduce or offer new product lines as Sourced Products.

None of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the Safeguard distributorship system. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Purchasing Arrangements

We or our affiliates (including SBS) may negotiate, develop, and maintain strategic alliances and vendor relationships for Safeguard Products and Services produced by affiliates or third parties, including price and other terms, as we or they deem necessary or appropriate in order to promote the overall interests of the Safeguard distributor system and our business interests. We or our affiliates (including SBS) will also work with approved vendors of Sourced Products to ensure accuracy of product orders and billing statements. We do not require you to participate in any purchasing or distribution cooperatives.

We may provide optional marketing services and collateral materials to you periodically for which fees may or may not be charged. Examples of those optional marketing services/goods currently offered include automatic reorder reminder services, customer onboarding, general brand awareness services, and the creation and dissemination of direct mail and email pieces.

We also currently offer a "Quote Center" service under which we will evaluate a product, review pricing and sources, select the appropriate supplier (whether it is SBS, a strategic alliance, a Preferred Supplier or a new vendor). We may derive revenue from providing all of these optional services to distributors.

During the year ending December 31, 2023, SFS's revenues from products or services purchased by distributors were \$8,727,756, which was 100% of our total revenues of \$8,412,756. During the year ending December 31, 2023, our affiliate SBS's revenues from products and services purchased by distributors were \$137,386, and there were no revenues from products and services purchased by Pre-Existing Distributors. SBS also derives revenue from the sale of Authorized Safeguard Products and Services to customers. We or our affiliates may receive rebates from approved or designated sources. Rebates received by us and/or our affiliates in our 2023 fiscal year were approximately \$76,333. Other than described below, we do not provide material benefits to distributors based upon their use of designated or approved suppliers. We designate certain vendors as "Preferred Suppliers." We or our affiliates may receive rebates from these Preferred Suppliers, and we may offer a reduction in the Sourced Products fees you incur. We reserve the right to change the reduction in Sourced Products fees incurred when using a Preferred Supplier without notice. This fee is not paid separately to us but rather is added to the invoiced amount of

the order which may increase the price of the invoice and/or reduce your commission. We estimate that your cost to purchase and maintain a license for the CMS program will account for approximately 0.05% of your total initial cost to establish your business, and approximately 1.0% to 2.0% of your total cost to operate the business on an ongoing basis, based on the circumstances of a typical Safeguard Business as of the date of this disclosure document.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

This table lists your principal obligations under the Distributorship Agreement and CMS License Agreement. It will help you find more detailed information about your obligations in the Distributorship and CMS License Agreements and in other items of this disclosure document. For purposes of this table, the sections referred to are those in the Distributorship Agreement unless otherwise noted.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Not Applicable.	Items 1, 11
b. Pre-opening purchases/leases	Not Applicable.	Items 1, 5, 7, 8
c. Site development and other pre-opening requirements	Not Applicable.	Items 1, 5, 7, 11
d. Initial and Ongoing Training	Section 8(G)	Item 11
e. Opening	Not Applicable.	Item 11
f. Fees	Section 6	Items 5, 6
g. Compliance with Standards and Policies/Operations Manual	Section 8	Item 11
h. Trademarks and proprietary information	Sections 9 and 13; Section 2 of CMS License Agreement	Items 13, 14
i. Restrictions on products/services offered	Sections 1, 3, 8, and Product and Service Addenda	Items 8, 16
j. Warranty and customer service requirements	Section 7(C)	Item 11
k. Territorial development and sales quotas	Sections 2 and 4	Item 12
l. Ongoing product/service purchases	Sections 3 and 8	Item 8
m. Maintenance, appearance, and remodeling requirements	Not Applicable.	Items 11, 17
n. Insurance	Not Applicable.	Item 7
o. Advertising	Section 8(I)	Item 11
p. Indemnification	Section 8(J)	Not applicable.
q. Owner’s participation/management/staffing	Sections 5, 8(G)	Item 15
r. Records and reports	Section 8	Not applicable.
s. Inspections and audits	Section 8	Item 11

Obligation	Section in agreement	Disclosure document item
t. Transfer	Section 11; Section 8 of CMS License Agreement	Item 17
u. Renewal	Not Applicable.	Item 17
v. Post-termination obligations	Sections 12, 13; Section 6 of CMS License Agreement	Item 17
w. Non-competition covenants	Section 13	Item 17
x. Dispute resolution	Section 21	Item 17
y. Other	Not Applicable.	Not Applicable.

**ITEM 10
FINANCING**

Item Financed	Amount Financed	Down Payment	Term	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability on Default
Cash Advance	Varies	None	See Notes 1 and 3	Current corporate borrowing rate, currently 8% to 10%	See Note 1	None	None	Payment of amount owed, plus interest
Business Purchase Price	Varies	Varies	See Notes 2 and 3	Current corporate borrowing rate, currently 8% to 10%	See Note 2	None	Assets acquired, current assets of the purchaser, and ownership interests in the purchasing entity	Payment of amount owed, plus interest

Notes:

1. SBS may offer a cash advance to you when you are subject to a significant chargeback against net commissions. A chargeback may occur when Safeguard Products and Services for which you received a commission are returned or when SBS is unable to collect amounts owed for Safeguard Products and Services which were sold based on orders you solicited. You may also request SBS to collect the chargeback over a period of time as opposed to withholding the entire amount of the chargeback from one monthly commission check. The time period for repayment of the cash advance is determined based on various factors including your total sales over the past 12-month period, total commissions over the past 12 month period and the amount of the chargeback. SBS will charge you an interest rate on the cash advance for the payback period based on its current corporate borrowing rate, which is currently 8% to 10%. Only 1 cash

advance may be outstanding at a time. You may prepay the cash advance at any time without penalty. It is in SBS's sole discretion to approve a request for a cash advance. For example, a distributor may request a cash advance for a chargeback equaling 50% or more of the distributor's net monthly commission. A request for a \$6,000 cash advance would be collected over a 3-month period with a current interest rate of between 8% and 10%. A request for a \$12,000 cash advance would be collected over a 6 month period with a current interest rate of between 8% and 10%. SBS may, in its sole discretion, modify the terms of pre-existing credit arrangements with Distributors.

2. You may be required to make a down payment when purchasing a Safeguard Business, the amount of which may vary depending on the total purchase price and other factors. We may finance up to 100% of the total purchase price. We may require you to offer the assets being acquired, any assets the purchasing entity currently holds, and ownership interests in the purchasing entity as security for this financing. We may require your principal owners to personally guarantee the loan amount and to sign our form of general release (see Exhibit K to this disclosure document), our form of Term Note or Balloon Note (see Exhibit L-1 and L-2 to this disclosure document), and our form of Security Agreement (see Exhibit L-3 to this disclosure document). Other terms of these financing arrangements will vary depending on the circumstances of such acquisition.

3. For any loan or financing that we or our affiliates provide to you with respect to which you request a refinancing or other modification, we have the right to charge you a loan modification fee in an amount equal to 3% of the then-outstanding principal balance on such loan.

Except as described above, neither we, our agents nor our affiliates currently offer, directly or indirectly, any financing arrangements to distributors. We do not guarantee any note, lease or obligation. Other than as described above, there are no waivers of defenses or similar provisions in any note, contract or other instrument signed by Distributors with us or our affiliates. Neither we nor SBS have a practice or intent of selling, assigning, or discounting to a third party, in whole or in part, any note, contract, or other instrument signed by Distributors.

ITEM 11

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

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

We have the right to delegate our obligations and duties under the Distributorship Agreement to 1 or more designees, including SBS.

Pre-Opening Obligations: Before you open your Safeguard Business, we will:

1. Provide access to or loan you 1 set of the Manuals. (Distributorship Agreement, Section 8(F))
2. We will provide you with information about the Authorized Safeguard Products and Services you may solicit, through the product or service addenda attached to the Distributor Agreement, and which are made available by SBS through strategic alliances. We do not deliver or install any items. (Distributorship Agreement, Section 1(A))

Site Selection and Typical Length of Time Before You Open Your Business

You may operate your Safeguard Business from a commercial office facility or other facility you choose as long as the location of the facility complies with our Open Territory Policy described in Item 12. We do not impose any other requirements with respect to the location from which you operate your Safeguard Business.

The typical length of time between the Distributor's signing of the Distributorship Agreement and the commencement of business operations is approximately 3 to 6 weeks for start-up distributors. This time period may be shorter or longer depending on the modifications that must be made to the office facility to accommodate your Safeguard Business. Distributors that purchase an existing Safeguard Business would

commence business operations on the effective date of the purchase of the Safeguard Business and on signing the Distributorship Agreement.

Continuing Obligations: During the operation of your Safeguard Business, we will:

1. Use commercially reasonable efforts to assist you in the solicitation of orders of Authorized Safeguard Products and Services (Distributorship Agreement, Section 7.(A))
2. Use commercially reasonable efforts to ensure customer satisfaction with the Authorized Safeguard Products and Services. (Distributorship Agreement, Section 7.(B))
3. Have sole responsibility for billing and the collection of customer accounts, subject to your reasonable cooperation, where requested, in assisting in the collection efforts. (Distributorship Agreement, Section 7.(C))
4. Provide the initial and ongoing training described below. (Distributorship Agreement, Section 8.(G))
5. Administer the payment of commissions on sales of Authorized Safeguard Products and Services (Distributorship Agreement, Section 6)
6. Indemnify you for all damages for which you are held liable in any proceeding resulting from your use of any of the Marks, so long as your conduct and the conduct of your Principal Owner and all other owners in the proceeding and in the use of the Marks is in full compliance with the terms of the Distributorship Agreement. (Distributorship Agreement, Section 9.(E)).
7. During the operation of your Safeguard Business, SBS will indemnify and hold you harmless from and against all loss which may be asserted against you by a third party arising out of product defects related to the Authorized Safeguard Products and Services, except a loss resulting from your breach of the Agreement, violation of law, or other wrongful conduct. (Product and Service Addenda)
8. To the fullest extent permitted by applicable law, we and SBS may establish maximum, minimum, or other pricing requirements with respect to the Authorized Safeguard Products and Services, including the right to establish different pricing for different customers that purchase the Authorized Safeguard Products and Services. (Distributorship Agreement, Section 1.(D)).

Advertising

Under our current policies, you may develop advertising materials for your own use, at your own cost. We must approve the advertising materials (including print, audio, video, social media and digital media) in advance and in writing and they must comply with our specifications, standards, and operating procedures. We will not unreasonably withhold our consent to use local programs, materials, or media.

You may not advertise, promote, post, or list information relating to your Safeguard Business on the Internet (through the creation of a website or on Facebook, Twitter, Instagram, LinkedIn, or on any blog or other social media site) without our prior written consent and subject to your strict compliance with our guidelines and policies set forth in the Manuals or otherwise in writing. You must comply with any other social media policy for franchisees we may adopt, and we may change any such policy at any time.

We may, but are not required to, provide you advertising and marketing materials in quantities we deem appropriate. You will have the option to purchase such items for a reasonable fee.

Most Safeguard advertising is developed by SBS's personnel and/or an outside advertising agency. Advertising may be disseminated through direct mail, email, telemarketing, print ads, package inserts, statement and invoice stuffers, collateral brochures, radio, television, social media, digital websites, landing pages and other marketing methods, and media coverage may be national, regional, local, or targeted. Currently there is no additional cost for these products and services developed and offered by us, but Safeguard reserves the right to charge a fee for these products and services in the future.

Periodically, we may provide customers with certain branded print and/or promotional items (e.g., golf shirts, caps, etc.) as an inducement to purchase products or services. We will have sole and absolute discretion to determine what constitutes a branded promotional item and other terms of the promotions. The costs you pay will range from 10% to 50% of the costs of those items. We reserve the right to deduct these costs from your commissions. Participation in the promotions is mandatory and you may not opt out.

There may be other sales and marketing services offered at negotiated “volume purchase” discounts, including sales prospecting lists and appending services, paid Social Media, directory listings and review services (currently offered via Uberall’s One List Plus) and managed social media marketing (currently offered via Vende Digital Agency). We may employ digital marketing campaigns to promote the Safeguard brand. We may use a variety of digital marketing media that includes social media, online display ads, pay-per-click ads and the like. These services may incur costs for your participation.

We may employ digital marketing campaigns to promote the Safeguard brand. We may use a variety of digital marketing media that includes social media, online display ads, pay-per-click ads, etc. These services may incur costs for participation.

Neither you nor we are required to participate in, or spend additional funds on, specific advertising or sales promotion programs. However, we may engage in certain sales promotions (e.g., discounted pricing on certain items) that may impact your commission. You must use your best efforts to solicit orders for Authorized Safeguard Products and Services. We do not currently have an advertising council.

You are not required to participate in any local or regional advertising cooperatives.

Computer System

You must purchase and maintain a computer at your Safeguard Business that is compatible with, and capable of, running the Customer Management System (“CMS”) and other required and suggested programs. The computer must also be equipped with computer hardware components and peripherals that we require including a printer and DSL router or cable modem (depending on your available service) that permits you to connect to the Internet and to transmit and receive email. If your computer is Windows based, it must be capable of running Windows 10 or later versions of the Windows operating systems. CMS will operate on a MAC or Windows platform. An Internet browser will be required for MAC systems.

The CMS is a database of customers, referral sources and prospective customers. You must use the proprietary CMS program to track and manage order entry and customer information and sign the Safeguard CMS License Agreement. The CMS program enables you to: (1) enter orders and design forms; customer, referral and prospective customer business profiles; customer billing and shipping information; (2) print orders, customer ledgers, sales reports and various telemarketing reports; (3) track sales performance; and (4) generate business management reports. You must install and use customer relationship/information management software (“Customer Relationship Software”) which manages the information in the CMS. There are various brands of Customer Relationship Software that are commercially available. We do not require that you install and use any particular brand of Customer Relationship Software, but the Customer Relationship Software that you install and use must meet our standards and specifications. We reserve the right to require that you purchase Customer Relationship Software from a supplier we designate.

We may suggest that you use certain additional software applications which can be used to receive and report on customer leads, access information on the Safeguard intranet, make presentations to customers and prospective customers, and analyze various aspects of your business. These applications can be obtained from any source.

You must subscribe to establish and maintain Internet service from any reliable Internet service provider.

We estimate the cost of the computer will be approximately \$2,500-\$6,000 depending on the size of the Safeguard Business. You must also pay an initial software license fee of \$1,500 for the CMS license and a monthly CMS support fee of \$65. You may also incur ongoing license and/or support fees for the

Customer Relationship Software, which we cannot estimate and will vary depending on the brand of software and level of support you select.

You must engage us or our designee to provide support for the CMS program. The current cost for support for the CMS program is \$65 per month. This support includes CMS upgrades, revisions, CMS related issues, reporting tool support, and CMS installation support. We also offer support for non-CMS issues such as Internet access, PC and printer or network systems due to equipment replacement or upgrades, email support, and assistance with computer viruses at the rate of \$4.00 per minute.

Safeguard provides an intranet, called "24/7," which is exclusive to distributors, their staff, and Safeguard personnel. It is the primary resource for information to manage and operate the business, including all business operating systems such as marketing materials, sales tools, manuals, product and service program details and pricing, and similar matters, as well as corporate messages. There is no fee associated with 24/7, and it is accessible at any time. You must obtain a user name and login for each active employee within the distributorship, regardless of whether the employee is part-time or full-time. Access is required on a daily basis to remain current on Safeguard information regarding the business.

Certain software applications and other technology you will use are in the development stage and are likely to change over time. You must install and maintain any future enhancements, substitutions, modifications, and upgrades to the computer system and CMS program that we require. There is no contractual limitation on the frequency or cost of this obligation. We and/or our affiliates, including SBS, will have independent access at the time and in the manner we specify, to all information concerning your Safeguard Business maintained on the CMS system. There is no contractual limitation on our right to access your information.

Manuals

Before you begin operating your Safeguard Business, we will provide you a copy of the Manuals, which may be changed periodically. The table of contents to the Operations Manual is attached as Exhibit E. The total number of pages in the Operations Manual is 170.

Training

Distributors that have a base of business must successfully complete the New Distributor Initial Training to our satisfaction. Distributors that do not have a base of business must successfully complete the Start-Up Distributor Initial Training to our satisfaction. If a Distributor designates representative(s) to attend training, those representatives must approximate 20% of the then-current staffing headcount and must be approved by us prior to beginning the training, and those representative(s) must successfully complete the New Distributor Initial Training or Start-Up Distributor Initial Training, as applicable, and appropriate supplemental session(s). The initial training begins after you sign your Distributorship Agreement. The initial training requires access to the Safeguard Learning Management System known as the Safeguard Learning Center ("SLC"). Therefore, SLC licenses for each active employee of the business, regardless of status or position (such as part-time or full-time status), must be purchased within 30 days after you sign the Distributorship Agreement.

The New Distributor Initial Training or Start-Up Distributor Initial Training, as applicable, begins after the effective date of you signing the Distributorship Agreement. If you have a base of business and are required to complete the New Distributor Initial Training, that training must be successfully completed within 1 year of commencing operations of the Safeguard Business. If you do not have a base of business and are required to complete the Start-Up Distributor Initial Training, that training must be successfully completed within 90 days of commencing operations of the Safeguard Business. The initial training will begin within the 30 days after you sign the Distributorship Agreement.

In addition, new Safeguard Distributors are encouraged, but are not required, to complete the Ongoing Development Training, which begins within the first 9 to 12 months after the effective date of the Distributorship Agreement.

Although Pre-Existing Distributors may participate in training if they pay the applicable fees, Pre-Existing Distributors that sign a Distributorship Agreement are not required to complete the training.

Safeguard training is overseen by Sue Holbert, who is listed in Item 2 and who has over 3 years of training experience and an additional 10 plus years of experience as a technology learning manager. Training may also be conducted by other members of our or SBS's staff or other authorized training vendors that have experience relevant to the operation of the Safeguard Business. Your employees and sales representatives will be required to sign confidentiality agreements in the form required by us before attending any training.

The New Distributor Initial Training and Start-Up Distributor Initial Training are comprised of comprehensive business and sales management systems designed to deliver a highly-structured framework to assist you in establishing and operating your Safeguard Distributorship. A variety of distinct blended learning solutions, including classroom courses, e-learning modules, and Webinars, are conducted throughout the calendar year. Safeguard may customize a 90-day learning plan to implement and follow. A summary of the New Distributor Initial Training, the Start-Up Distributor Initial Training, and the Ongoing Development Training are set forth in the table below:

TRAINING PROGRAM

New Distributor Initial Training – acquiring or converting an existing base of business

Subject	Hours of Online and Virtual Training (See Note 1)	Hours of On-the-Job Training (See Note 1)	Location
<i>eLearning Tutorials and Instruction</i> SLC Learning Plans by appropriate position must reflect a 70% completion rate within 60 days after the timeframe allocated.	38-57 hours	40-80 hours	Safeguard Learning Center and live webinars
<i>Onboarding</i> Safeguard Overview for distributor and all active staff including systems, product overview, conversion processes and business planning and insourcing	80-120 hours	0	Safeguard Learning Center and live webinars

Subject	Hours of Online and Virtual Training (See Note 1)	Hours of On-the-Job Training (See Note 1)	Location
<i>Written Support Materials</i> Safeguard provides a complete set of business manuals which are available electronically	Included in hours listed above	0	N/A
<i>Communication</i> 24/7 Safeguard Intranet: primary resource for managing and operating the business	Included in hours listed above	0	Internet

Start-Up Distributor Initial Training – no existing base of business

Subject	Hours of Online and Virtual Training (See Note 1)	Hours of On-the-Job Training (See Note 1)	Location
<i>Onboarding</i> Safeguard Overview for distributor and all active staff including systems, product overview, conversation processes, business planning and insourcing	80-120 hours	0	Safeguard Learning Center and live webinars
<i>eLearning Tutorials and Instruction</i> SLC Learning Plans by appropriate position must reflect a 70% completion rate within 60 days after the timeframe allocated.	38-57 hours	40-80 hours	Safeguard Learning Center and live webinars
<i>Written Support Materials</i> Safeguard provides a complete set of business manuals which are available electronically	Included in hours listed above	0	N/A
<i>Communication</i> 24/7 Safeguard Intranet: primary resource for managing and operating the business	Included in hours listed above	0	Internet

Ongoing Development Training

Ongoing Development			
<i>In Classroom Instruction & Conferences</i> The Connexion (Regional Meeting)	8-12 hours	0	Dallas, Texas or another location we designate
<i>In Classroom Instruction & Conferences</i> The Exchange (conference held every eighteen months)	32-40 hours	0	Dallas, Texas or another location we designate
<i>eLearning Tutorials and Instruction</i>	8-30 hours	10-40 hours	Safeguard Learning Center

Ongoing Development			
Completion of courses added to the SLC			
<i>In Classroom Instruction</i> Essentials of Print and Essentials of Apparel	16 hours	0	Dallas, Texas or another location we designate or Safeguard Learning Center
<i>Webinars</i> Participation in Conference Calls and Webinars related to new and/or changes to existing products or services as well as national marketing campaigns	36-50 hours	5-10 hours	Dallas, Texas or another location we designate and Safeguard Learning Center

Note:

1. Approximate hours are given to allow for differing learning styles and speed. Your actual hours may vary from these numbers and in fact may be significantly more or fewer than these estimates. The New Distributor Initial Training and the Start-Up Distributor Initial Training have approximately 38 to 57 hours of online (eLearning and virtual classroom teleconference) training, which may be accessed from any location.

The instructional materials used in training include operations manual, reference guides, models, handouts, videos, communication guides, intranet, checklists, certification, and samples and the SLC.

We estimate that your training costs for the New Distributor Initial Training or the Start-Up Distributor Initial Training, as applicable, may be up to \$4,000 depending on the training needs of the distributor and/or active employees and the amount of marketing, training and other materials and applicable shipping costs. If you elect to complete the Ongoing Development Training, you may be charged additional training and/or registration fees, if applicable.

You are required to purchase an SLC user license for a 1-time \$30 license fee for each active employee of the business, regardless of status (such as part-time or full-time status) or position. A per-month subscription rate of \$30 per month for up to 4 users, \$45 per month for 5 to 9 users, and \$75 per month for 10 or more users will provide unlimited access to all content within the SLC. The SLC fees are deferred for 6 months from your initial start date and payable through the monthly commission deductions.

You must pay for your own transportation and living expenses incurred by you and/or your representatives while attending any training where travel is required. Attendance at all training is restricted to Distributors or their designated representatives due to sensitive or confidential program content.

Periodic and Optional Staff Sales Training and Continuing Education: We may also offer periodic, optional training designed to enhance your abilities in sales, business management, computer skills, and other areas relevant to your Safeguard Business and continuing education programs. Some of these training programs will be offered via eLearning/distance learning or classroom style offered regionally with open enrollment for your staff to attend. Additionally, programs may require pre-work and/or post-course work offered as self-study. Costs to attend these programs will vary depending primarily on content and duration, but typically will range from \$0 to \$4,000 per person, plus travel and living expenses, for each person who attends. You must comply with the laws of your state for compensating your employees or sales representatives while they attend training classes.

Distributor Network Meetings: We suggest that you, but do not require you to, attend meetings we may hold periodically for the benefit of the Distributor Network including, a national business meeting held every 18 months (The Exchange) and periodic regional business forums (The Connexion). You are responsible for your and your representatives' costs and expenses to attend these meetings, plus a standard

registration fee for The Exchange of \$700 to \$1,400 per person. Some early registration discount rates may be offered.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Distributorship Agreement grants you the right to solicit orders of Authorized Safeguard Products and Services anywhere in the United States, except for the exclusive territories described in the Open Territory Policy, as amended (“Open Territory Policy”), the current version of which is attached as Attachment 1 to Exhibit A to the Distributorship Agreement; or any other writing we provide and as further described below. The Open Territory Policy may be terminated, limited, or modified by us upon notice to you at any time in our sole discretion.

You may not represent us or any of our affiliates or solicit orders for Safeguard Products and Services through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, except under our written policies or guidelines.

We, SBS, any other Company-Owned Business we own or may acquire, and/or others that we authorize are not prohibited or restricted in any way from offering, selling, or soliciting orders for Safeguard Products and Services (including Authorized Safeguard Products and Services), or products or services which are similar to or different from Safeguard Products and Services under the Marks or under any other trademarks, anywhere, through any means or method of distribution, including through other distributors and other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, without compensating you. We or SBS may refer to you leads we or it develops or receives for prospective customers, but neither we nor SBS are required to do so. Neither we nor our affiliates are restricted from establishing other distributorships or Company-Owned Businesses, that we own or may acquire, or other channels of distribution selling or leasing similar products or services under a different trademark.

During the term of your Distributorship Agreement, you will have the exclusive right to the applicable commissions on sales of Safeguard Products and Services to each customer whose first order of Safeguard Products and Services is credited to you; however, your exclusive right to the commissions will expire if a customer has not purchased and paid for any Safeguard Products and Services within 36 months after the invoice date of the customer’s last purchase of any Authorized Safeguard Product or Service.

You must use your best efforts and devote the majority of your time to marketing and solicitation efforts to develop the market for Safeguard Products and Services. We reserve the right to limit your marketing and solicitation using telemarketing, catalog, direct mail, the Internet, or other remote means addressed to customers and prospective customers.

Certain Pre-Existing Distributors have exclusive sales territories, and you may not solicit orders for Safeguard Products and Services from customers or customer locations in an exclusive territory of a Pre-Existing Distributor after we notify you of the existence of the exclusive territory. Pre-Existing Distributors with exclusive territories that choose not to open their exclusive territories will not be allowed to solicit orders outside of their exclusive territories, but those who do open their exclusive territories will be allowed to solicit orders outside their exclusive territory.

You must provide an office or principal business address to us when you sign the Distributorship Agreement. We do not reserve the right to approve the location of your business except as stated above. You may locate and relocate your office or principal business address at any site.

The Distributorship Agreement requires your Safeguard Business to achieve sustained growth in sales. We require you meet or exceed the net sales of Safeguard Products and Services credited to you from year to year. If you do not do so, we may notify you in writing of the deficiency, and such deficiency may result in termination of the Distributorship Agreement. Except as described above, continuation of any of your territorial rights does not depend on the achievement of a certain sales volume, market penetration, or other contingency.

In January 2019, Deluxe Branded Marketing (“Deluxe Marketing”), which is a business unit of our affiliate, Deluxe Small Business Sales, Inc., merged with two of our Company-Owned Businesses. These Company-Owned Businesses now operate under the “Deluxe” name and trademarks and may solicit or accept orders from anywhere. Deluxe Marketing maintains offices and training facilities, some of which are physically separate from the offices and training facilities of our franchise network and some of which share offices and training facilities with our franchise network.

Our affiliate, Deluxe Corporation, and other affiliates may implement additional distribution networks in the future which, either through Company-Owned Businesses and/or franchised operations, offer and sell products under the “Deluxe” name or some other name and which are similar to the products and services offered by Safeguard Businesses. These businesses may solicit or accept orders from anywhere. We have no specific policy for the resolution of conflicts between us or our affiliates and Safeguard Distributors or between Safeguard Distributors and franchisees of Deluxe or its affiliates regarding territory, customers, or franchisor support.

We do not grant any rights of first refusal, options, or similar rights to obtain additional Safeguard Businesses.

ITEM 13 TRADEMARKS

We grant you the right to operate the Safeguard Business under the Safeguard trade name and trademarks. We reserve the right to change or discontinue any product or service covered by any of the Safeguard trademarks, and periodically to add to, alter or delete trademarks from the list of marks licensed to you.

SBS has registered the following Marks on the Principal Register in the United States Patent and Trademark Office (“USPTO”). At the appropriate times, SBS intends to renew the registration and to file all appropriate affidavits.

Mark	Register	Registration Number	Registration Date
Safeguard & Design	Principal	3,127,303	8/8/06
Centurion Design (right facing single centurion)	Principal	3,139,468	9/5/06
Safeguard	Principal	3,261,445	7/10/07

There is no currently effective material determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the principal Safeguard trademarks. We know of no superior prior rights or infringing uses that could materially affect your use of the principal Safeguard trademarks in the state in which you will operate the Safeguard Business.

Our rights to the Safeguard trademarks and the system know-how are derived from a nonexclusive license between us and SBS (“Intercompany License”). The Intercompany License is for a 1-year term beginning on October 8, 2014, but it automatically renews for successive 1-year terms, unless either party gives written notice to the other of nonrenewal at least 60 days before the expiration of the then-current term. The Intercompany License grants us the right to use the Safeguard trademarks and the know-how for the purpose of licensing it to Distributors and fulfilling our obligations under the Distributorship Agreement. The license is terminable only for (a) material breach of the license agreement and only if the breaching party does not cure the breach within 60 days after notice or (b) if either party files for bankruptcy or becomes insolvent or ceases to continue business. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We will indemnify you for all damages for which you are held liable in any proceeding resulting from your use of any of the Marks, so long as your conduct and the conduct of your Principal Owners and other owners in the proceeding and in the use of the Marks is in full compliance with the terms of the Distributorship Agreement. We are not otherwise obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your owners must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we or they deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge, or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel’s opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain us or our interest in the Marks.

You may not use any of the Marks as part of your corporate or other name except as approved by us. You must also follow our instructions for identifying yourself as a distributor and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks, and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do so, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Some Safeguard Products and Services for which you will solicit orders are protected by patents. However, neither we nor our affiliates own patents, or have a patent application covering, any product or procedure that you will use to operate your Safeguard Business.

We or our affiliates do claim copyright protection and proprietary rights in the original materials used in the System, including the CMS program, Manuals, customer lists, pricing information, sales aids, bulletins, correspondence and communications with distributors, training, advertising and promotional materials, and other written materials relating to the operation of Safeguard Businesses and the System “Confidential Information.”

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our or our affiliates’ copyrights. There is no currently effective agreement that limits our right to use and/or license our or our affiliates’ copyrights. We are not obligated by the Distributorship

Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all Confidential Information as trade secrets, and you must treat all Confidential Information that we communicate to you confidentially. You and your owners must agree not to communicate or use our Confidential Information for the benefit of anyone else during and after the term of the Distributorship Agreement. You and your owners must also agree not to use our Confidential Information at all after the Distributorship Agreement terminates or expires. You and your owners can disclose our Confidential Information only to your employees who need it to operate your Safeguard Business. You must have your owners and managers and any of your other personnel who have received or will have access to our Confidential Information, sign similar covenants.

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

Our current policy is to require the Distributorship Agreement be initially signed by an individual distributor. If the distributor properly forms a business entity to hold the distributorship which is wholly-owned by the distributor, we will permit the distributor to assign the Distributorship Agreement to that entity in accordance with the Distributorship Agreement. If you are an individual, you must personally direct the operation of your Safeguard Business. If you are a corporation, limited liability company or other business entity, you must identify an individual that we approve to personally direct the operation of your Safeguard Business (“Principal Owner”), and all owners must sign a guarantee of performance. The entity must at all times be at least 51% owned by the Principal Owner. You may, at your option, designate a manager to supervise the operation of your Safeguard Business; provided, that you and your Principal Owner will remain fully responsible for the manager’s performance. If you choose to appoint a manager to assist you in the operation of the Safeguard Business, that manager must be approved by us and attend and successfully complete the initial training. Your managers, employees, and agents must sign confidentiality/noncompete agreements in the form required by us.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY OFFER

The Safeguard Distributorship Agreement grants you a non-exclusive license to solicit orders only for the Authorized Safeguard Products and Services. You will not purchase Authorized Safeguard Products and Services for resale. Instead, you will solicit customer orders for Authorized Safeguard Products and Services, and, if those orders are accepted, SBS will sell the Authorized Safeguard Products and Services directly to the customer and pay you a commission. You may not solicit orders for products or services other than the Authorized Safeguard Products and Services.

The Distributorship Agreement prohibits you from soliciting orders for business support products and services which are similar to or competitive with Safeguard Products and Services. SBS will price Safeguard Products and Services in its discretion. You must place all customer orders for Authorized Safeguard Products and Services through us or SBS. We will administer the billing and direct shipping to customers and the collection of accounts receivable, and all customer payments for Authorized Safeguard Products and Services must be sent directly to us or SBS. You must promptly forward to us or SBS any customer payments you may receive. All orders are subject to acceptance by SBS.

You will be paid commissions on or about the 15th and last business days of each month, with the exception of December where the payment owed on or about the last business day will be deposited the first business day in January, due to tax requirements imposed upon us. The commission payment on or about the last business day of the month will include the Authorized Safeguard Products and Services billed and solicited by you along with standard charges according to the terms and conditions of the Franchise Agreement during the 1st day through the 15th day of the month. The commission payment on or about the 15th day of each month will include the Authorized Safeguard Products and Services billed and solicited

by you according to the terms and conditions of the Franchise Agreement during the 16th day through the final day of the preceding month, along with any charges or adjustments incurred for the preceding month. Commission rates are set forth in the product and service addenda attached to the Distributorship Agreement. SBS may change the rates, structure or basis of payments by giving you 90 days' prior written notice, and the change will apply only on orders received by SBS after that date. Any amounts you owe to us or our affiliates may be offset by, and withheld from, your commission payments.

We require you to confine your business to the operation of a Safeguard distributorship soliciting orders for the Authorized Safeguard Products and Services. Your business may be identified only by the trade names and trademarks designated periodically by us. You must offer all of those Authorized Safeguard Products and Services identified in the product or service addenda to your Distributorship Agreement and for which you have been trained by us and for which you have received certification.

Customers from whom you may solicit orders for Safeguard Products and Services also may be restricted by means of account or other protections.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Distributorship and CMS License Agreements. You should read these provisions in the Distributorship and CMS License Agreements attached to this disclosure document. For purposes of this table, the sections referred to are those in the Distributorship Agreement unless otherwise noted.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
a. Length of the franchise term	Section 10(A)	10 years
b. Renewal or extension of the term	Section 10(B)	No right to renew.
c. Requirements for franchisee to renew or extend	Section 10(B)	Not applicable.
d. Termination by franchisee	Not applicable.	There is no contractual termination right. You may be permitted to terminate the franchise agreement under applicable law
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Sections 10(C) – (H) Section 6 of CMS License Agreement	We may terminate the Distributorship Agreement only if you, your agent, or employees commit and fail to cure one of several defaults, if such default can be cured. SBS may terminate CMS License Agreement if you breach the CMS License Agreement or Distributorship Agreement.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
g. “Cause” defined – curable defaults	Sections 10(D) – (H)	Net sales of Authorized Safeguard Products and Services credited to you does not equal or exceed sales from the prior year and is not cure in 30 days; failure to pay approved and/or required vendors or any other vendor SBS requires as required by such vendors and is not cured in 30 days; SBS has the right to rescind any cure period and terminate the Distributorship Agreement immediately if you, your agents, or your employees stop soliciting orders or otherwise stop performing your obligations under the Distributorship Agreement during such cure period.
h. “Cause” defined – non-curable defaults	Sections 10(C)	Abandonment of Safeguard Business by failing to service customers; sell or solicit any products, services or supplies (1) not approved by us or (2) determined by us or SBS to be competitive with any other Safeguard Products and Services or products manufactured by SBS or otherwise made available; sell or represent non-competitive products, services or supplies without our prior written permission; violation of non-disparagement requirements; unethical or disreputable conduct or engage in a pattern of trade practices which directly or indirectly discredits us; insolvency or general assignment for the benefit of creditors or admission of inability to pay obligations as they become due; petition filed for bankruptcy or dissolution; breach of any other agreement between you or your affiliates and us or our affiliates.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	<p>Sections 12, 13</p> <p>Section 6 of CMS License Agreement</p>	<p>Return of all trade secrets and confidential information and all originals and copies of customer files, cards and records, customer lists, proprietary computer software and related documentation, price books or price lists, product manuals or other product training materials; cooperate in the transfer of customer accounts to us or our representatives; assign to us all business telephone numbers, fax numbers, post office box numbers, and all email addresses and urls used in connection with the Safeguard Business; forward all mail, orders or other correspondence received after date of termination; advise persons who call asking for us of the new telephone numbers at which we can be reached (see also (r) below).</p> <p>For a period of 2 years, you (or your agents or employees) must not solicit, sell, attempt to sell, or assist others in selling systems or services, supplies, or products competitive with systems, services, supplies or products available from Safeguard to any customers from whom you had solicited orders anywhere in the United States or with whom you had otherwise done business.</p> <p>Assign or return all copies of the licensed program to SBS; delete all copies of the licensed program from hard disks or any on-line or back-up storage medium.</p>
j. Assignment of contract by franchisor	<p>Section 11</p> <p>Section 8 of CMS License Agreement</p>	<p>We have the right to transfer or assign the Distributorship Agreement to any person or entity without restriction.</p> <p>SBS may assign the CMS License Agreement in its sole discretion, without notice.</p>
k. "Transfer" by franchisee – defined	<p>Section 11</p>	<p>Transfer includes selling, assigning, transferring, conveying, giving away, pledging, mortgaging, or otherwise disposing of or encumbering any direct or indirect interest in the Distributorship Agreement, the Safeguard Business, or you. All rights under the Distributorship Agreement must be transferred to us or another person.</p>
l. Franchisor approval of transfer by franchisee	<p>Section 11</p> <p>Section 8 of CMS License Agreement</p>	<p>You must not transfer any direct or indirect interest in the Distributorship Agreement, the Safeguard Business or you without our prior written consent. We have the right of first refusal (see (n) below). We will not unreasonably withhold our approval.</p> <p>SBS must approve your transfer of the licensed program.</p>

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 11 Section 8 of CMS License Agreement	You must: be a distributor for at least 5 years; pay a Transfer Fee equal to the greater of \$10,000 or 25% of our then-current initial franchise fee (if applicable); paid all monies or debt owed to Safeguard or made arrangements in writing; be in full compliance with Agreement; be approved in writing by us, execute a written agreement with us and third party containing terms and conditions we may reasonably request. Transferee of CMS License Agreement must be a Distributor in good standing with SBS and us and must agree in writing to be bound by the CMS License Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11(E)	Must be offered to effect any transfer of Distributorship Agreement.
o. Franchisor's option to purchase franchisee's business	Not applicable.	Not applicable.
p. Death or disability of franchisee	Section 11(F)	Within 6 months after either occurrence, your executor, administrator, or other personal representative must transfer such interest to a third party we approve. We reserve the right to manage the distributor business for our then-current standard management fee during such 6-month period.
q. Non-competition covenants during the term of the franchise	Section 8(A)	You must not solicit orders from customers of other Safeguard distributors (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 13	For a period of 2 years, you (or your agents or employees) must not solicit, sell, attempt to sell, or assist others in selling systems or services, supplies, or products competitive with systems, services, supplies or products available from Safeguard to any customers from whom you had solicited orders anywhere in the United States or with whom you had otherwise done business (subject to state law).
s. Modification of the agreement	Section 16(B)	Neither the Distributorship Agreement nor any of its provisions may be amended or waived except by a writing signed by the party against whom enforcement is sought.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
t. Integration/merger clause	Section 14 Section 9 of CMS License Agreement	Only the terms of the Distributorship Agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure document and Distributorship Agreement may not be enforceable. We may not disclaim representations made in the disclosure document. CMS License Agreement is binding. Any representations or promises made outside the disclosure document and CMS License Agreement may not be enforceable. We may not disclaim representations made in the disclosure document
u. Dispute resolution by arbitration or mediation	Section 21	Disputes must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to the Marks or our confidential information (subject to state law).
v. Choice of forum	Section 21	Subject to applicable state law, mediation is in Dallas, Texas. Venue for any other proceeding is the state or federal district courts in Dallas County, Texas. In addition to the provisions noted in this chart, the Distributorship Agreement contains a number of provisions that may affect your legal rights, including waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Distributorship Agreement Sections 21(F) and (G). We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	Section 21	Texas law (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote the Safeguard Business.

**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 the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of Company-Owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Kevin Skipper, 3000 Kellway Drive, Carrollton, Texas 75006 and 214-640-3916 the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For years 2021 to 2023⁽¹⁾**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	39	36	-3
	2022	36	33	-3
	2023	33	34	+1
Company-Owned	2021	5	8	+3
	2022	8	11	+3
	2023	11	11	0
Total Outlets	2021	44	44	0
	2022	44	44	0
	2023	44	45	+1

Notes:

1. All numbers are as of our fiscal year end, which is December 31 and include Safeguard distributors whose Distributorship Agreements are with SF Systems.

2. A Safeguard branded company-owned outlet converted to a similar business operating under the "Deluxe" name as part of a realignment and rebranding.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023⁽¹⁾

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Notes:

1. All numbers are as of our fiscal year end, which is December 31 and include Safeguard distributors whose Distributorship Agreements are with SF Systems.

Table No. 3
Status of Franchised Outlets
For years 2021 to 2023⁽¹⁾

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
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arkansas	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
California	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6

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
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Georgia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	1	0	1
	2023	1	0	0	0	0	0	1
Hawaii	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Iowa	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

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
Maine	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	1
Michigan	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Minnesota	2021	2	0	0	0	1	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Mississippi	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New Jersey	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New York	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	1	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

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
Pennsylvania	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	1	0	3
	2023	3	0	0	0	0	0	3
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wyoming	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	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
Totals	2021	39	0	0	0	2	1	36
	2022	36	3	3	0	3	0	33
	2023	33	1	0	0	0	0	34

Notes:

1. All numbers are as of our fiscal year end, which is December 31 and include Safeguard distributors whose Distributorship Agreements are with SF Systems.

Table No. 4
Status of Company-Owned Outlets
For years 2021 to 2023⁽¹⁾

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Arkansas	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Georgia	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
Maine	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Minnesota	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Nevada	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New York	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
Oklahoma	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Washington	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Wyoming	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	5	0	3	0	0	8
	2022	8	0	3	0	0	11
	2023	11	0	0	0	0	11

Notes:

1. All numbers are as of our fiscal year end, which is December 31.
2. A Safeguard branded company-owned outlet converted to a similar business operating under the "Deluxe" name as part of a realignment and rebranding.

Table No. 5
Projected Openings As Of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
All States	0	0	0
Totals	0	0	0

The name, business address, and business telephone number of each current distributor on December 31, 2023 are listed on Exhibit F-1. A list of our Pre-Existing Distributors as of December 31, 2023 is attached as Exhibit F-2.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every distributor who has had a distributorship terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Distributorship Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed on Exhibit G.

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

As of the date of this disclosure document, we are not offering any outlets we control that were previously owned by a distributor. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a supplement to this disclosure document.

As of December 31, 2023, we have no current or former distributors who have signed provisions during the last 3 fiscal years restricting their ability to speak openly to you about their experience with the Safeguard distributorship system.

During the last fiscal year, in some instances, Pre-Existing Distributors signed provisions restricting their ability to speak openly about their experience with the Safeguard distributorship system. You may wish to speak with Pre-Existing Distributors, but be aware that not all such franchisees will be able to communicate with you.

The Pre-Existing Distributors have formed an association known as the United Safeguard Distributors Association which operates independently under its own governing rules. The USDA's web address is www.usdamember.com. We recognize the USDA and meet with the board of the USDA on a regular basis to discuss and exchange information on issues that are of mutual interest. You are not required to be a member of the USDA. Other than the USDA, as of the date of this disclosure document there are no franchisee or distributor organizations sponsored or endorsed by us and no independent franchisee or distributor organizations have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for our fiscal years ending December 31, 2021, December 31, 2022, and December 31, 2023. Also included are our unaudited financials as of March 31, 2024.

ITEM 22
CONTRACTS

Attached as Exhibits to this disclosure document are the following contracts and their attachments:

1. Distributorship Agreement (including state-specific addenda) (Exhibit B)
2. Inventory Agreement (Exhibit B-1)
3. Safeguard CMS License Agreement (Exhibit C)
4. Safeguard SLC License Agreement (Exhibit D)
5. Form of General Release (Exhibit K)
6. Form of Term Note (Exhibit L-1)
7. Form of Balloon Note (Exhibit L-2)
8. Form of Security Agreement (Exhibit L-3)

ITEM 23
RECEIPT

Attached as the last 2 pages of this disclosure document are duplicate Receipts to be signed by you. Keep 1 for your records and return the other one to us.

EXHIBIT A
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

The Financial Statements for the period ended March 31, 2024, have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Safeguard Franchise Sales, Inc.

Financial Statements

**As of December 31, 2023 and 2022 and the years
ending December 31, 2023, 2022 and 2021**

Safeguard Franchise Sales, Inc.

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Report of Independent Auditors

To the Management and Board of Directors of Safeguard Franchise Sales, Inc.

Opinion

We have audited the accompanying financial statements of Safeguard Franchise Sales, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, of changes in stockholder's equity and of cash flows for the years ended December 31, 2023, 2022, and 2021, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022, and 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, 2 and 3 to the financial statements, the Company has entered into significant transactions with related parties. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of



assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
May 17, 2024

Safeguard Franchise Sales, Inc.
Balance Sheets
December 31, 2023 and 2022

	2023	2022
Assets		
Cash	\$ -	\$ -
Notes Receivable - ST	41,644	6,041
Current Assets	<u>41,644</u>	<u>6,041</u>
Notes Receivable - LT	294,925	14,549
Deferred Tax Asset	6,138	304
Receivable from Affiliates, net	4,758,162	4,373,934
Total assets	<u>\$ 5,100,869</u>	<u>\$ 4,394,828</u>
 Liabilities and Stockholder's Equity		
Stockholder's Equity		
Common stock, par value \$0.01; authorized - 10,000 shares; issued and outstanding - 1,000 shares	\$ 10	\$ 10
Additional paid-in capital	99,990	99,990
Note receivable from Safeguard Holdings, Inc. including accrued interest	(138,886)	(129,423)
Retained earnings	5,139,755	4,424,251
Total stockholder's equity	<u>5,100,869</u>	<u>4,394,828</u>
 Total liabilities and stockholder's equity	 <u>\$ 5,100,869</u>	 <u>\$ 4,394,828</u>

The accompanying notes are an integral part of these financial statements.

Safeguard Franchise Sales, Inc.
Statements of Income
Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Revenue	\$ 8,436,396	\$ 8,727,505	\$ 12,250,391
Gain on Sale of Franchise Rights	\$ 428,017	-	-
Costs and expenses	<u>\$ (7,873,970)</u>	<u>(8,145,671)</u>	<u>(11,433,698)</u>
Operating Income	\$ 990,443	581,834	816,693
Interest income	\$ 12,977	40,304	191,743
Other Income (expense), net	<u>\$ (21,462)</u>	<u>202,867</u>	<u>10,108</u>
Income before income taxes	\$ 981,958	825,004	1,018,543
Provision for income taxes	<u>\$ 266,454</u>	<u>213,675</u>	<u>254,157</u>
Net income	<u>\$ 715,504</u>	<u>\$ 611,329</u>	<u>\$ 764,386</u>

The accompanying notes are an integral part of these financial statements.

Safeguard Franchise Sales, Inc.
Statements of Changes in Stockholder's Equity
Years Ended December 31, 2023, 2022 and 2021

	Common Stock		Additional Paid-in Capital	Note Receivable From Safeguard Holdings Inc.	Retained Earnings	Total Stockholder's Equity
	Shares	Par Value				
Balances at December 31, 2020	<u>1,000</u>	<u>10</u>	<u>99,990</u>	<u>\$ (121,569)</u>	<u>\$ 3,048,536</u>	<u>\$ 3,026,967</u>
Interest recorded on note receivable from Safeguard Holdings, Inc.	-	-	-	(2,764)	-	(2,764)
Net income	-	-	-	-	764,386	764,386
Balances at December 31, 2021	<u>1,000</u>	<u>10</u>	<u>99,990</u>	<u>\$ (124,333)</u>	<u>\$ 3,812,922</u>	<u>\$ 3,788,590</u>
Interest recorded on note receivable from Safeguard Holdings, Inc.	-	-	-	(5,091)	-	(5,091)
Net income	-	-	-	-	611,329	611,329
Balances at December 31, 2022	<u>1,000</u>	<u>10</u>	<u>99,990</u>	<u>\$ (129,424)</u>	<u>\$ 4,424,251</u>	<u>\$ 4,394,828</u>
Interest recorded on note receivable from Safeguard Holdings, Inc.	-	-	-	(9,462)	-	(9,462)
Net income	-	-	-	-	715,504	715,504
Balances at December 31, 2023	<u>1,000</u>	<u>10</u>	<u>99,990</u>	<u>\$ (138,886)</u>	<u>\$ 5,139,755</u>	<u>\$ 5,100,869</u>

The accompanying notes are an integral part of these financial statements.

Safeguard Franchise Sales, Inc.
Statements of Cash Flows
Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Cash flows from operating activities			
Net income	\$ 715,504	\$ 611,329	\$ 764,386
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Interest on note receivable from Safeguard Holdings, Inc.	(9,462)	(5,091)	(2,764)
Gain on Sale of Franchise Rights	(428,017)		
Other Non-cash	106,204	2,896,823	112,178
Changes in operating assets and liabilities			
Receivable from/through payable to Affiliates, net	(384,229)	(3,503,061)	(873,800)
Net Cash Provided by Operating Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash			-
Cash and cash equivalents			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Safeguard Franchise Sales, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

1. Nature of Business

Safeguard Franchise Sales, Inc. (SFS or the Company), a Texas corporation, is a wholly owned subsidiary of Safeguard Holdings, Inc. (SHI). SHI is a wholly owned subsidiary of Deluxe Corporation. SFS was formed on September 26, 2014 to offer distributorships for businesses that solicit orders for Safeguard Business Systems, Inc.'s (SBS) products and services. SBS is also a wholly owned subsidiary of SHI. These products and services include printed business forms and products, one-write accounting and other financial systems, non-financial one-write systems such as gift certificates and visitor pass systems, continuous and laser computer forms and checks, envelopes, tax forms, computer software, records management and related business supplies, and certain lines of products manufactured or supplied for SBS by outside vendors.

The operations of SFS are dependent on certain services provided by SBS including accounting, information services, legal and other management and administrative services. On October 8, 2014, SFS entered into a management and administrative services agreement with SBS for these services. This agreement entitles SFS to receive fees equal to 15% of revenue from product sales and services generated by SBS from customers referred by SFS franchisees. In addition, SFS is required to pay SBS an amount equal to 14% of revenue from product sales and services generated by SBS from customers referred by SFS franchisees.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the balance sheet and the related notes. These estimates and assumptions are developed based upon all information available. However, actual results may differ from assumed and estimated amounts.

Notes Receivable

Notes Receivable include amounts due from Distributors related to the sale of franchise rights under the amortized cost method of accounting. The notes receivable are administered by SBS and are settled with the distributors through a combination of commissions reductions, insourcing credits, and cash collections. These transactions are processed by SBS and SFS records the related settlements as an adjustment to the Payables to affiliates, net. As of December 31, 2023, the portion of the notes receivable expected to be settled over the next 12 months is \$41,644 and is included as part of Notes Receivable – ST on the Balance Sheet.

The measurement of expected losses are evaluated in accordance with the current expected credit loss (CECL) methodology. The CECL methodology is applicable to financial instruments measured at amortized cost, including Notes Receivable. As of December 31, 2023, the CECL reserve of \$22,619 consists of \$421 recorded as a reduction to Notes Receivable - ST and \$22,198 recorded as a reduction to Notes Receivable - LT. As of December 31, 2022, the CECL reserve was \$1,156 of which \$61 was recorded as a reduction to Notes Receivable - ST and \$1,095 was recorded as a reduction to Notes Receivable - LT. The Notes Receivable balance is secured by the operations of the distributors and is expected to be fully settled through commissions reductions, insourcing credits, and cash collections.

The fair value of the notes receivable in accordance with ASC 820 - *Fair Value Measurements*. as of December 31, 2023 and 2022 were \$367,647 and \$22,700, respectively. In accordance with the fair value hierarchy within ASC 820, this is considered to be a level 3 fair value assessment as the values are generated from significant unobservable inputs.

Safeguard Franchise Sales, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Receivable from Affiliates, net

Receivable from Affiliates, net represents the amount owed to the Company by SHI and SBS net of the amount owed by the Company to SBS and SHI based upon the management and administrative services agreement and settlement of income tax obligations. Included within Receivable from Affiliates, net are the amounts owed to affiliate entities for the assignment of customer rights which are subsequently sold to Distributors.

At December 31, 2023, the receivable from affiliates included \$5,707,494 owed to the Company by SBS pursuant to the management and administrative services agreement described in Note 1, \$4,261,913 of settlements and collections made by SBS on behalf of SFS and \$492,000 of proceeds from the sale of customer rights collected by Deluxe Corporation on behalf of SFS. These receivables are offset by \$3,783,559 owed to Safeguard Acquisitions, Inc. (SAI), Deluxe Small Business Sales Inc. (DSBS) and SBS for the acquisition of customer rights and settlement of Net Working Capital obligations, and \$1,919,686 owed to SHI for payment of the Company's income taxes.

At December 31, 2022, the receivable from affiliates included \$5,145,067 owed to the Company by SBS pursuant to the management and administrative services agreement described in Note 1 and \$4,254,292 of settlements and collections made by SBS on behalf of SFS. These receivables are offset by \$3,378,027 owed to SAI and DSBS for the acquisition of customer rights and settlement of Net Working Capital obligations and \$1,647,398 owed to SHI for payment of the Company's income taxes.

Revenue Recognition

When another party is involved in providing goods or services to a customer, management must determine whether our obligation is to provide the specified good or service itself (i.e., the principal in the transaction) or to arrange for that good or service to be provided by the other party (i.e., an agent in the transaction). As described in Note 1, the Company's revenues are generated from the referral fees received through the management and administrative services agreement with SBS. As SBS is primarily responsible for the product and services being sold, management has determined that the revenue is recognized at 15% of sales as per the agreement with SBS described above. Revenue is recognized at the point in time when the sales are accepted by SBS.

Initial Franchise Fees

The Company does not charge initial franchise fees to franchisees and therefore does not have revenue to recognize relating to such fees as the Company earns revenues through the management and administrative services agreement with SBS as described in Note 1.

Gain on Sale of Franchise Rights

The Company reports gains from the sale of franchise rights when additional customer rights or new territories are sold by SFS to new or existing distributors. The underlying assets and territories are primarily owned and operated by other affiliates (primarily SBS or Safeguard Acquisitions, Inc (SAI)) prior to sale. These assets are transferred to the Company through intercompany payables based on either the book basis or tax basis of the affiliated entity in accordance with the terms of the underlying affiliate sales agreements. The gain on sales of franchise rights represents the difference between the price at which these rights are sold to distributors and the basis at which the assets were acquired from SFS's affiliates.

During 2023, the basis of the assets acquired and subsequently sold were \$405,532. Sales of these assets were made to two distributors consisting of cash proceeds of \$492,000 collected by Deluxe Corporation and reflected in intercompany receivables as well as Notes Receivable from Distributors of \$341,549. This resulted in a gain of \$428,017 to the Company.

Safeguard Franchise Sales, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Income Taxes

The Company's earnings are included in the consolidated income tax return of Deluxe Corporation. The tax provision for the Company is calculated based on an agreement with Deluxe Corporation which allocates taxes to the Company as if it filed a separate tax return using the marginal tax rate of the consolidated group for income tax purposes. Deferred taxes are provided on temporary differences between the book and tax basis of assets and liabilities which will have a future impact on taxable income.

Comprehensive Income

Comprehensive income includes net income and certain items that are excluded from net income and recorded as a separate component of stockholder equity. During the year ended December 31, 2022, 2021 and 2020, the Company had no other comprehensive income items. Comprehensive income does not differ from net income. There are no cumulative other comprehensive income items as of December 31, 2022, 2021 and 2020.

Supplemental Cash Flow Information

Included as part of the Other non-cash items line within the Statement of Cash Flows for the year ended December 31, 2023 are amounts related to the change in CECL reserve of \$21,464, change in deferred taxes of \$(5,834), interest income for Notes Receivables of \$(3,514) and settlements received by an affiliate through a reduction of commissions payable for the Notes Receivables of \$7,621. The remaining \$86,468 represents the non-cash proceeds from the sale of Franchise Rights of \$833,549, net of the \$341,549 increase in Notes Receivable and \$405,532 of purchased customer rights from affiliates of \$405,532. These items and the settlement of notes receivable through commission reductions received by an affiliate, represents non-cash investing activities.

Included as part of the Other non-cash items line within the Statement of Cash Flows for the year ended December 31, 2022 are amounts related to the change in CECL reserve of \$(203,741), change in deferred taxes of \$50,393, interest income for Notes and Other Receivables of \$(35,213) and settlements made by an affiliate through a reduction of commissions payable to the buyer for the Notes Receivables and other intercompany settlements of Notes Receivable of \$3,085,385. The \$3,085,385 also represents non-cash investing activity for the settlement of Notes Receivable.

Included as part of the Other non-cash items line within the Statement of Cash Flows for the year ended December 31, 2021 are amounts related to the change in CECL reserve of \$(9,067), change in deferred taxes of \$2,263, interest income for Notes and Other Receivables of \$(188,895) and settlements made by an affiliate through a reduction of commissions payable to the buyer for the Notes and Other Receivables of \$307,977. The \$307,977 includes \$300,292 of non-cash investing activity for the settlement of Notes Receivable and \$7,685 of non-cash financing activity for the settlement of the Other Receivables.

Subsequent Events

The Company evaluated subsequent events through May 17, 2024, the date the financial statements were issued.

In January 2024, the Company sold additional franchise rights in exchange for a \$1 million Note Receivable. This transaction will result in a gain of \$1 million as there is no book basis in customer rights.

The Company determined there were no subsequent events which required recognition in these financial statements. In addition, there were no other subsequent events which require disclosure in these financial statements.

Safeguard Franchise Sales, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

3. Note Receivable From Safeguard Holdings, Inc.

SFS issued 1,000 shares of its common stock to SHI in exchange for a \$100,000 note receivable. The terms of this note bear interest at the Prime Lending Rate minus one percent per annum on the unpaid balance. The principal balance of the note receivable and all unpaid accrued interest receivable is due immediately upon the demand of SFS. The Company has recorded \$9,462, \$5,091 and \$2,764 of interest income on this note receivable for the years ended December 31, 2023, 2022 and 2021, respectively. SHI has made no principal or interest payment to the Company. This note receivable, and the related accrued interest receivable, were classified as a reduction of stockholder's equity in the balance sheet at December 31, 2023 and 2022.

4. Income Taxes

The provision for federal and state income taxes consisted of the following for the year ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Current income tax			
Federal	\$ 194,503	\$ 130,622	\$ 206,548
State	77,785	32,660	45,346
Deferred income tax			
Federal	(4,170)	39,682	1,856
State	(1,664)	10,711	407
	<u>\$ 266,454</u>	<u>\$ 213,675</u>	<u>\$ 254,157</u>

Deferred income taxes relate to the CECL reserve and were \$6,138 and \$304 as of December 31, 2023 and 2022, respectively.

5. Other Commitments and Contingencies

Litigation

The Company has no unresolved litigation claims or assessments. When a loss is considered probable and reasonably estimable, the Company records a liability in the amount of its best estimate for the ultimate loss. These matters are subject to inherent uncertainties and management's view of these matters may change in the future.

Safeguard Franchise Sales, Inc.

**Financial Information - UNAUDITED
March 31, 2024**

Safeguard Franchise Sales, Inc.
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Safeguard Franchise Sales, Inc.
Balance Sheet (Unaudited)
March 31, 2024

	March 31, 2024
	UNAUDITED
Assets	
Cash	\$ -
Notes Receivable - ST	136,896
Current Assets	<u>136,896</u>
Notes Receivable - LT	1,116,120
Deferred Tax Asset	23,209
Receivable from Affiliates, net	4,641,626
Total assets	<u>\$ 5,917,851</u>
 Liabilities and Stockholder's Equity	
Stockholder's Equity	
Common stock, par value \$0.01; authorized - 10,000 shares; issued and outstanding - 1,000 shares	10
Additional paid-in capital	99,990
Note receivable from Safeguard Holdings, Inc. including accrued interest	(141,482)
Retained earnings	5,959,333
Total stockholder's equity	<u>5,917,851</u>
 Total liabilities and stockholder's equity	 <u>\$ 5,917,851</u>

Safeguard Franchise Sales, Inc.
Statement of Income (Unaudited)
Quarter Ended March 31, 2024

	Quarter Ended March 31, 2024 UNAUDITED
Revenue	\$ 2,519,327
Gain on Sale of Franchise Rights	1,000,000
Costs and expenses	<u>(2,351,372)</u>
Operating Income	\$ 1,167,955
Interest income	20,538
Other Income (expense), net	<u>(62,773)</u>
Income before income taxes	\$ 1,125,720
Provision for income taxes	<u>306,142</u>
Net income	<u>\$ 819,578</u>

Safeguard Franchise Sales, Inc.
Statement of Changes in Stockholder's Equity (Unaudited)
Quarter Ended March 31, 2024

	Common Stock		Additional Paid-in Capital	Note Receivable From Safeguard Holdings Inc.	Retained Earnings	Total Stockholder's Equity
	Shares	Par Value				
Balances at December 31, 2023	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 99,990</u>	<u>\$ (138,886)</u>	<u>\$ 5,139,755</u>	<u>\$ 5,100,869</u>
Interest recorded on note receivable from Safeguard Holdings, Inc.	-	-	-	(2,596)	-	(2,596)
Net income	-	-	-	-	819,578	819,578
	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 99,990</u>	<u>\$ (141,482)</u>	<u>\$ 5,959,333</u>	<u>\$ 5,917,851</u>

Safeguard Franchise Sales, Inc.
Statement of Cash Flows (Unaudited)
Quarter Ended March 31, 2024

	Quarter Ended March 31, 2024 UNAUDITED
Cash flows from operating activities	
Net income	\$ 819,578
Adjustments to reconcile net income to net cash provided (used) by operating activities	
Interest on note receivable from Safeguard Holdings, Inc.	(2,596)
Gain on Sale of Franchise Rights	(1,000,000)
Other Non-cash	66,482
Changes in operating assets and liabilities	
Receivable from Affiliates, net	116,536
Net Cash Provided by Operating Activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net change in cash	
Cash and cash equivalents	
Beginning of period	-
End of period	<u><u>\$ -</u></u>

EXHIBIT B
DISTRIBUTORSHIP AGREEMENT



SAFEGUARD

DISTRIBUTORSHIP AGREEMENT

Form Dated: March 23, 2021
FDD Dated: May 17, 2024

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EXHIBITS

- Exhibit A - Lead Rotation Territory**
- Exhibit B - Customers As To Which You Have Certain Commission Rights**
- Exhibit C - Collateral Assignment of Telephone Numbers and Listings**
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- Exhibit E - Owner’s Guaranty And Assumption of Distributor’s Obligations**

**Common Terms of Product and Service Addenda
Product or Service Addenda 1-11**

**SAFEGUARD
DISTRIBUTORSHIP AGREEMENT**

THIS DISTRIBUTORSHIP AGREEMENT (this “Agreement”) is made and entered into this ___ day of _____, 20__ (“Effective Date”) by and between Safeguard Franchise Sales, Inc. (“SFS,” “we,” “us,” or “our”) and _____ (“Distributor,” “you,” or “your”).

RECITALS:

We have the right to appoint distributors of office supplies and accessories, or data processing products or services which are either manufactured by our affiliate, Safeguard Business Systems, Inc. (“Safeguard”), or made available by Safeguard through strategic alliances with selected vendors, including Safeguard’s affiliates (the “Safeguard Products and Services”).

We license distributors to operate under certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the trademark SAFEGUARD (the “Marks”).

We and our affiliates and Safeguard and its affiliates also operate company-owned businesses (“Company-Owned Businesses”) that operate under the Marks that offer and sell the Safeguard Products and Services and engage salespeople in connection with the operation of Company-Owned Businesses.

You wish to be appointed as a distributor of Safeguard Products and Services and operate under the Marks.

We are willing to appoint you as a distributor of Safeguard Products and Services and grant you the right to operate under the Marks upon the terms and conditions set forth in this Agreement and Safeguard’s policies and procedures, in reliance on your application and your representations made in the application, this Agreement, and in other communications.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

1. APPOINTMENT; GRANT OF RIGHTS.

(A) You are hereby appointed as, and you hereby accept our appointment of you as, a Safeguard distributor anywhere in the United States, excluding, however, any exclusive territories as set forth in the Open Territory Policy (or as otherwise published by Safeguard), for those Safeguard Products and Services set forth in the attached product or service addenda (“Product or Service Addenda” or “Addenda”), under the terms set forth in such Product and Service Addenda, plus (pursuant to Section 3 below) any new Safeguard Products and Services which are designed for sale to business and professional markets and which you accept by signing the applicable Product or Service Addendum and complying with its terms (collectively, the “Authorized Safeguard Products and Services”). Your distribution of the Authorized Safeguard Products and Services pursuant to this Agreement is referred to herein as the “Safeguard Business.” We may refer to you leads for business within the non-exclusive geographic area described in Exhibit A (the “Lead Rotation Territory”).

(B) We hereby grant you a non-exclusive license, which may be revoked in our sole discretion at any time if we believe that you are in violation of any of the terms and conditions of this Agreement, to use the name and Mark “Safeguard” and other Marks that we authorize from

time to time, solely in connection with your appointment as a Safeguard distributor and your operation of the Safeguard Business under this Agreement.

(C) You shall have the non-exclusive right to solicit orders of Authorized Safeguard Products and Services, as an independent Safeguard agent using the Safeguard Marks, in accordance with the price schedules published by Safeguard from time to time, and in accordance with other terms and conditions including, for example, with respect to submitting orders electronically and filling out design forms, or as restricted by the Open Territory Policy as we or Safeguard may specify from time to time.

(D) The relationship between Safeguard and you shall be that of principal and independent sales agent, and not employer and employee, partner or reseller, or buyer and seller. You shall use commercially reasonable efforts to solicit orders for Authorized Safeguard Products and Services, quoting prices and terms set by Safeguard or its affiliates (or otherwise approved by Safeguard in writing), and using the form contracts and order forms provided by us or Safeguard. To the fullest extent permitted by applicable law, we and Safeguard reserve the right to establish maximum, minimum, or other pricing requirements with respect to the Authorized Safeguard Products and Services, including the right to establish different pricing for different customers that purchase the Authorized Safeguard Products and Services. All Authorized Safeguard Products and Services contracts, orders, and invoices must be between us or Safeguard on the one hand and the persons or entities purchasing the Authorized Safeguard Products and Services on the other hand, and you will not be a party to, or a third-party beneficiary of, any such contracts, orders or invoices. Additionally, all amounts payable under the Authorized Safeguard Products and Services contracts, orders, or invoices must be paid directly to Safeguard or its affiliate or their designee, as applicable, in accordance with the terms thereof, and you must not accept any payments from any purchaser of the Authorized Safeguard Products and Services, nor will you make payments on behalf of any purchaser of the Authorized Safeguard Products and Services for any reason. All orders are subject to acceptance by Safeguard. You shall not quote prices or terms other than those set forth in Safeguard's price schedules unless you receive consent to do so from us or Safeguard, and you shall not make any statements, promises or representations to the contrary nor make any commitments on our or Safeguard's behalf without our or Safeguard's prior written consent. We may terminate this Agreement for your failure to comply with the requirements set forth in this Section 1.(D).

(E) If, after opening your Safeguard Business, you wish to purchase an additional base of business from another Safeguard distributor or from a third party, you must: (i) notify us in writing at least sixty (60) days prior to the proposed effective date of such purchase; (ii) provide us with all information that we reasonable request in order for us to determine if the base of business would be appropriate for a Safeguard Business or if acquisition of such base of business might have a negative effect on you, us, our affiliates or other Safeguard distributors; (iii) obtain our prior written approval of such an acquisition; and (iv) you must pay an "Additional Business Base Fee", which will be the greater of \$10,000 or 25% of the then-current initial franchise fee (if applicable). We may withhold our approval of any such proposed acquisition in our sole discretion.

2. RIGHTS AND RESTRICTIONS.

You may represent Safeguard and solicit orders of Safeguard Products and Services pursuant to the provisions of the Open Territory Policy, as amended ("Open Territory Policy"), a copy of which is attached as Attachment 1 to Exhibit A hereto. The Open Territory Policy may be

terminated, limited, or modified by Safeguard upon notice to you at any time in Safeguard's sole discretion. The area in which you can sell is non-exclusive and, except as expressly provided in Section 4, this Agreement does not prohibit us, Safeguard, our affiliates that we own or may own in the future, our Company-Owned Businesses, or Safeguard's affiliates that Safeguard owns or may own in the future, or other authorized persons or entities from offering, selling, or soliciting orders for Safeguard Products and Services (including the Authorized Safeguard Products and Services), or products or services which are similar to or different from Safeguard Products and Services, under the Marks or under any other trademarks anywhere throughout the world (collectively, "Safeguard Sales Activities"). The applicable entity that engages in Safeguard Sales Activities retains the exclusive right in and to all commissions earned as a result of its Safeguard Sales Activities.

3. FUTURE PRODUCTS.

From time to time, we may offer to you the right to offer and solicit orders for any future Safeguard Products and Services. You may accept the offer by signing the applicable Product or Service Addendum, which will contain the terms and conditions, such as commission rates, upon which Safeguard is willing to permit you to represent it with respect to such new Safeguard Product or Service. Following your execution of the Addendum, such new Safeguard Product or Service shall be an Authorized Safeguard Product or Service, and the Addendum shall be attached to and shall form a part of this Agreement. You shall only have the right to represent Safeguard with respect to such new Safeguard Products and Services on a non-exclusive basis. If you choose not to enter into the Addendum, you will have no rights to offer the same or similar products or services.

4. COMMISSION RIGHTS.

You shall have the exclusive right to the commissions generated on sales of Authorized Safeguard Products and Services to any customer listed on Exhibit B. This exclusive right to commissions applies to Authorized Safeguard Products and Services sales to each such customer for so long as is specified on Exhibit B or until this Agreement is terminated; however, your exclusive right to commissions on sales of Authorized Safeguard Products and Services to any customer shall expire if that customer has not purchased any Authorized Safeguard Products and Services within thirty-six (36) months after the invoice date of such customer's last prior purchase of an Authorized Safeguard Product or Service.

5. YOUR ORGANIZATION.

If you are now, or at any time in the future, a corporation, partnership, limited liability company or other business entity, you make the following agreements and representations, and you agree to provide us with any documentation to verify, that:

(i) You have or will have the authority to execute, deliver and perform your obligations under this Agreement; you are or will be duly organized and formed and validly existing in good standing under the laws of the state of your incorporation or formation; and you are or will be duly qualified to do business as a foreign business entity in each state where such qualification is necessary to operate your Safeguard Business;

(ii) Your organizational documents or partnership agreement recite or will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this

Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(iii) Exhibit D to this Agreement will completely and accurately describe all of your owners and their interests in you, and will identify the individual approved by us as responsible for the operation of the Safeguard Business (“Principal Owner”). The Principal Owner shall at all times own at least a fifty-one percent (51%) interest in any corporation, limited liability company or other business entity operating the Safeguard Business. You and your owners agree to execute and deliver to us such revised Exhibits D as may be necessary to reflect any changes in the information contained in Exhibit D and to furnish such other information about your organization or formation as we may request; and

(iv) Any and all of your owners as we may designate, at any time during the term of this Agreement, will execute an agreement in the form that we prescribe undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us, including, without limitation, the Owner’s Guaranty And Assumption of Distributor’s Obligations attached as Exhibit E to this Agreement. Failure to comply with this Section 5.(iv) is a material breach for which we may terminate this Agreement under Section 10.(C)(v).

6. PAYMENT OF COMMISSIONS; FEES.

(A) All orders which you solicit and submit pursuant to this Agreement, which are credited to you by Safeguard, shall be processed in our normal and customary manner. Except pursuant to written administrative policies then in effect, or with our prior written consent, you shall not submit orders (and Safeguard will not accept them) where the Authorized Safeguard Products and Services are or appear to be intended to be resold by the customer. Safeguard reserves the right to accept or reject any order you submit. We will administer the billing and direct shipment to customers for orders credited to you, and the customer shall pay us or Safeguard directly. You are expressly prohibited from converting to your own account any customer payments intended for us or Safeguard. All billing of customers shall be administered by us or Safeguard; you are expressly prohibited from directly billing any customer or accepting any monies or other type of consideration of any kind from any customer.

(B) For your services hereunder, you shall receive commission payments pursuant to the commission rate specified in the applicable Addendum on the Net Sales of Authorized Safeguard Products and Services (defined below) credited to you; however, commission rates may be changed, upon ninety (90) days written notice, at Safeguard’s sole discretion, due to a change in economic or competitive conditions, provided that any such change in commission rates shall only affect sales made after an announcement by Safeguard. For the purpose of calculating the commission payable to you, “Net Sales of Authorized Safeguard Products and Services” means the amount actually received with respect to sales credited to you, less:

- (i) all taxes applicable thereto;
- (ii) all transportation and freight costs applicable thereto;
- (iii) all handling costs applicable thereto;
- (iv) all returns and allowances and other fees and amounts incurred in relation to sales by your Safeguard Business;
- (v) all applicable BODP fees (defined in the applicable Addenda);

- (vi) all applicable Sourced Products fees (defined in the applicable Addenda);
- (vii) all order entry systems and Computer Systems (defined below) support costs;
- (viii) all training costs;
- (ix) all delinquent vendor fees paid by Safeguard;
- (x) all credit card fees billed to customers; and
- (xi) all service fees billed directly to customers (e.g. fee to produce paper invoices).

(C) We will administer the payment of commissions, which commissions will be paid on or about the 15th and last business day of each month, with the exception of December, where the payment owed on or about the last business day will be deposited the first business day in January. The commission payment on or about the last business day of the month will include the authorized Safeguard Products and Services billed and solicited by you along with standard charges according to the terms and conditions of this agreement during the 1st day through the 15th day of the month. The commission payment on or about the 15th day of each month will include the authorized Safeguard Products and Services billed and solicited by you according to the terms and conditions of this agreement during the 16th day through the final day of the preceding month, along with any charges or adjustments incurred for the preceding month.. If we or Safeguard have not received payment in full for any of the Authorized Safeguard Products and Services sales for which you have been paid a commission within one hundred twenty (120) days of the billing date, you will be subject to commission chargebacks according to the then applicable Accounts Receivable Procedures Manual or similar policy manual or procedure. In the typical instance, this means that you will be required to repay an amount equivalent to your commission on the unpaid portion, unless we or Safeguard deduct the amount from payments owed to you. If we or Safeguard are later paid by the customer, we or Safeguard will then pay to you an amount equal to the amount collected less the out-of-pocket costs of collection times your rate of commission.

If you dispute the accuracy of the amount of the commission payment, then you must notify us, in writing, no later than sixty (60) days after the date the disputed commission is deposited (as described above). Your notice must include the reason for and the amount of the dispute. We will respond to your notice, in writing, within thirty (30) days after the date we receive your notice.

(D) You shall pay Safeguard an initial license fee for the CMS program, the amount of which is based upon Safeguard's cost to provide the CMS program and the number of users of the CMS program as set forth in the Manuals (defined in Section 8.(H) below). You are not required to pay this fee until you have begun operation of your Safeguard Business.

(E) You shall pay Safeguard a monthly CMS program support fee. The CMS program support fee must be received by Safeguard by the fifteenth (15th) day of each month during the term hereof for the preceding month. We and Safeguard reserve the right to modify the monthly CMS program support fee upon providing adequate notice. You must pay an additional fee for any non-CMS related technical support and assistance that Safeguard or its affiliates provide.

(F) You shall pay Safeguard any other fees required in connection with your participation in programs as required hereunder, including but not limited to educational programs.

(G) You shall pay Safeguard for the costs of certain branded print and/or promotional items (e.g., golf shirts, caps, etc.). We will have sole and absolute discretion to determine what constitutes a branded promotional item and other terms of the promotions. The costs you pay will range from 10% to 50% of the costs of those items. We reserve the right to deduct these costs from your commissions. Participation in the promotions is mandatory and you may not opt out.

7. OUR DUTIES AND OBLIGATIONS.

In addition to those duties and obligations described elsewhere in this Agreement, we shall:

(A) Use commercially reasonable efforts, consistent with your status as an independent Safeguard sales agent, our obligations to other distributors, and our financial and personnel limitations, to assist you in the solicitation of orders of Authorized Safeguard Products and Services.

(B) Use commercially reasonable efforts to ensure customer satisfaction with the Authorized Safeguard Products and Services (including their use, sale, and delivery), subject to your cooperation in following up on customer complaints in a prompt and courteous fashion and keeping us or Safeguard informed regarding such matters.

(C) Have sole responsibility for billing and the collection of customer accounts, subject to your reasonable cooperation, where requested, in assisting in the collection efforts subject to our rights set forth in Section 6.(C) above and the procedures set for in the Accounts Receivable Procedures Manual.

8. DISTRIBUTOR'S DUTIES AND OBLIGATIONS.

In addition to those duties and obligations described elsewhere in this Agreement, you shall:

(A) Refrain from soliciting orders of Safeguard Products and Services from customers as to whom other Safeguard distributors then hold commission rights or customers who are otherwise doing business with us or Safeguard or any affiliated Safeguard branded entity, in any manner, and shall use your best efforts to determine that prospective customers are not already registered in Safeguard's database to another Safeguard distributor.

(B) Avoid taking any actions intended to, or having the effect of, incorrectly identifying the name, address, or identity of the customer in orders you submit.

(C) Establish an office or an address for your principal place of business, which may be a commercial office facility or other facility of your choice so long as it is not in conflict with the provisions of the Open Territory Policy attached hereto, and consistently service customers by answering your Safeguard Business's telephone, returning phone calls, and processing orders, and otherwise; and use commercially reasonable efforts to solicit orders for your Safeguard Business.

(D) Cooperate with us or Safeguard to the extent reasonably requested in attempting to establish, maintain, comply with, and/or expand relationships with (1) private label suppliers or suppliers selected by Safeguard to create strategic alliances for the production of other products; (2) Major or National Accounts or Banks; (3) Accountants or other referral sources, including to promptly follow up on leads/referrals provided by us or Safeguard and comply with any other requirements established for a particular lead or referral program and to otherwise comply with the terms of the applicable Addenda or any participation agreement.

(E) Maintain all customer records and business financial records (including, for example, computerized records and books of original entry, state and federal income tax returns) pertaining to your Safeguard Business in an orderly and organized fashion, and, upon reasonable prior notice, to make such customer and financial records available for audit by us or Safeguard (at our or Safeguard's sole expense) during normal business hours.

(F) Comply with administrative and commission policies not in conflict with this Agreement which are now in effect or which we may issue from time to time. You acknowledge receipt of a copy of the current Safeguard business operations manual, customer management system order entry manual and other manuals (collectively, the "Manuals"). To protect our reputation and goodwill and to maintain the high standards of operation under the Marks, you must conduct your Safeguard Business in accordance with the Manuals, other written policies and directives which we may issue from time to time, and any other manuals and materials created or approved by us for use in the operation of your Safeguard Business. You acknowledge and agree that certain conditions or other special circumstances may warrant deviations from our standards, and we may, in our sole discretion, allow such deviation.

(G) Attend and successfully complete all initial and ongoing training programs relating to the Authorized Safeguard Products and Services. Unless you appoint a manager that we approve as provided below, the Safeguard Business you operate must, at all times during the term of this Agreement, be under the direct supervision of your Principal Owner. You may, at your option and subject to our prior written consent, designate a manager to supervise the operation of your Safeguard Business; provided, that you and your Principal Owner shall remain fully responsible for such manager's performance. If you choose to appoint a manager, such manager must attend and successfully complete the initial and any mandatory training programs and may be required to sign a confidentiality agreement and ancillary covenants not to compete in the form we require. You shall be responsible for the applicable training fee charged for initial and ongoing training, and you must pay the expenses incurred by you and all of your managers and employees attending such training programs, including travel, room, board, transportation expenses and wages. You must make your and your managers' and employees' travel and lodging arrangements for initial and ongoing training through us or our affiliate, and you must reimburse us for those travel and lodging expenses unless we otherwise agree in writing. We may deduct the costs associated with training from commissions otherwise due and payable to you.

(H) Use the computer hardware, software and order entry system(s) that we may designate from time to time for use in the operation of the Safeguard Businesses (if any) ("Computer System"). You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use the CMS Software or any successor software developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You

further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliate may furnish to you. We may deduct the costs associated with the CMS Software, the Computer System or CMS, or other Computer Systems support from commissions otherwise due and payable to you.

(I) Obtain our prior written approval of all advertising and promotional plans and materials, including but not limited to Internet websites, prior to their proposed use. Without limiting the foregoing sentence, any advertisements, promotions, posts or other information relating to the Safeguard Products and Services on any social media website (including, but not limited to, Facebook and Twitter) must strictly comply with our guidelines and policies set forth in the Manuals and any other written guidelines or policies that we establish. You shall not use any unapproved plans or materials until they have been approved by us, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from us. Failure to comply with this Section 8.(I) is a material breach for which we may terminate this Agreement under Section 10.(C)(v).

(J) Indemnify, defend, and hold harmless us, our affiliates (including Safeguard), and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Safeguard Indemnified Parties") against, and reimburse any one or more of the Safeguard Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of the operation of the Safeguard Business, your employer/employee relationships, or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from the gross negligence or willful misconduct of the Safeguard Indemnified Parties, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your owners, officers, directors, employees, independent contractors or affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Safeguard Indemnified Parties, including, without limitation, accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. The Safeguard Indemnified Parties have the right to defend any such claim against them. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Safeguard Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Safeguard Indemnified Party may recover from you. The terms of this Section 8.(J) shall survive the termination, expiration or transfer of this Agreement or any interest herein.

(K) In addition to complying with Distributor's obligations under this Agreement, comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole

responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you agree that (i) any Internet website used in connection with your distribution of Safeguard Products and Services will comply with all applicable requirements of the Americans with Disabilities Act (ADA) and (ii) protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and the Safeguard system. You must cause your Safeguard Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards (PCI DSS) council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (FACTA) and all other successor or additional laws, and all other data security requirements we prescribe. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. You will be solely responsible for compliance with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act of 2003).

(L) Agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and we do not owe you any duties except as expressly provided in this Agreement. You shall be an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer, or servant of the other for any purpose. During the term of this Agreement, you shall hold yourself out to the public as an independent contractor "doing business as Safeguard." Additionally, all employees hired by or working for you will be your or your affiliates' employees and will not, for any purpose, be deemed our employees or subject to our control. We have no authority to hire, fire, promote, or demote any of your employees or take any disciplinary action whatsoever against any of them, or provide any advice regarding same. Further, you must communicate to your employees that you, not us, are their employer; and you must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or our name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. A failure to comply with this Section 8.(L) is a material breach for which we may terminate this Agreement under Section 10.(C)(v).

(M) Refrain from making or publishing any disparaging remarks, whether oral or written (including, without limitation, internet postings), or through photos or video recordings, relating to us, other Safeguard distributors, or the Safeguard® brand. A default under this Section 8.(M) will be deemed a material default subject to termination.

9. MARKS.

(A) We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our standards and specifications.

(B) You expressly acknowledge that:

(i) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(ii) Neither you nor any of your owners will take any action that would prejudice or interfere with our rights or those of our affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(iii) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(iv) You agree not to contest, or assist others to contest, the validity of, or our or our affiliates' interest in, the Marks.

(v) Any unauthorized use of the Marks will constitute an infringement of our or our affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our affiliates in the Marks.

(vi) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the Safeguard Business if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks within ten (10) business days of our notice to you of the need to discontinue or modify your use of the Marks.

(C) You further agree that you will:

(i) Operate and advertise the Safeguard Business only under the name "SAFEGUARD," without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name unless otherwise authorized or required by us.

(ii) Identify yourself as the owner of the Safeguard Business in conjunction with any use of the Marks, including, but not limited to, uses on letterhead, business cards, receipts and contracts, and display a notice in such content and form on any vehicle used in the operation of the Safeguard Business as we may designate in writing.

(iii) Not use the Marks to incur any obligation or indebtedness on our or Safeguard's behalf.

(iv) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

(D) You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your owners shall not communicate with any person other than us, our affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to

delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as, in our opinion, are reasonably necessary or advisable to protect and maintain our or our affiliates' interests in the Marks.

(E) We will indemnify and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you, your Principal Owner, and all other owners of you, with respect to such proceeding and use of the Marks, is in full compliance with the terms of this Agreement.

10. TERM AND TERMINATION OF AGREEMENT.

(A) Unless sooner terminated, as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until ten (10) years from the Effective Date.

(B) You have no right to renew this Agreement, however, if you wish to remain a Safeguard distributor upon the expiration of this Agreement, then we may, in our sole discretion, enter into a new, then-current distributor agreement with you if you have given us written notice of such request at least six (6) months prior to the termination of this Agreement.

(C) We may terminate this Agreement immediately, without prior warning, by giving you written notice if any of the following should occur:

(i) You abandon your Safeguard Business by failing to consistently service customers by answering your Safeguard Business's telephone, returning phone calls, processing orders, or otherwise; or by failing to use commercially reasonable efforts to solicit orders for your Safeguard Business.

(ii) You or any of your agents or employees sell or solicit sales of any products, services, or supplies: (a) not approved by Safeguard; (b) which are determined by us in our discretion to be competitive with any Safeguard Products and Services (or products that are manufactured by Safeguard or made available through a strategic alliance or otherwise); or (c) in a manner that does not comply with the requirements set forth in Section 1.(D). The term "competitive" shall include, by way of illustration without limiting the meaning thereof, the characteristic of (1) having one or more applications substantially the same as applications of Safeguard products, services and supplies, or (2) performing one or more functions capable of being performed by Safeguard products, services and supplies.

(iii) You or any of your agents or employees sell or represent a seller of non-competitive products, services, or supplies without obtaining our prior written consent, which will not be unreasonably withheld and which, if granted, may be revoked due to a subsequent change in circumstances. Without limiting the generality of the foregoing, we will not normally grant consent unless the product, service or supply (i) is ancillary to Authorized Safeguard Products and Services and (ii) is not manufactured by or otherwise available from Safeguard. If you receive consent to sell or represent a seller of then non-competitive products, services or supplies and Safeguard subsequently makes available new Safeguard Products and Services which are competitive with such previously non-competitive items, you agree that, you, your agents and employees shall take all reasonable and appropriate actions to convert the customers to Safeguard's product lines within a reasonable period of time.

(iv) You or any of your agents or employees conduct yourselves or your business in a consistently unethical or disreputable manner or engage in a pattern of trade practices which directly or indirectly discredit Safeguard, Safeguard customers, Safeguard distributors or Safeguard products or services.

(v) You or any of your agents or employees breach or materially fail to perform any of the terms and conditions of this Agreement for thirty (30) days or more after written notice (other than a breach of any of the foregoing subsections of this Section 10.(C) as to which immediate termination is authorized). Prior to and after the expiration of such thirty (30) day period, we and Safeguard shall have the option to take such other actions as Safeguard may deem appropriate in our or its discretion, such as, for example, withholding the applicable commissions, or assigning another distributor to service the applicable customer accounts.

(vi) You or any guarantor become insolvent, make an assignment for the benefit of creditors or an admission of your inability to pay your obligations or those of your Safeguard Business as they become due, or have a petition filed for bankruptcy or corporate, partnership or other dissolution (in which case termination is effective automatically upon the occurrence of any of these events without delivery of notice).

(vii) You or your affiliates are in breach of any other agreement between you or your affiliates and us or our affiliate and fail to cure such breach within any applicable notice and cure periods.

(viii) You or any of your owners make a transfer or assignment that is not in compliance with the provisions set forth in Section 11 of this Agreement.

(ix) You breach the non-disparagement covenants set forth in Section 8.(M) of this Agreement.

(D) We may terminate this Agreement by giving you thirty (30) days written notice if the Net Sales of Authorized Safeguard Products and Services credited to you do not equal or exceed the sales from the prior calendar year.

(E) We may terminate this Agreement by giving you thirty (30) days written notice and an opportunity to cure if you fail to make payments to Safeguard's approved and/or required vendors, or any other vendor Safeguard designates, in accordance with such vendors' requirements, unless such amount is subject to a bona fide dispute.

(F) We may terminate this Agreement by giving you thirty (30) days written notice and an opportunity to cure if you fail to comply with the death or permanent disability requirements set forth in Section 11.(E).

(G) We shall have the right, upon written notice to you, to rescind any cure period provided for in this Section 10 and to declare the termination to be effective immediately if during such cure period (or any portion thereof) you or any of your agents or employees fail to continue to solicit orders on behalf of Safeguard or otherwise perform your obligations under this Agreement in good faith.

11. ASSIGNMENT.

(A) We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. In addition, nothing herein restricts the right of Safeguard to sell its assets to a third party; offer securities privately or publicly; merge with or, acquire other corporations, or may be acquired by another corporation; or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

(B) You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your owners. Accordingly, except as set forth in Section 11.(C) below, neither you nor any of your owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber (by operation of law or otherwise) any direct or indirect interest in this Agreement, in the Safeguard Business, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement.

(C) A transfer of ownership, possession, or control of any of your commission rights hereunder may be made only in conjunction with a transfer the rights under this Agreement pursuant to this Section 11. In order to obtain consent to a transfer of your rights to solicit orders of Authorized Safeguard Products and Services to the customers indicated on Exhibit B and to earn commissions from such sales (the "Rights"), you must have (i) been a distributor for at least five (5) years, (ii) satisfied the requirements set forth below in Section 11.(E), (iii) paid all monies or debts owed to Safeguard or made arrangements in writing, approved by Safeguard, for the payment of monies or any other debts owed to Safeguard, (iv) been in compliance with all terms and conditions of this Agreement, and (v) prior to or on the effective date of the transfer (unless we have exercised our right pursuant to Section 11.(E)), paid us a "Transfer Fee" equal to the greater of \$10,000 or 25% of the then-current initial franchise fee (if applicable). NO WAIVER BY SAFEGUARD OF THE PROCEDURES SET FORTH IN THIS SECTION 11.(C) SHALL BE EFFECTIVE UNLESS IN WRITING SIGNED BY AN OFFICER OF SAFEGUARD. If Safeguard does not exercise its rights under Section 11.(E), then you may transfer your Rights to a third party or parties who must be approved by us in writing, and such approval will not be unreasonably withheld. The following shall be examples of reasonable grounds for withholding approval:

(i) the third party: (a) does not demonstrate to our satisfaction that it has adequate sales and management experience, or adequate financial resources to operate a distributorship of this size and complexity, or (b) does not meet any of our other then-current qualifications, or (c) refuses to provide information about his qualifications or financial condition as requested by us, or (d) refuses to complete the initial training program and pay the requisite fee, provided, however, that if the third party is an existing Safeguard distributor, he or she may not need to complete such training;

(ii) the third party is a representative of a competitive company at the time of the proposed transfer and either (a) does not agree to relinquish such position at the time of the

transfer, or (b) is subject to binding non-competition or non-solicitation covenants with the competitor;

(iii) the third party will not agree to devote his best efforts to the business of the distributorship, and actively participate in its sales activities and management;

(iv) the third party has a history of poor credit experience or has been convicted of a felony;

(v) the third party is at the time of the proposed transfer a Safeguard distributor or was a distributor whose contract was terminated or a Safeguard employee or an employee of a distributor or former distributor whose employment was terminated;

(vi) the third party fails to submit a satisfactory business plan, or fails to agree to accept the terms and conditions of or sign the then-current non-exclusive Safeguard distributor contract for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new distributor contract will supersede this Agreement in all respects and its terms may differ from the terms of this Agreement, including higher fees. If the transferee is a corporation, partnership, limited liability company, or other entity, those of the transferee's owners whom we require must execute such guaranty and assumption documents as we may require;

(vii) the third party insists upon being assigned Rights in and to a larger base of existing customer accounts than we or Safeguard in our or its sole discretion deems appropriate;

(viii) you fail to execute a general release, in a form satisfactory to us, of any and all claims, against us and our affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our affiliates, and under federal, state, or local laws, rules, regulations, and orders;

(ix) the proposed transferee fails to enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all of your obligations, covenants, and agreements under this Agreement; or

(x) you fail to execute any and all instruments we reasonably request that evidence that fact that you remain liable for all of the obligations you incurred prior to the effective date of the transfer.

(D) If you fail to assign and transfer your Rights to a third party who has been approved by us in writing within ninety (90) days after Safeguard has provided you notice that it will not exercise its right pursuant to Section 11.(E), then your right to transfer the Rights to third parties shall lapse and shall not become effective until you have again offered your Rights to Safeguard as described below and Safeguard has again provided you notice that it will not exercise its rights under Section 11.(E).

(E) If you or any of your owners wishes to transfer any interest in you, this Agreement, or your distributorship business, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller must promptly notify Safeguard in writing of the offer and must provide such information and documentation relating to the offer as Safeguard

requires. Safeguard will have the right and option, exercisable within ninety (90) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that Safeguard intends to purchase the seller's interest on the terms and conditions offered by the third party. If Safeguard elects to purchase the seller's interest, closing will occur on or before sixty (60) days from the later of the date of Safeguard's notice to seller of its election to purchase or any other date agreed to by the parties, in writing. If the third party offer provides for payment of consideration other than cash, Safeguard may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount will be determined by two (2) appraisers. Each party will select one (1) appraiser, and the average of the appraisers' determinations will be binding. Each party will bear its own legal and other costs and will share the appraisal fees equally. If Safeguard exercises its right of first refusal, it will have the right to set off all appraisal fees and other amounts due from you to Safeguard or any of its affiliates. A material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal as an initial offer. Safeguard's failure to exercise the option afforded by this Section 11.(E) will not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 11.(C). Failure to comply with this Section 11.(E) will constitute a material event of default under this Agreement.

(F) You must promptly notify us of any death or claim of permanent disability subject to this Section 11.(F). Any transfer upon death or permanent disability will be subject to the following conditions, as well as to the conditions described in Section 11.(C) for any inter vivos transfer.

(i) Upon your death (if you are a natural person) or the death of any owner who is a natural person (the "Deceased"), the executor, administrator, or other personal representative of the Deceased must transfer such interest to a third party approved by us within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee must transfer such interest to a third party approved by us within six (6) months after the death of the Deceased. If, during the six (6)-month period referenced above (or longer if no transfer has been effected within such time period), the Deceased's distributor business is not managed by a person we approve, then we reserve the right to manage the Deceased's distributor business, for our then-current standard management fee, until such time as the transfer requirements set forth in this Section 11.(F)(i) have been met.

(ii) Upon your permanent disability (if you are a natural person) or the permanent disability of any owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to us or a third party in accordance with the conditions described in this Section 11 within six (6) months after notice to you. "Permanent disability" means any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the Owner's Guaranty And Assumption of Distributor's Obligations for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability will be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person

automatically will be deemed permanently disabled as of the date of such refusal for the purpose of this Section 11.(F). We will pay the costs of any examination required by this Section 11.(F)(ii).

12. OTHER POST-TERM OBLIGATIONS.

Upon the expiration or termination of this Agreement for any reason, you agree that you will not disparage us or Safeguard, its or their products and services, or its or their distributors, and that you shall assign to us or our designee further use of all business telephone number(s), facsimile machine number(s), email addresses, urls, and post office boxes used, or previously used, in connection with your Safeguard Business (“Business Contact Information”), in accordance with Exhibit C attached hereto. We agree to pay all costs assessed by the providers that support the Business Contact Information (“Business Contact Companies”) that are incurred as a result of the assignment from you to us or our designee. You also agree that upon the expiration or termination of this Agreement (or, if requested, at any time prior thereto in which event such documents may be postdated to take effect upon expiration or termination); you will sign such documents as may be required by the Business Contact Companies to effectuate such assignment. If you fail or refuse to do so, you hereby appoint and consent to our or Safeguard’s serving as your attorney-in-fact to execute any such documents on your behalf. You agree that you shall promptly forward to us (or our designee) all mail, orders, or other correspondence received by you at any of your home or business addresses after the date of expiration or termination that are addressed to or otherwise relate to Safeguard, and that you shall advise persons who call your home or business telephone numbers asking for Safeguard of the new telephone numbers at which Safeguard (or its designee) can be reached. You further agree that you will comply with those provisions of Section 13 that survive the termination or expiration of this Agreement.

13. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND NON-COMPETITION.

(A) We will disclose to you those parts of the Confidential Information (defined below) we, in our sole discretion, deem necessary from time to time for the establishment and operation of the Safeguard Business. You agree that you and your owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Safeguard Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your owners and employees only to the extent reasonably necessary for the operation of the Safeguard Business pursuant to this Agreement. The Confidential Information is proprietary, includes trade secrets owned by us and our affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; (iv) will cause your agents or employees to sign all documents requested by us or Safeguard related to non-disclosure of the Confidential Information; and (v) will adopt and implement all other reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information. In consideration of your appointment as a distributor of Safeguard Products and Services, and in recognition that as a sales agent you have an obligation to return all of the Confidential Information upon the expiration or termination of the agency, you agree that upon the termination of this Agreement for any reason you, your owners, agents and employees, individually and collectively will immediately deliver to

us or Safeguard all Confidential Information. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of your owners. For the purposes of this Agreement “Confidential Information” means all proprietary and Confidential Information (whether or not constituting a trade secret) relating to the establishment and operation of Safeguard Businesses, including, without limitation: (i) all standards and specifications, including equipment, product, and supplier standards and specifications; (ii) advertising and marketing plans and programs; (iii) research, development and test programs for products, services and operations; (iv) the contents of the Manuals; (v) knowledge of the operating and financial results of Safeguard Businesses, other than your Safeguard Business; (vi) originals and copies of all customer files, cards and records (including past ordering history, samples and imprints), all customer lists, price books and/or price lists, product manuals or other product training materials in your respective possession, custody or control; and all sales aids, sales brochures, design form trays, demonstration boards, and all other sales materials developed or used in the course of operating your Safeguard Business; and (vii) computer programs and systems and related documentation, including electronic data files and passwords.

(B) For a period of two (2) years after this Agreement expires or is terminated for any reason, or following the transfer of any rights under this Agreement or any interest in you, you agree that neither you nor any of your owners, agents or employees shall directly or indirectly, on your or their own behalf or on behalf of any other person, company or entity, solicit, sell, attempt to sell, or assist others in selling systems or services, supplies or products competitive with systems, services, supplies, or products available from Safeguard anywhere in the United States or to any Safeguard customers from whom you had solicited orders or with whom you had otherwise done business prior to such termination or expiration date.

(C) If you or your owners, agents or employees violate any of the above agreements, you acknowledge that the remedy at law for violation will be inadequate and agree that we will be entitled to temporary and permanent equitable relief to prohibit you or them from continuing to violate this Agreement even if no money damages can be proven; provided, however, that nothing stated herein shall be construed so as to preclude us from recovering appropriate monetary damages.

(D) In the event any of the provisions of Section 13 are deemed to exceed the time or geographic limitations permitted by applicable laws, you and we agree that the provisions are essential for the protection of the Safeguard distribution system and that they shall be reformed to the maximum time or geographic limitation permitted by applicable laws. The time period during which the post-term non-competition obligations in this Section 13 apply will be tolled for any period of noncompliance.

14. ENTIRE AGREEMENT.

This Agreement (including the Exhibits and Addenda attached to this Agreement) is the sole understanding and agreement of the parties with respect to its subject matter and shall supersede and replace any agreement covering the products and services covered by this Agreement, as well as all prior or contemporaneous understandings and agreements, written or oral, provided, however, that nothing in this or any related agreement shall disclaim the representations we made in the franchise disclosure document that we furnished to you.

15. SEVERABILITY; NO WAIVER.

If any provision or part of this Agreement shall be held invalid, the rest of the Agreement shall still be binding upon each of the parties, such invalid provision or part being deemed severable in nature. In addition, if either party elects not to enforce any of the terms of this Agreement at any time, its failure to do so shall not be deemed a waiver of its right to enforce that or any other part at some later time. OUR ELECTION NOT TO ENFORCE ANY OF THE TERMS AND CONDITIONS OF ANY SIMILAR AGREEMENTS WITH OTHER DISTRIBUTORS SHALL NOT PREJUDICE NOR AFFECT OUR RIGHT TO ENFORCE SUCH TERMS AND CONDITIONS OF THIS AGREEMENT AGAINST YOU.

16. BINDING EFFECT OF THIS AGREEMENT; AMENDMENTS; SURVIVAL; REMEDIES.

(A) This Agreement shall be binding on the parties and on the heirs, executors, successors and assigns of each of the parties.

(B) Neither this Agreement nor any of its provisions may be amended or waived except by a writing signed by the party against whom enforcement of the amendment or waiver is sought.

(C) Any obligation of you or your owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or your owners therein, shall be deemed to survive such termination, expiration or transfer.

(D) All rights and remedies of the parties to this Agreement are cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure, or default or threatened breach, failure, or default of any term, provision, or condition of this Agreement or any other agreement between you or any of you affiliates, and us or any of our affiliates (including Safeguard). The rights and remedies of the parties to this Agreement will be continuing and will not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of our rights pursuant to Section 10 of this Agreement will not discharge or release you, your Principal Owner, or any other owner from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement. Additionally, you and your Principal Owner will pay all court costs and reasonable attorneys' fees and costs we incur in obtaining any remedy available to us for any violation of this Agreement.

17. DEFAULT.

We shall not be deemed to have committed a breach or default of any obligation or provision of this Agreement, and Safeguard shall not be deemed to have committed a breach or default of any obligation or provision of any of the Product or Service Addenda hereto unless we or Safeguard (as applicable) shall have been given written notice by you designating the specific act or provision of which there has been a failure of performance, and we or Safeguard (as applicable) shall have failed to perform such act or comply with such provision within thirty (30) days after receipt of such notice or such additional time as is reasonably necessary to perform such act or comply with such provision.

18. REPRESENTATIONS AND AGREEMENTS BY DISTRIBUTOR.

The acknowledgements in this Section apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

(A) You acknowledge that you (i) received a complete copy of our disclosure document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law and (ii) read this Agreement and our franchise disclosure document and that you understand the terms of this Agreement and accept them as being reasonably necessary for us to maintain the uniformity of Safeguard Businesses and to protect the goodwill of the Marks and the integrity of the Safeguard network. You further acknowledge that you are relying solely on us, and not on any of our parent companies, with regard to our financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, us have made any statement or promise to the effect that our affiliated entities or parent companies guarantee our performance or financially back us.

(B) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other distributors or Company-Owned Businesses; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

(C) You agree that we will have the right in our sole and absolute discretion to delegate the performance of any portion or all of our obligations and duties under this Agreement and/or our rights under this Agreement, including, without limitation, our obligations, duties, and rights under Sections 6 and 7, to one (1) or more designees, including, without limitation Safeguard. You agree to deal directly with any such designee in the manner that we prescribe.

(D) You acknowledge and agree that Safeguard shall be a third party beneficiary of this Agreement with the independent right to enforce your agreements, covenants, and obligations hereunder.

(E) You expressly authorize us and our employees or agents to perform lien searches, credit history checks, and a criminal background checks of you, your owners, and any guarantors at any time during the term hereof without providing notice thereof to you, your owners, or any

guarantors. You shall sign all documents that we may reasonably require to facilitate the foregoing. You hereby release all persons from liability as a result of obtaining such information.

19. RELIANCE UPON PARTY'S OWN JUDGMENT.

Each of the parties acknowledges that in executing this Agreement it relies solely on his, her or its own judgment, belief and knowledge, and such advice as he, she or it may have received from his, her or its own counsel, and, except for representations expressly set forth herein, that party has not been influenced by any representations or statements made by the other party or his, her or its counsel.

20. NO ORAL REPRESENTATIONS.

BY SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE THAT NO ORAL REPRESENTATIONS CONTRARY TO ANY OF THE WRITTEN TERMS OF THIS AGREEMENT HAVE BEEN MADE TO YOU BY ANYONE EMPLOYED BY OR REPRESENTING US OR SAFEGUARD. You specifically acknowledge your understanding that neither we nor Safeguard have given you assurances (1) of unlimited or any predetermined level of support or training (except as provided in our franchise disclosure document), (2) that any of the Safeguard customers identified in Exhibit B, subsection (ii) will continue to reorder the same product or similar amounts in the future, (3) that any such customer still remains in business or may not appear more than once on the list or another list, possibly under different names, or (4) that you will achieve any sales or earnings forecasts that have been developed. You understand that the list of customers whose names are listed in subsection (ii) to Exhibit B means only that such customers have in the past bought Safeguard products and services. YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED OR RELIED ON ANY STATEMENT OR REPRESENTATION ABOUT ANY EXPECTATION OF FUTURE ORDERS FROM SUCH CUSTOMERS LISTED IN SUBSECTION (ii) TO EXHIBIT B. You have read this Agreement carefully and have been encouraged by Safeguard to review it with an attorney of your choice, and you agree to be bound by its terms.

21. GOVERNING LAW; DISPUTE RESOLUTION; WAIVER OF DAMAGES; LIMITATION OF CLAIMS.

(A) This Agreement shall become effective when executed and accepted by us in Texas. 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, the distributorship and the relationship between you, SFS and Safeguard will be governed and construed under and in accordance with the laws of the state of Texas, without regard to its conflict of laws principles.

(B) Any dispute between you and another Safeguard distributor, including, for example, disputes relating to claims that you (or any of your agents or employees) have violated subsections (A) and (B) of Section 8 above or your claim that another Safeguard distributor has violated similar covenants or obligations arising from his or her distributorship agreement(s) with Safeguard, may be resolved by us or Safeguard pursuant to Safeguard's written policies then in effect. You agree to abide by our or Safeguard's decision, which, in the absence of clear and convincing evidence of fraud or conflict of interest, will be final and binding and not appealable to any court of law or otherwise, and you agree that you shall not file, claim, sue or cause or permit to be filed or claimed any action for legal or equitable relief (including for damages, injunctive,

declaratory, monetary or other relief) against Safeguard involving any dispute submitted to or adjudicated by Safeguard.

(C) Except for actions which we may bring in any court of competent jurisdiction (i) for monies owed, (ii) for injunctive or other extraordinary relief, or (iii) involving the Proprietary Marks or our Confidential Information, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this Agreement or any other agreement between us and you, to non-binding mediation prior to bringing such claim, controversy, or dispute in a court or before any other tribunal. The mediation shall be conducted by either an individual mediator or a mediator experienced in the mediation of disputes between franchisors and franchisees, as agreed upon by you and us. If you and we do not agree on a mediator within a reasonable period of time (not to exceed fifteen (15) days) after either you or we have notified each other of your or our desire to seek mediation, then you will select a mediator, and we will select a mediator, and the two mediators will independently select a third mediator. The third mediator will conduct the mediation. You will pay the costs of the mediator you select, we will pay the costs of the mediator we select, and we will share equally the costs of the third mediator, as set forth below. Mediation shall be held in Dallas, Texas at the mediator's office, or such other place as you and we mutually agree to, in Dallas, Texas. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees and travel and related costs incurred by either you or us), shall be borne by you and us equally. If the parties are unable to resolve the claim, controversy, or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by your and our mutual written agreement, either you or we may bring a legal proceeding under Section 21.(D), below. A failure to comply with this Section 21.(C) is a material breach for which we may terminate this Agreement under Section 10.(C)(v).

(D) Except for disputes that are subject to Section 21.(B) above, any and all claims, controversies or disputes subject to Section 21.(C) which are not finally resolved through mediation as provided above, and any and all claims, controversies or disputes under this Agreement shall be commenced, filed and litigated, if at all, in the state or federal judicial district courts for Dallas County, Texas, and we and you and your owners hereby irrevocably waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision. Notwithstanding the foregoing, we may bring any action (i) for monies owed, (ii) for injunctive or other extraordinary relief, or (iii) involving the Marks or the Confidential Information, in any state or federal district court which has jurisdiction.

(E) YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

(F) EXCEPT FOR CLAIMS FOR MONIES OWED PURSUANT TO THIS AGREEMENT AND FOR CLAIMS WE OR YOU BRING WITH REGARD TO YOUR AND OUR OBLIGATIONS TO INDEMNIFY THE OTHER PURSUANT TO THIS AGREEMENT, CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP

BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

(G) THE DAMAGES RECOVERABLE BY EITHER PARTY HERETO FOR ANY CONTROVERSY OR CLAIM, WHETHER FOR BREACH OF CONTRACT, TORT, VIOLATION OF STATUTE, OR OTHERWISE, BASED UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT, A BREACH THEREOF, OR THE COMMERCIAL OR ECONOMIC RELATION BETWEEN THE PARTIES, SHALL BE LIMITED TO ACTUAL DAMAGES FOR COMMERCIAL LOSS. NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER FOR PUNITIVE DAMAGES, OR FOR COMPENSATORY DAMAGES FOR EMOTIONAL DISTRESS.

(H) YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

SAFEGUARD FRANCHISE SALES, INC.

DISTRIBUTOR

By: _____
Its: _____

Date: _____

EXHIBIT A
TO THAT CERTAIN DISTRIBUTORSHIP AGREEMENT
BETWEEN SAFEGUARD FRANCHISE SALES, INC. AND

Lead Rotation Territory

We may refer business leads for prospective users of Authorized Safeguard Products and Services to you in the non-exclusive geographical area described below.

Attach and incorporated into the description set forth above is the current Open Territory Policy. Safeguard may change the Open Territory Policy at any time.

Leads developed by Safeguard will be distributed on a rotational basis among Distributorships. Rotational basis is defined as one lead per Distributorship, per rotation, per zip code where a distributor is listed. At Safeguard's option, leads may be rotated for the entire territory or among Distributors located within the territory. A Distributorship may be required follow-up and report the results on a Lead within 30 days; otherwise, Safeguard can arbitrarily reassign the lead.

Distributorships who fail to report back in writing to Safeguard on Leads can be removed from the rotational list by Safeguard. Safeguard may require that a distributor meet eligibility criteria for certain lead rotation programs. Only Distributors who comply with the eligibility criteria will be eligible to receive leads from that program. Safeguard may, at its discretion, remove a Distributor from lead rotation for failure to comply with Safeguard policies and procedures.

Attachment 1

Open Territory Policy

Safeguard Open Territory Policy

This Open Territory Policy is an integral part of the Metro Policies and Administrative Guidelines that govern all distributors, except those distributors operating under an exclusive territory. **This policy does not limit, in any way, the contractual right of distributors to account protection.**

A complete list of all distributors who currently maintain geographic exclusive territories will be posted by Safeguard and will also be available from Legal Services.

Open Territory Policy for Metro Distributors

You are free to solicit orders for Safeguard Products from any prospect at any location in the United States, subject to the limitations stated below and existing account protection policies.

You are not allowed to solicit orders from the protected account of another Distributor or any Company-Owned Businesses.

You may have an office, sales representative, agent, reseller, referral source, remote post office box, local telephone number, or any other form of physical presence anywhere in the U.S. except for the geographic exclusive territories mentioned above. Safeguard reserves the right to limit your marketing and solicitation using telemarketing, catalog, direct mail, World Wide Web, Internet, or other remote means addressed to customers and prospective customers to maintain consistent application and usage of our protected tradename, trademarks, and proprietary information. Distributors soliciting orders must comply with the current Metro Policies and Administrative Guidelines related to direct marketing and other forms of advertising including getting Safeguard's prior written approval before it is made available to prospects or customers.

Certain existing Safeguard Distributors have contractual exclusive territories, and you may not solicit orders for Safeguard Products from customers or customer locations in an exclusive territory of a Safeguard Distributor. Distributors with geographic exclusive territories that choose not to open their exclusive territories will not be allowed to solicit orders outside of their exclusive territories.

EXHIBIT B
TO THAT CERTAIN DISTRIBUTORSHIP AGREEMENT
BETWEEN SAFEGUARD FRANCHISE SALES, INC. AND

Customers As to Which You Have Certain Commission Rights

You shall have the exclusive right to the applicable commissions on sales of Authorized Safeguard Products and Services to:

- (i) each customer whose first order of Authorized Safeguard Products and Services is credited to you after the Effective Date of this Agreement, except that such customer order and credit thereof is subject to the Open Territory Policy; and
- (ii) the Safeguard customers listed in Safeguard computer under Distributor # _____ */

Your exclusive right to commissions on sales of Authorized Safeguard Products and Services to any customer shall expire if that customer has not purchased any Authorized Safeguard Products or Services within thirty-six (36) months after the invoice date of such customer's last prior purchase of any Authorized Safeguard Products or Services. Customers for which you have the exclusive rights to commissions will be updated daily and will be deleted from and added to this Exhibit B per the terms of this Exhibit B and Safeguard's policies and procedures related to commission rights. You may contact Safeguard's Distributor Technology Group to obtain an updated Exhibit B.

Typically, the "Bill To" address defines the customer for whom you may have the exclusive right to commissions. Notwithstanding the foregoing, Safeguard may look at the totality of the circumstances to determine who the customer is including, but not limited to, the corporate structure of the customer, the complexity of the buying authority within a large customer(s), such as with large medical or hospital organizations, large public or private school districts, and universities and similar other organizations and institutions. Safeguard shall make the final determination in the event of a dispute as to whether or not you have the exclusive commission rights to a disputed customer.

*/ If no list of customers is physically attached hereto, you should initial this page to indicate that such a list was previously furnished to you. You should not sign the Agreement or initial this page unless such a list is being or has been furnished to you by Safeguard. These customers were formerly in Safeguard's database under Distributor #_____.

EXHIBIT C
TO THAT CERTAIN DISTRIBUTORSHIP AGREEMENT
BETWEEN SAFEGUARD FRANCHISE SALES, INC. AND

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS ASSIGNMENT is entered into this ____ day of ____, 20XX, in accordance with the terms of that certain Distributorship Agreement (the “Distributorship Agreement”) between _____ (“Distributor”) and Safeguard Franchise Sales, Inc. (“Company”), executed concurrently with this Assignment Agreement, under which Company granted Distributor the right to own and operate a Safeguard Business in (the “Business”).

FOR VALUE RECEIVED, Distributor hereby assigns to Company or to all of Distributor’s right, title, and interest in and to those certain telephone numbers and regular, classified, or other telephone directory listings and those certain, post office boxes, email addresses, and urls (collectively, “Business Contact Information”) associated with Company’s trade and service marks and used from time to time in connection with the operation of the Business. This Assignment is for collateral purposes only and, except as specified herein, Company shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Company shall notify the listing agencies with which Distributor has placed or purchased Business Contact Information (collectively, “Business Contact Companies”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Distributorship Agreement (without renewal or extension), Company shall have the right and is hereby empowered to effectuate the assignment of the Business Contact Information, and, in such event, Distributor shall have no further right, title, or interest in the Business Contact Information and shall remain liable to the Business Contact Companies for all past due fees owing to the Business Contact Companies on or before the effective date of the assignment hereunder.

Distributor acknowledges and agrees that as between Company and Distributor, upon termination or expiration of the Distributorship Agreement (without renewal or extension), Company shall have the sole right to and interest in the Business Contact Information, and Distributor hereby appoints Company as Distributor’s true and lawful attorney-in-fact to direct the Business Contact Companies to assign same to Company, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Distributor shall immediately notify the Business Contact Companies to assign the Business Contact Information to Company. If Distributor fails to promptly direct the Business Contact Companies to assign the Business Contact Information to Company, then Company shall direct the Business Contact Companies to effectuate the assignment contemplated hereunder to Company. The parties agree that the Business Contact Companies may accept the written direction; the Distributorship Agreement or this Assignment shall be conclusive proof of the exclusive rights in and to the Business Contact Information upon such termination or expiration; and that such assignment shall be made automatically and immediately effective upon Business Contact Companies’ receipt of such notice from Company or Distributor. The parties further agree that if the Business Contact Companies require that the parties execute the Business Contact Companies’ assignment forms or other documentation at the time of termination or expiration of the Distributorship Agreement, Company’s execution of such

forms or documentation on behalf of Distributor shall effectuate Distributor's consent and agreement to the assignment. The parties agree that at any time after the date hereof, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Distributorship Agreement.

Any of Company's rights hereunder may be assigned by Company to its designee, without notice to or consent of Distributor and upon such assignment, Company's designee shall have the rights of Company hereunder.

ASSIGNEE:

SAFEGUARD FRANCHISE SALES, INC.

By: _____
Its: _____

ASSIGNOR:

(DISTRIBUTOR)

By: _____
Its: _____

EXHIBIT D
TO THAT CERTAIN DISTRIBUTORSHIP AGREEMENT
BETWEEN SAFEGUARD FRANCHISE SALES, INC. AND

Effective Date: This Exhibit D is current and complete

As of _____, 20XX

The Distributor and Its Owners

1. Form of Distributor.

(a) **Proprietorship.** The owner(s) of the Distributor (is) (are) as follows:

(b) **Corporation, Limited Liability Company or other Business Entity.** The Distributor was incorporated or formed on _____, _____, under the laws of the State of _____. The Distributor has not conducted business under any name other than its company name and:

2. **Distributor's Officers and Directors.**

The following is a list of the Distributor's directors and/or officers as of the effective date shown above:

Name of Each Director/Officer

Position(s) Held

3. **Principal Owner.**

Initials:

EXHIBIT E
OWNER'S GUARANTY AND ASSUMPTION OF
DISTRIBUTOR'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Distributorship Agreement (the "Agreement") by SAFEGUARD FRANCHISE SALES, INC. ("SFS"), and to the provision of the Authorized Safeguard Products and Services by SAFEGUARD BUSINESS SYSTEMS, INC. ("SBS"), each of the undersigned ("Guarantors") hereby personally and unconditionally (1) guarantees to SFS and SBS (collectively, the "Company") and their respective successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ___ ("Distributor") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each Guarantor hereby waives:

- (1) acceptance and notice of acceptance by Company of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he may have to require that an action be brought against Distributor or any other person as a condition of liability; and
- (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each Guarantor consents and agrees that:

- (1) his direct and immediate liability under this guaranty shall be joint and several;
- (2) he shall render any payment or performance required under the Agreement upon demand if Distributor fails or refuses punctually to do so;
- (3) such liability shall not be conditioned upon pursuit by Company of any remedies against Distributor or any other person; and
- (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Company may from time to time grant to Distributor 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 shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP OF DISTRIBUTOR

_____	_____ %
_____	_____ %

COMMON TERMS OF PRODUCT AND SERVICE ADDENDA

A description of the Safeguard Products and Services, the applicable commission rights and commission payment terms, and certain other product or service-specific terms are included in the following Product and Service Addenda. Distributor agrees to the terms set forth therein. Only Safeguard Products and Services for which there is a Product or Service Addendum initialed by Distributor are “Authorized Safeguard Products and Services”, as defined in the Distributorship Agreement. The following terms apply to all of the Product and Service Addenda.

COMMISSION AND TERRITORY PROVISIONS

Distributor acknowledges that all commission rights, account protection and territory provisions of the Distributorship Agreement apply only to orders that are invoiced and collected by Safeguard Business Systems, Inc. (“SBS”) and/or Safeguard Franchise Sales, Inc. (“SFS”) and do not apply to sales made or orders processed by any other affiliate of the Deluxe Corporation.

INDEMNIFICATION

Safeguard will indemnify and hold Distributor harmless from and against all loss, damage, liability, cost, or expense of any nature whatsoever which may be asserted against Distributor by a third party (a “Loss”) arising out of or in connection with product defects related to the Authorized Safeguard Products and Services, excluding, however, any Loss resulting in whole or in part from Distributor’s breach of the Distributorship Agreement, violation of law, or other wrongful conduct.

SAFEGUARD FRANCHISE SALES, INC.

By: _____
Its: _____

DISTRIBUTOR

By: _____
Its: _____

ADDENDUM NO. 1

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

One-Write and Safe-Trak Systems – manual systems, including financial accounting and non-financial systems, in which several forms for different financial or non-financial recording functions are held in alignment on compact writing boards so that a single writing on the top form produces the same entry on the forms beneath through use of carbon on “no-carbon required” paper. Also included in this product line are the writing boards, trays, binders and other non-paper items sold in conjunction with the forms.

COMMISSION RATE AND TERMS OF PAYMENT TO YOU

Safeguard shall sell and, pursuant to the Distributorship Agreement, bill to the customer One-Write and Safe-Trak Systems orders only at the price agreed to and accepted by Safeguard. Safeguard shall maintain a schedule, which may from time to time be changed by Safeguard at its sole discretion upon written notice, setting forth for each One-Write and Safe-Trak Systems product line the minimum price at which Safeguard is willing to sell the product. Your commission will be the difference between the price agreed to and accepted by Safeguard for the sale of any One-Write and Safe-Trak System hereunder and the minimum price for such product on the schedule then in effect, subject to the terms of payment and chargeback provisions described in the Distributorship Agreement.

Distributor's Initials

ADDENDUM NO. 2

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Computer Forms and Checks – laser, continuous and other computer forms and checks that fit the requirements of personal and business computers.

COMMISSION RATE AND TERMS OF PAYMENT TO YOU

Safeguard shall sell and, pursuant to the Distributorship Agreement, bill to the customer computer forms orders only at the price agreed to and accepted by Safeguard. Safeguard shall maintain a schedule, which may from time to time be changed by Safeguard at its sole discretion upon written notice, setting forth for each computer form product line the minimum price at which Safeguard is willing to sell the product. Your commission will be the difference between the price agreed to and accepted by Safeguard for the sale of any computer forms hereunder and the minimum price for such product on the schedule then in effect, subject to the terms of payment and chargeback provisions described in the Distributorship Agreement.

Distributor's Initials

ADDENDUM NO. 3

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Color Coded Records Management – A systematic approach by which to retain vital media through shelving, folders, indexes, labels and accessory products. Designed around the use of color to designate, classify and organize records, Safeguard offers two proprietary systems, Color Sentry and Color Master, as well as systems compatible with other original equipment manufacturers. The Color Sentry system is an end tab system with unique colored labels, both alpha and numeric, being applied to folders. Color Master provides records to suspend from plastic hangers, using plastic colored tabs instead of unique colored labels.

COMMISSION RATE AND TERMS OF PAYMENT TO YOU

Records Management products are a combination of based priced and fixed commissions. Fixed commissions products yield a 35% commission on Net Sales of Authorized Safeguard Products and Services. Based priced products covered by this Addendum shall be sold and billed to the customer only at the price agreed to and accepted by Safeguard. Safeguard shall maintain a schedule, which may from time to time be changed by Safeguard, at its sole discretion upon written notice setting forth the minimum price for which Safeguard is willing to sell the product. Your commission for such products will be the difference between the price agreed to and accepted by Safeguard for the sale of any such products and the minimum price for such product or the schedule then in effect. Both based and fixed commission products are subject to the terms of payment and chargeback provisions described in the Distributorship Agreement.

Distributor's Initials

ADDENDUM NO. 4

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Sourced Products – Ancillary business forms or office supplies and other products and services not manufactured by Safeguard or offered through a Safeguard standard or other program with a third party supplier, but which will, from time to time, be made available for sale by Safeguard through Distributors to the professional and small business markets traditionally served by Safeguard. Such products will not carry the Safeguard name, and many include, for illustration purposes, stock tab paper, snap-out forms and envelopes. Safeguard reserves the right to revise, expand or decrease the list of products covered by this Addendum from time to time upon written notice to Distributors, and you acknowledge Safeguard's right to do so.

COMMISSION RATE AND TERMS OF PAYMENT

Each product covered by this Addendum shall be sold and billed to the customer only at the price agreed to and accepted by Safeguard. Safeguard shall maintain a schedule, which may from time to time be changed by Safeguard upon written notice, setting forth for each product the minimum price at which Safeguard is willing to sell the product and handling and processing charges for Sourced Product orders. Your commission will be the difference between the price agreed to and accepted by Safeguard for the sale of any product hereunder and the minimum price for such product on the schedule then in effect, less the applicable processing charge as determined by the schedule then in effect, subject to the terms of payment and chargeback provisions described in your Distributorship Agreement, except that chargebacks shall until further notice be determined on the following basis: If we have not received payment in full for any of the Sourced Product sales which have been processed within one hundred and twenty (120) days of the billing date, you shall repay us for the appropriate percentage of the minimum price, or unpaid balance of the minimum price. Instead of requiring you to repay any amount, we may deduct the amount from payments which we owe you. If we are later paid by the customer, we will then pay to you an amount equal to the amount collected, less the out-of-pocket costs of collection.

Distributor's Initials

ADDENDUM NO. 5

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Standard Programs – These are ancillary business products and office supplies and other products and services not manufactured by Safeguard provided by third party suppliers through an established standard program including standard pricing. Such products may not carry the Safeguard name, and may include, for illustration purposes, tax forms and custom envelopes not otherwise manufactured or offered by Safeguard. Safeguard reserves the right to revise, expand or decrease the list of products covered by this Addendum from time to time upon written notice to Distributors, and you acknowledge Safeguard's right to do so.

COMMISSION RATE AND TERMS OF PAYMENT

Each product covered by this Addendum shall be sold and billed to the customer only at the price agreed to and accepted by Safeguard. Safeguard shall maintain a schedule, which may from time to time be changed by Safeguard upon written notice to Distributors, setting forth for each product the minimum price at which Safeguard is willing to sell the product. Your commission will be the difference between the price agreed to and accepted by Safeguard for the sale of any product hereunder and the minimum price for such product on the schedule then in effect, subject to the terms of payment and chargeback provisions described in your Distributorship Agreement.

Distributor's Initials

ADDENDUM NO. 6

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Sourced or Brokerage Products – Bill Only Distributor Paid (“BODP”): Ancillary business forms, checks, or other business products that are not manufactured or offered by Safeguard, including those through their preferred sourced relationships, but which will, from time to time, be made available for sale by Safeguard through Distributors to the small business marketplace. BODP orders, as defined in this Addendum, occur when the Distributor pays the vendor invoice directly and Safeguard bills the customer, collects the customer payment, and pays the Distributor the appropriate commission.

COMMISSION RATE AND TERMS OF PAYMENT

Each product covered by this Addendum shall be sold and billed to the customer at the price agreed to by the Distributor and communicated to Safeguard. Safeguard shall maintain a schedule of handling and processing charges for BODP orders, which may from time to time be changed by Safeguard. Your commission will be 1) the amount billed to the end-user customer, as agreed to between the customer and the Distributor and communicated to Safeguard, less 2) the applicable processing charge as determined by the schedule then in effect, and less 3) sales tax, subject to applicable reversal provisions for Sourced or Brokerage orders. Commissions on BODP orders shall be paid after Safeguard receives payment for the applicable order from the customer. Commissions on BODP orders shall be paid weekly after receipt of payment from the customer. For customer payments received by Safeguard between Monday and Friday, commissions shall be transmitted to Distributors the following Monday for receipt on Tuesday (or the next business day in the event either of these days is a business or banking holiday).

RATES APPLICABLE TO PAYMENTS AFTER TERMINATION, AND METHOD OF PAYMENT

Rates and terms applicable to payments after termination shall be identical to those (if any) in the Sourced or Brokerage Products Addendum between Distributor and Safeguard, or, if absent from the Sourced or Brokerage Products Addendum, then rates and terms applicable to payments after termination shall be identical to those in the Distributorship Agreement between Distributor and Safeguard.

DELINQUENT VENDOR PAYMENTS

In the event the Distributor has failed to pay any vendor invoice and that vendor invoice remains unpaid for a period that exceeds 100 days from the date of the original invoice, or if any vendor puts Safeguard or Safeguard-affiliated accounts on credit hold or takes further action against Safeguard or any distributor as a result of Distributor’s failure to pay amounts when due, then Safeguard reserves the right to prohibit Distributor from processing orders pursuant to this Addendum. In addition, if any of the above events occur, Safeguard reserves the right to pay amounts outstanding directly and deduct the amount from commissions otherwise due that Distributor.

Distributor’s Initials

ADDENDUM NO. 7

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Promotional Products: Promotional products or “ad specialties” include, but are not limited to, apparel or wearables, drinkware, writing instruments, calendars, bags or desk accessories that may be but are not necessarily manufactured by Safeguard, including those through preferred alliance relationships, but which will, from time to time, be made available for sale by Safeguard through Distributors to the business marketplace. Promotional products subject to this Addendum are those orders for products to be used in conjunction, in connection or in furtherance of a customer’s business, charitable organization or fund raising entity.

COMMISSION RATE AND TERMS OF PAYMENT TO YOU

Safeguard shall sell and, pursuant to the Distributorship Agreement, bill to the customer promotional product orders only at the price agreed to and accepted by Safeguard and subject to the terms, conditions and policies then in effect for promotional products. Safeguard shall maintain a schedule, which may from time to time be changed by Safeguard at its sole discretion upon written notice to Distributors, setting forth for each promotional product, the minimum price at which Safeguard is willing to sell the product and handling and processing charges for promotional products. Your commission will be the difference between the price agreed to and accepted by Safeguard for the sale of any promotional product hereunder and the minimum price for such product on the schedule then in effect, less the applicable processing charge as determined by the schedule then in effect, subject to the terms of payment and chargeback provisions described in the Distributorship Agreement.

Distributor’s Initials

ADDENDUM NO. 8

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Holiday Greeting Cards and All Occasion Cards, Calendars, and related ancillary products (collectively "Holiday Cards"): Ancillary holiday greeting cards, calendars or other business products that are not manufactured or offered by Safeguard, including those through their preferred sourced relationships, but which will, from time to time, be made available for sale by Safeguard through Distributors to the small business marketplace. Holiday Card orders, as defined in this Addendum, occur when the Distributor submits an order pursuant to a Holiday Card product offering made by Safeguard.

COMMISSION RATE AND TERMS OF PAYMENT

Each product covered by this Addendum shall be sold and billed to the customer at the price agreed to by the Distributor and communicated to Safeguard. Safeguard shall maintain a schedule of handling and processing charges for Holiday Card orders, which may from time to time be changed by Safeguard. Your commission will be 1) the amount billed to the end-user customer, as agreed to between the customer and the Distributor and communicated to Safeguard, less 2) sales tax, subject to applicable chargeback and reversal provisions for orders covered by this Addendum. Commissions on orders covered under this Addendum shall be paid within 45 days following invoice of the product to the customer.

RATES APPLICABLE TO PAYMENTS AFTER TERMINATION, AND METHOD OF PAYMENT

Rates and terms applicable to payments after termination shall be identical to those (if any) in the Sourced or Brokerage Products Addendum between Distributor and Safeguard, or, if absent from the Sourced or Brokerage Products Addendum, then rates and terms applicable to payments after termination shall be identical to those in the Distributorship Agreement between Distributor and Safeguard.

Distributor's Initials

ADDENDUM NO. 9

NAME AND DESCRIPTION OF PRODUCT OR SERVICE

Other Products and Services Offered Through Affiliated Entities:

Safeguard has expanded the offering of products for which distributors may solicit orders that are processed through, and invoiced and billed by, Safeguard, and are fulfilled directly by Safeguard or for Safeguard by one of its affiliates, including but not limited to, the Safeguard Expanded Products offering, Web-to-Print services, the Perfectly Packaged offering and Anniversary and similar label offerings.

Distributor and Safeguard acknowledge that all terms of the Agreement remain in effect and applicable to orders covered by this Addendum and processed through Safeguard. Safeguard reserves the right to add to or remove product and service offerings covered by this Addendum at its sole discretion.

Distributor's Initials

STATE-SPECIFIC AMENDMENTS

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to the Distributor concerning termination, transfer or non-renewal of a distributorship. If the Agreement contains a provision that is inconsistent with the law, the law will control.
- b. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The Agreement contains a covenant not to compete which extends beyond the termination of the distributorship. This provision may not be enforceable under California law.

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT
FOR THE STATE OF ILLINOIS**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* (“Illinois Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Act paragraphs 705/19 and 705/20 provide rights to You concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Illinois Franchise Act, or a rule or order under the Illinois Franchise Act shall be void and are hereby deleted with respect to claims under the Illinois Franchise Act.
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Act.
- d. If this Agreement requires that it be governed by the law of a state, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Act, Illinois law will control.

2. Section 21., “Governing Law; Dispute Resolution; Waiver Of Damages; Limitation Of Claims,” should be amended by the addition of the following as the last sentence of the section:

“However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41.”

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT
FOR THE STATE OF MARYLAND**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. ANN CODE, BUS. REG., §14-201 *et seq* (2015 Repl. Vol.) (“Law”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.
- b. Any acknowledgments or representations of the Distributor made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.
- c. A Distributor may bring a lawsuit in Maryland for claims arising under the Law.
- d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Distributor for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.

2. Section 6.(E) and Section 8.(G) of the Agreement are hereby supplemented by the following:

“As a condition to becoming registered to offer and sell franchises in the state of Maryland, the Maryland Securities Divisions has required that we defer your obligation to pay all initial fees (including any initial license fee for the proprietary CMS program and initial training fee) under the Agreement until your Safeguard Business is open and initial training has been provided. Therefore, notwithstanding anything to the contrary in Section 6.(E) or Section 8.(G) of the Agreement during the period that such fee deferral requirement is imposed on us (“Fee Deferral Period”), you will not be required to pay the initial fees until you have been provided with initial training and begin operating your Safeguard

Business. Immediately upon notice from us that the Fee Deferral Period has ended, you must pay the initial fees as provided in Section 6.(E) and Section 8.(G) of the Agreement.”

3. Sections 19 and 20 of the the Agreement are hereby deleted in their entirety.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Payment of the initial franchise fees will be deferred until SFS has met its initial obligations to Distributor, and Distributor has commenced business operations. This financial assurance requirement was imposed by the Office of the Maryland Attorney General due to SFS's financial status.

6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the “Minnesota Franchise Act”). To the extent that the Agreement/and or disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota distributors against liability to third parties resulting from claims by third parties that the distributor’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.
- b. Sec. 80C.14, Subds. 3, 4., and 5 of the Minnesota Franchise Act requires, except in certain specified cases, that a distributor be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the distributorship agreement. If the Agreement contains a provision that is inconsistent with the Minnesota Franchise Act, the provisions of the Agreement shall be superseded by the Minnesota Franchise Act’s requirements and shall have no force or effect.
- c. If the Distributor is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Minnesota Franchise Act, such release shall exclude claims arising under the Minnesota Franchise Act, and such acknowledgments shall be void with respect to claims under the Minnesota Franchise Act.
- d. If the Agreement requires that it be governed by the law of a state, other than the State of Minnesota, for mediation, those provisions shall not in any way abrogate or reduce any rights of the Distributor as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

- e. Any provision that requires the Distributor to consent to a claims period that differs from the applicable statute of limitations period under Section 80C.17, Subd. 5. of the Minnesota Franchise Act may not be enforceable under Minnesota law.

2. Section 80C.21 of the Minnesota Franchise Act and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Franchise Act, including your rights to any procedure, forum, or remedies provided for in that law.

3. To the extent required by Minnesota law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury trial.

4. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

5. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT
FOR THE STATE OF NEW YORK**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the New York General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Distributor is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Distributor under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Distributor is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the North Dakota Franchise Investment Law, or a rule or order under such law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under such law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a distributorship purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.
- g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.
- h. Any provision that provides that the Distributor consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.
- i. Any provision that requires the Distributor to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Section 6.(E) of the Agreement is supplemented by the following language:

“As a condition to becoming registered to offer and sell franchises in the state of North Dakota, the North Dakota Securities Department has required that we defer your obligation to pay the initial license fee for the proprietary CMS program under the Agreement until your Safeguard Business is open and initial training has been provided. Therefore, notwithstanding anything to the contrary in Section 6.(E) of the Agreement, during the period that such fee deferral requirement is imposed on us (“Fee Deferral Period”), you will not be required to pay the initial license fee until you have been provided with initial training and begin operating your Safeguard Business. Immediately upon notice from us that the Fee Deferral Period has ended, you must pay the initial license fee as provided in Section 6.(E) of the Agreement.”

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT
FOR THE STATE OF RHODE ISLAND**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Rhode Island Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§ 19-28.1-1 -19-28.1-34. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If this Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.
- c. If the Distributor is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Rhode Island Franchise Investment Act, or a rule or order under such act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under such act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

**AMENDMENT TO SAFEGUARD FRANCHISE SALES, INC.
DISTRIBUTORSHIP AGREEMENT AND RELATED AGREEMENTS
FOR THE STATE OF WASHINGTON**

The Safeguard Franchise Sales, Inc. Distributorship Agreement between _____ (“Distributor” or “You”) and Safeguard Franchise Sales, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 to 19.100.940. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- b. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- c. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- d. A release or waiver of rights executed by a distributor shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

- e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- f. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

2. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

3. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington..

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Distributor, on behalf of itself and its owners, acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

Safeguard Franchise Sales, Inc.
a Texas corporation

By: _____
Name: _____
Title: _____

DISTRIBUTOR:

By: _____
Name: _____
Title: _____

EXHIBIT B-1
INVENTORY AGREEMENT



INVENTORY AGREEMENT

_____, a Safeguard Distributor (“Distributor”) and Safeguard Business Systems, Inc. (“Safeguard”), enter into the following Inventory Agreement on the ___ day of _____, 20__ (“Inventory Agreement”). Distributor and Safeguard collectively are referred to as a “Party” or “Parties.” The effective date of this Agreement is _____, 20__ (“Effective Date”).

1. Safeguard agrees to store certain quantities of product and/or stock in inventory to be provided to Safeguard customers at **warehouse or office address**. The product or products to be stored, the quantity of products and customer names to who the product is intended to be sold (and any other information reasonably requested by Safeguard) are fully described in Exhibit A (“Inventory”). The parties agree that the product descriptions will be derived from the vendor invoices and/or from the inventory listing provided by Distributor. It is understood and agreed that the Inventory will at all times be owned by Safeguard.
2. If any Inventory whose value exceeds \$ _____, as reasonably determined by Safeguard, is stored at a location controlled by Distributor or at a third-party warehouse not controlled by Distributor, the Distributor or third-party warehouse owner agrees to purchase and maintain All Risk Property Insurance (“Insurance”) in an amount that adequately covers the value of the Inventory that is in the custody, care and control of Distributor or the third-party warehouse owner and to update such Insurance for any Inventory that may be added to Exhibit A. The Insurance shall be provided on a replacement costs basis that specifies that such policy will cover losses on the Inventory at its replacement value. Distributor or third-party warehouse owner shall issue a certificate of insurance to Safeguard naming Safeguard as loss payee as respects all Inventory. Distributor or the third-party warehouse owner will be responsible for paying the costs of all deductibles required to be paid under the terms of such Insurance. All payments made to Safeguard under **Section 10** will reflect 100% of the replacement cost of the damaged or destroyed Inventory with no reduction due to the application of a deductible payment or payments under the Insurance policy. All agreements signed by Distributor for any third-party warehouse service must allow Safeguard the right to audit the items held in inventory at the third-party warehouse location. Distributor agrees that Safeguard has the right to audit the Inventory at any time.
3. Distributor will thereafter submit purchase orders to Safeguard to replenish product that is the subject of this Inventory Agreement as the need arises to Safeguard. The parties anticipate from time to time, a need may arise for new products to be stored pursuant to this Inventory Agreement. In such event the Distributor will seek approval from Safeguard to add products to be stored pursuant to this Agreement. Safeguard may, in its sole discretion, refuse to allow the addition of products stored pursuant to the terms of this Agreement. Safeguard agrees that it will be reasonable in the exercise of its sole discretion. It shall be a breach of this Agreement for distributor to fail to notify and seek approval to add products to the stored inventory for which Safeguard may seek to enforce this Agreement pursuant to the provisions of **Section 11** below. Exhibit A shall be updated in writing once Safeguard has approved such change. The parties further agree that at no time will the net realizable value of total stock held in inventory by Safeguard at any location on behalf of the Distributor shall exceed \$ _____.



4. Distributor agrees that it shall comply with Safeguard's policies and procedures related to inventory purchase, storage, release and the like. Safeguard's current Inventory Cycle Count Policy & Procedures are attached hereto as Exhibit B and are subject to change at any time. Distributor agrees to be bound by future changes or additions to these policies and procedures and any others that relate to inventory upon written notice of such changes or additions to the Distributor.
5. The parties agree the products on Exhibit A will be sold by Safeguard to the customer at a base price that is equal to the vendor cost (including the freight charges incurred) plus an additional Seven (7%) percent as a carrying cost fee. Distributor agrees to follow Safeguard's procedures for adding this carrying cost fee to all orders where the Inventory is sold and such carrying cost fees will be subject to Safeguard's then applicable sourced product fee.
6. The prices of the inventory items within Exhibit A may be changed by agreement of the parties hereto. In the event, there is a need to modify the cost of the stored product, either an increase or a decrease, the Distributor is responsible for submitting the new vendor invoice to Safeguard for approval of such price change. Any change to the price of the Inventory will then be made within 60 days from a signed agreement of the parties and will be calculated utilizing either the actual cost from the vendor or an average vendor cost of all remaining stock in inventory.
7. Distributor acknowledges and agrees in the event a need arises to store additional inventory for a specific Safeguard customer with inventory valued at or around \$ _____ (as determined in Safeguard's reasonable discretion) or a separate group of Safeguard customers with inventory valued at or around \$ _____ (as determined in Safeguard's reasonable discretion) after the date of this agreement, Safeguard may require Distributor to enter into a separate Inventory Agreement with Safeguard and also a separate agreement respecting the inventory between Safeguard and the customer containing such terms and conditions as required by Safeguard. The parties agree that such agreement will include, but not be limited to, stock specifications, the legal name of the customer and the commitment of the customer to pay fully for the entire amount of stored stock within 12 months of the execution of the Inventory Agreement.
8. Distributor acknowledges that if any Inventory remains in stock for more than three hundred sixty-five (365) days after it has been taken into inventory under the terms of this Agreement, or ninety (90) days after termination of the Inventory Agreement, the Distributor will be subject to commission chargebacks for the value of the remaining Inventory. This value will be determined by Safeguard in its reasonable discretion. Distributor authorizes Safeguard to deduct such amounts from Distributor's commissions. In the typical instance, this means that the Distributor will be required to repay an amount equivalent to the purchase price of the Inventory including all freight costs. If the Inventory stored pursuant to this Agreement, is eventually sold to the customer, through the efforts of the Distributor or otherwise, the parties agree that Safeguard will pay the appropriate commissions on the sale through a commission adjustment. Any chargebacks that occur pursuant to this Section 8 will commence ninety (90) days after termination of this Inventory Agreement or ninety (90) days after the three hundred sixty-fifth (365th) day since the Inventory was taken into inventory under the terms of this Agreement.



9. Distributor agrees to notify Safeguard of any material change regarding the Inventory or the customer who the Inventory is held for, including, but not limited to, accidental destruction or damage to Inventory, loss of insurance on Inventory or a dispute with or material change in the financial standing of the customer for whom the Inventory is held. Distributor acknowledges that any Inventory shrinkage or spoilage will be subject to commission chargebacks in the amount equal to the amount paid for the actual quantity of Inventory affected including the portion of freight attributed to the quantity of such shrinkage or spoilage.
10. Safeguard customers will be billed by Safeguard on an “as shipped” basis for the Inventory. Terms of purchase for each individual order of product sold from Inventory will be net thirty (30) days from date of receipt of shipments. Distributor agrees to provide the selected freight method to ship product once held by Safeguard for the customer.
11. The parties acknowledge and agree failure by Distributor to perform any of the obligations set forth in this Inventory Agreement shall cause Safeguard irreparable harm and that remedies at law may be inadequate to protect against a breach of any portion of this Agreement. Distributor agrees that Safeguard shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any breach or potential breach of this Agreement. Breach of any of the duties or obligations owed by Distributor under this Agreement will act to nullify any remaining obligations of Safeguard and entitle Safeguard to liquidated damages in the amount of Ten Thousand and no/100 Dollars (\$10,000.00) for each separate violation, as the precise amount of damages suffered for a breach of this Agreement would be difficult to estimate. Such remedies shall not be deemed to be the exclusive remedy for a breach of any portion of this Agreement but shall be in addition to all other remedies available at law or in equity, up to and including termination of Distributor’s Distributor Agreement with Safeguard. Safeguard shall further be entitled to recover any attorneys’ fees it incurs to enforce or obtain any relief under this Section 11, whether it is legal or equitable in nature, liquidated damages or otherwise, in any forum or proceeding whatsoever.
12. The initial term of this Inventory Agreement shall be one (1) year from the Effective Date. This agreement shall automatically renew for successive one (1) year terms unless sixty (60) days written notice is given by Safeguard to Distributor prior to the end of any term of its intent to not renew this Inventory Agreement unless this Inventory Agreement terminates earlier for any other reason set forth in this Inventory Agreement.
13. This Inventory Agreement may not be assigned by Distributor and is binding on both Party’s successor(s) in interest. The parties to this Inventory Agreement intend to be and are independent contractors and not employer/employee, partners, principal/agent or any other form of relationship. This Inventory Agreement shall be governed by the laws of Texas. The parties additionally agree that in the event there is a conflict between this Inventory Agreement and the Regional Distributor Agreement currently in place between the Distributor and Safeguard, the terms and conditions of the Distributor Agreement shall control. Additionally, the parties agree this Inventory Agreement shall terminate immediately upon the termination of the rights of the Distributor as more fully set forth in the Regional Distributor Agreement currently in place between the parties hereto.



DISTRIBUTOR

SAFEGUARD BUSINESS SYSTEMS, INC.

By: _____

By: _____

Signed this ____ day of

Signed this ____ day of

Its: _____

Its: _____

EXHIBIT A

- **Product list**
- **Customer**



EXHIBIT B

Cycle Count Policy

Purpose

To ensure that inventory sites that hold Safeguard owned inventory follow a consistent established policy to minimize inventory valuation risks.

Scope

This policy applies to all sites that have their Safeguard owned inventory value reported on the Deluxe financial records. Exemptions: Sample locations in all sites and Client Owned Inventory not on Deluxe financial records.

Policy

Sites with Safeguard owned inventory equal to or greater than \$500,000 on the Deluxe financial records are to cycle count each material once per year. These counts are to be completed by November 1st. Reference procedure: *Safeguard Owned Inventory Cycle Count Procedure*.

Sites with Safeguard owned inventory less than \$500,000 on the Deluxe financial records are to perform sampling cycle counts for a total count of 100 materials. This is to be completed by November 1st. All materials should be counted if there are less than 100 materials. Reference procedure: *Safeguard Owned Inventory Cycle Count Procedure*.

Safeguard shall have a right to audit accounting the inventory subject to this policy at any time upon written notice to Distributor.

Accountability

- Distributors with Safeguard owned inventory at their site are responsible for compliance.
- Supply Chain Operations reviews cycle count results and take appropriate action.
- On-site inventory validation visits based on site inventory value.

Inventory Value	Recommended Site Visit
Greater than \$1,000K	Every 3 years
\$500K - \$1,000K	Every 3-4 years
\$100K - \$500K	Every 4-5 years
Less than \$500K	Based on Need

EXHIBIT B

Safeguard Owned Inventory Cycle Count Procedure

This document provides a standard operating procedure to properly document and execute cycle counts for material on Non-SAP systems.

- Sites with Safeguard owned inventory that are equal to or greater than \$500,000 inventory value are to count each material once per year.
- In sites counting materials once per year, count throughout the year if software systems allow.
- Sites below \$500,000 inventory value are to perform sampling counts representing the materials with the highest inventory value.
- Sampling count up to 100 materials can be performed quarterly or annually.
- For the cycle count method, the inventory value per site will be bench marked annually at end of the first quarter.

Flow

1. Generate physical inventory document.
2. Count inventory. All cycle counts to be complete by Nov 1st.
3. Identify inventory differences.
4. A second individual will perform a recount.
5. Determine the root causes of discrepancies and corrective action.
6. Reconcile differences and post.
7. Report results to SafeguardSupplyChainCycleCounts@deluxe.com. Results to include:
 - Date of the count
 - List of materials counted
 - Original quantity and book value
 - Counted quantity and book value.
8. Cycle count sheets must be reviewed and dated by site leadership.
9. Cycle count documents to be retained for 36 months by site leadership.

EXHIBIT C

SAFEGUARD CMS LICENSE AGREEMENT

SAFEGUARD CMS LICENSE AGREEMENT

Name of Licensee: _____

Address of Licensee: _____

Licensed Program: CMS

TERMS AND CONDITIONS

1. **Grant.** Subject to the terms and conditions set forth below and payment of published License Fees, Safeguard Business Systems, Inc. (“Safeguard”) grants to Licensee a nonexclusive, nontransferable license to use CMS. Licensee shall have no right to sublicense the Licensed Program.
2. **Proprietary Rights of Safeguard.** Licensee agrees that Safeguard is the sole and exclusive owner of all rights in the Licensed Program, and that Safeguard retains the right, at its discretion, to render the licensed Program inoperable upon the termination of the License. Licensee agrees to not modify the Licensed Program, the underlying source code or any part of the Program. Licensee also agrees to maintain and keep current the information contained in CMS where applicable.
3. **Support.** Safeguard shall provide services to Licensee for the support of the Licensed Program on published terms and conditions by a regular telephone line or email during normal business hours Eastern Time. Safeguard may modify such support services upon written notice to Licensee. Licensee is responsible for maintaining at their own expense an internet connection that is sufficient to run the Licensed Program. Licensee acknowledges that the upload and download speed that is sufficient to run the Licensed Program may increase or decrease from time to time. If Licensee customizes the Licensed Program, Safeguard reserves the right to decline to provide any support services to Licensee.
4. **Enhancements.** If Safeguard provides Licensee with any Enhancements, either for a fee or at no charge, such Enhancements will become part of the Licensed Program and be treated as if they were originally provided with the Licensed Program.
5. **Limited Warranty; Remedy.** Safeguard warrants to Licensee (1) that the Licensed Program and its use does not violate any patent, copyright or trade secret of any third person; and (2) that support to Licensee (if any) shall be furnished in a professional manner by qualified personnel; provided, however, that Safeguard does not promise to provide unlimited support services to Licensee or to support the License Program at all if it has been customized by Licensee, nor does Safeguard guarantee that all of Licensee’s claimed defects will be corrected or that all of Licensee’s problems will be resolved.

EXCEPT AS SPECIFIED ABOVE, SAFEGUARD MAKES NO WARRANTY OF ANY KIND RELATED TO THE PRODUCTS OR SERVICES PROVIDED HEREUNDER, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SAFEGUARD SHALL NOT BE LIABLE FOR DAMAGES OF ANY KIND, INCLUDING CONSEQUENTIAL DAMAGES, RELATED TO THE PRODUCTS DELIVERED OR LICENSED HEREUNDER, OR THE PERFORMANCE OF ANY MAINTENANCE OR SUPPORT SERVICES PROVIDED BY SAFEGUARD FOR THE LICENSED PROGRAM. IN ANY EVENT, SAFEGUARD'S LIABILITY SHALL BE LIMITED TO REFUND OF THE LICENSE FEES PAID IN CONNECTION WITH THIS AGREEMENT, AND ANY CLAIM BY LICENSEE ARISING UNDER THIS AGREEMENT MUST BE BROUGHT WITHIN ONE (1) YEAR FROM THE DATE OF LICENSEE'S RECEIPT OF THE LICENSED PROGRAM.

6. **Termination.** If Licensee breaches this Agreement, or if Licensee's Distributorship Agreement terminates for any reason, voluntary or involuntary, the license granted by this Agreement shall terminate immediately. Licensee must then either promptly assign the Licensed Program to an eligible assignee under Section 8 below or remove the CMS URL from any internet browser it was used on.
7. **Injunctive Relief.** Licensee agrees that, if any unauthorized copies or use of the Licensed Programs are made or occur, Safeguard will have the right to obtain an injunction compelling the removal of such unauthorized copies and prohibiting further unauthorized use of the Licensed Program, in addition to any other rights and remedies to which Safeguard may be entitled.
8. **Assignment.** This Agreement shall bind and inure to the benefit of the successors and assigns of Safeguard. Licensee may not sell, assign, license or otherwise transfer Licensee's copy of the Licensed Program without the prior written consent of Safeguard. Any proposed transferee of the Licensed Program must be a Safeguard Distributor in good standing who is assuming Licensee's Distributorship rights and who must agree in writing to be bound by these terms and conditions.
9. **Entire Agreement.** By using the Licensed Program, Licensee agrees to be bound by these terms and conditions, which constitute the entire agreement between the parties as to the matters described above. provided, however, that nothing in this or any related agreement shall disclaim the representations made in any franchise disclosure document that was furnished to Licensee.

Licensee Distributor # _____

SAFEGUARD BUSINESS SYSTEMS, INC.

By: (signature of authorized person)

By: (corporate signature)

Date: _____

Date: _____

EXHIBIT D
SAFEGUARD SLC LICENSE AGREEMENT

Exhibit D



SLC LICENSE AGREEMENT

Distributor Number:

Distributor Name:

Phone Number:

Email Address:

1. Grant. Subject to the terms and conditions set forth below, Safeguard Business Systems Inc. ("Safeguard") grants to User a nonexclusive, but transferable license to use the "seat" license identified herein. The "seat" license that is the subject of this agreement is an authorized access and permission to use the Web-based resource known as "Safeguard Learning Center" or "SLC," hereinafter referred to as "seat license." User shall have no right to sublicense these rights. The Licensed Program is licensed for use only by the User and further that each User shall be a Distributor (or a person associated with said distributorship) with an existing Distributor Agreement with Safeguard.

2. Term. The grant of the license more specifically set forth in paragraph 1 above, shall be available for use at all times the Distributor has a Distributor Agreement in effect with Safeguard.

In the event the User desires not to continue with the use of this license, User shall give 60 days written notice to Safeguard of User's intent to cease the use of the License. Upon receiving said 60-day written notice from User, Safeguard agrees the User's rights to use said license shall cease.

3. Training. User acknowledges that Safeguard will provide reasonable training as it relates to the use of the "SLC" at no charge. User acknowledges that there will be a charge associated with some of the training offered.

4. Proprietary Rights of and Rights and Obligations of Safeguard. User agrees that Safeguard is the sole and exclusive owner of all rights offered to the holder of the seat license. User will not copy or permit others to copy or use all or any part of the program associated with License. User will use reasonable precautions to prevent the unauthorized copying or use of all or any part of the License. User additionally agrees that included in this continuing obligation to use reasonable precautions to prevent the unauthorized copying or use of all or any part of this license, to use reasonable precautions when using any third party application, in conjunction with the use of applications and/or the customer information. User agrees to not modify the Licensed Program, the underlying source code or any part of the Program.

SIGNATURE

I hereby certify that the above statements are true and correct to the best of my knowledge. By signing this document, I am attesting on behalf of myself and my distributorship, that I, and everyone associated with my Safeguard Distributorship, acknowledge and agree with the "License Agreement" that is attached hereto and incorporated herein.

I _____, authorize Safeguard to deduct the fees for the Learning Management System license from commissions otherwise due and owing.

Signature:

Date:

Please sign and email the document to: safeguardlearningcenter@gosafeguard.com

Registration Schedule

Upon receipt of your registration document and payment approval, you will receive an email acknowledgement with program details and login information to begin access to the Safeguard Learning Center.

For any questions, inquiries, or additional information, please contact the Safeguard Learning Center at safeguardlearningcenter@gosafeguard.com

EXHIBIT E

TABLE OF CONTENTS OF OPERATIONS MANUAL

Operations Manual

This manual is designed to address the major areas of the Safeguard business model for those businesses considered integrated users, i.e., those who use CMS daily. Top Spin, BAM and company-owned businesses may follow a different business model.

Updates to this manual will be made on a regular basis; however, some changes will be communicated as they occur through 24/7 Announcements and Top Stories. You are being provided an electronic copy of this manual. If you would like a hard copy, one will be provided to you at no charge. Contact the Distributor Service Center (DSC) to request a hard copy.

This is an internal document and should not be reproduced or disseminated without the written permission of Safeguard.

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EXHIBIT F-1

**LIST OF DISTRIBUTORS
AS OF DECEMBER 31, 2023**

**LIST OF DISTRIBUTORS
AS OF DECEMBER 31, 2023**

Note: This list includes Safeguard Distributors whose Distributorship Agreements are with SF Systems.

ARIZONA

B.K. Promotional Strategies
Ben Korn
5856 E. Grant Road Ste 100
Tucson, AZ 85712
520-721-9644

CALIFORNIA

Majr Solutions, Inc
Raul Vasquez
1331 Danville Boulevard
Alamo, CA 94507-1969
925-838-6840

The Beavers Group, Inc.
Jennifer Johnson
12403 Central Avenue #220
Chino, CA 91710
909-591-8211

Safeguard Business Systems by the Gastelum
Group
Sergio Gastelum
2413 S. Hoover Street
Los Angeles, CA 90007
213-677-1243

Parlay Data Solutions, Inc.
Michael B. Allen
P.O. Box 688
Lake Forest, CA 92609
(949) 438-7401

Safeguard by Matt Miles
Matt Miles
1035-B West Whitter Blvd
La Habra, CA 90631
310-540-00199

T & W Barrett Enterprises, Inc.
Tracey Barrett
172 S. Main Street #354
Salinas, CA 93901
831-757-3636

DELAWARE

SFA, Inc
Stephen Axt
P.O. Box 1326
Hockessin, DE 19707
610-430-1995

FLORIDA

Safeguard of Central Florida, LLC
Michelle Bowers
119 East 13Th Street, Suite B
St. Cloud, FL 34769
407-877-3555

GEORGIA

Norris Imaging Safeguard
Didier Norris
485 Columbia Industrial Blvd,
Evans, GA 30809
706-860-4907

HAWAII

Pacific Business Forms
Raul Vasquez
2958 Ualena Street, Suite A
Honolulu, HI 96819
808-597-1717

IDAHO

KMMR, LLC
910 W. Amity
Boise, ID 83705
208-342-3676

ILLINOIS

Deb Moudy
P.O. Box 467
704 2nd Avenue
Mendota, IL 61342
815-539-7279

INDIANA

Safeguard of Fort Wayne, LLC
Chris Meyers
537 Airport N. Office Park
Ft. Wayne, IN 46825
260-489-0889

KDW Marketing, L.L.C
Joyce Jeselskis
6314 W. Stoner Drive
Suite C
Greenfield, IN 46140
317-894-8100

Kress Enterprises, Inc.
Kipp Kress
101 W. Kirkwood Avenue, Suite 230
Bloomington, IN 47404
800 875-9908

IOWA

Brian Maiers
743 Main Street
Holy Cross, IA 52053
815-535-6840

Goody, Inc
Jason and Lisa Goody
105 N. McCoy Street
Mt. Pleasant, IA 52641
888-634-0974

KENTUCKY

Thoroughbred Business Systems, Inc.
Cliff Nahm
901 Lehman Avenue, Suite 6H
Bowling Green, KY 42101
270-782-2134

MINNESOTA

Denhardt Enterprises, Inc.
8929 Aztec Drive, Suite 106
Eden Prairie, MN 55347
952-890-9036

MISSISSIPPI

Scott Bancroft
4824 Poplar Springs Place
Meridian, MS 39305
601-483-2524

NEW YORK

Safeguard Marketing Solutions USA Inc.
12 East 49th Street
New York, NY 10017
(631) 254-6600

Debbie Scholl-Telesca
44 West Lido Promenade
Lindenhurst, NY 11757
(631) 225-2900

OHIO

Camco Promotions, LLC
P.O. Box 495
Springboro, OH 45066
937-242-6045

OREGON

Inspired Results, Inc.
Amy Tiller-Shumway
P.O. Box 230759
Tigard, OR 97281
503-906-4046

PENNSYLVANIA

Innovative Print and Media Group, Inc.
500 Schell Lane
Phoenixville, PA 19460
(610) 489-4800

GL & Associates, LLC
Jerry Lloyd
2106 S. First Avenue
Whitehall, PA 18052
610-443-1616

ML & Associates, LLC
Matt Lloyd
2106 S. First Avenue
Whitehall, PA 18052
610-443-1616

SOUTH CAROLINA

Kelvin Baker
P.O. Box 154
Bishopville, SC 29010
(803) 428-4948

TEXAS

Shawn Kirkland
11080 County RD 359
Hawley, TX 79525
325-944-9355

UTAH

Safeguard Mountain West, LLC
Greg Schauerhamer
594 East 800 South, Suite F
Orem, UT 84097
801-226-2730

VIRGINIA

Safeguard Printing & Promotions, L.L.C
Janice Garton
P.O. Box 72636
Richmond, VA 23235
800-222-0842

WASHINGTON

SBD Inc.
David Cruzen
2521 West Sylvester Street
Pasco, WA 99301
509-545-8845

WISCONSIN

Paulick Print & Promo, LLC
Emily Paulick
3865 Glenview Lane
Oshkosh, WI 54904
920-231-9922

EXHIBIT F-2

**LIST OF PRE-EXISTING DISTRIBUTORS
AS OF DECEMBER 31, 2023**

PRE-EXISTING DISTRIBUTORS

Dist DBA Name	Address 1	City	ST Table	ZIP Code	Contact Phone #
SAFEGUARD BUSINESS SOLUTIONS LLC	7650 COTTAGE HILL ROAD	MOBILE	AL	36695	(251) 666-4959
SAFEGUARD BUSINESS SYSTEMS DWINNELL & ASSOCIATES	11250 E. STATE ROUTE 69 - SPACE 2178	DEWEY	AZ	86327	(602) 285-1511
KOLESZAR CONSULTING LLC	6126 WEST IRMA LN. VENUE	GLENDALE	AZ	85308	(480) 892-7527
SAFEGUARD BILL FERNOW	1504 COPPER BASIN ROAD	PRESCOTT	AZ	86303	(928) 445-9448
RISINGER, JOAN	900 SOUTH RIM CREST DRIVE	ANAHEIM HILLS	CA	92807	(714)-912-4112
BARRETT, ANTHONY	805 FERDINAND COURT	BAKERSFIELD	CA	93398	(661)-831-7209
HAMILTON SAFEGUARD BUSINESS SYSTEMS	10614 ALABAMA	CHATSWORTH	CA	91311	(818) 998-6502
OHL, KAREN	21155 N. MANZANITA HILLS ROAD	COLFAX	CA	95713	(650) 558-8020
DOANE ASSOCIATES	2950 AIRWAY AVE. BLDG. A-1	COSTA MESA	CA	92626	(714) 540-0401
DRYSDALE & ASSOCIATES INC	2950 AIRWAY AVE, UNIT A-1	COSTA MESA	CA	92626	(714) 668-9399
SCHOB, GREG & VICKI	7081 N. MARKS AVE #104 PMB# 348	FRESNO	CA	93711	(888)-836-5008
SAFEGUARD BY MATT DEMPEWOLF & ASSOCIATES	125 N. MAIN STREET	MANTECA	CA	95336	(209) 577-6024
SAFEGUARD BUSINESS SYSTEMS BY LAURA BROWN	2365 MESA DRIVE	NEWPORT BEACH	CA	92660	(949) 476-0001
ROLFF ENTERPRISES, INC	45200 TOLLADAY ROAD	OAKHURST	CA	93644	(559)-642-4441
NELSON, CHRISTY	8736 RIGGINS RD	PHELAN	CA	92371	(909) 477-6653
MORMON, JACK	401 SANTA FE AVE	POINT RICHMOND	CA	94801	(510) 232-7800
VENTURA, STEPHEN (STEVE)	11315 SUNRISE GOLD CIRCLE, SUITE A	RANCHO CORDOVA	CA	95742	(916) 355-1430
CHRISTENSEN, LINDA	3600 LIME STREET STE 615	RIVERSIDE	CA	92501	(714) 745-6280
LENT, ALICE	P.O. BOX 157	ARNOLD	CA	95223	(415) 864-3377
JOE FORNEY ENTERPRISES INC	171 BRANHAM LANE, #10-434	SAN JOSE	CA	95136	(408) 938-4210
SAFEGUARD BUSINESS SYSTEMS BY JIM GAILEY	6577 FALL RIVER DRIVE	SAN JOSE	CA	95120	(408) 938-4205
SAFEGUARD BY JUDY REUTHER	368 MILLPOND DRIVE	SAN JOSE	CA	95125	(408) 979-9002
JEFF REUTHER & ASSOCIATES	3964 RIVERMARK PLAZA, SUITE 145	SANTA CLARA	CA	95054	(408) 267-5530
PAPICH, SHAREN	19229 SONOMA HIGHWAY #171	SONOMA	CA	95476	(707) 938-5798
GOOD, RON	30520 RANCHO CALIFORNIA ROAD #107-74	TEMECULA	CA	92591	(714) 850-1827
TRUMBAUER, GARY	469 COUNRTY CLUB DR #213	SIMI VALLEY	CA	93065	(818) 879-8164
VICKY A TARR & ASSOCIATES	2231 STILLWATER CREEK DR	FORT COLLINS	CO	80528	(970) 482-1500
SAFEGUARD-PDX	5230 LAND O LAKES BLVD # 1372	LAND O LAKES	FL	34639	(503)-451-3641
ED MINOR INC	604 MAIN TRAIL	ORMOND BEACH	FL	32174	(352)-219-6389
KATZEN, RAYMOND	P.O. BOX 880414	BOCA RATON	FL	33488	(781) 599-5500
SEARL, FRED	334 EAST LAKE ROAD # 214	PALM HARBOR	FL	34685	(540) 774-1794
SAFEGUARD BUSINESS SYSTEMS & FORMS OF TALLAHASSEE	4977 SCAWTHORN DR	TALLAHASSEE	FL	32309	(850)-562-7143
SAFEGUARD PRINTING & PROMOTIONAL PRODUCTS, INC. (LARRY STANCL)	10945 STATE BRIDGE RD., SUITE #401-343	ALPHARETTA	GA	30022	(770) 752-4612
STALLINGS, RICHARD	5855 COCA COLA BLVD.	COLUMBUS	GA	31909	(706) 327-9550
BENTON, RANDY	2491-B MONROE DRIVE	GAINESVILLE	GA	30507	866-401-4272
FARMER, STEVE	2623 SHADOW BLUFF DRIVE	MARIETTA	GA	30062	(770) 971-7060

PRE-EXISTING DISTRIBUTORS

Dist DBA Name	Address 1	City	ST Table	ZIP Code	Contact Phone #
SAFEGUARD ACCOUNTING & BUSINESS FORMS	720 SOUTH STREET	HONOLULU	HI	96813	(808) 521-4581
RON PEDERSEN & ASSOCIATES	972 AKUMU STREET	KAILUA	HI	96734	(808) 845-9399
SAFESOURCE LTD	4403 1ST AVENUE SE SUTIE 302	CEDAR RAPIDS	IA	52402	(319) 363-6166
SAFEGUARD WESTERN BUSINESS FORMS & SUPPLY	2152 N. FOOHILL ROAD	IDAHO FALLS	ID	83401	(208) 522-1996
PEZZA, JAY	21 N. SKOKIE HIGHWAY, SUITE 102B	LAKE BLUFF	IL	60044	(847) 234-2611
MG GRIFFITHS INC	2913 30TH STREET	MOLINE	IL	61265	(309) 736-2540
ARMSTRONG, DICK	1350 REMINGTON ROAD SUITE A	SCHAUMBURG	IL	60173	(847) 397-1060
RYAN, PATRICK	1129 FAIRVIEW AVENUE	WESTMONT	IL	60559	(800) 458-5445
KC SAFEGUARD	6800 W. 107TH STREET, SUITE 110	OVERLAND PARK	KS	66212	(913) 829-3030
GEORGE MAXWELL & ASSOCIATES INC	410 COMMERCIAL DR STE 102A	LOUISVILLE	KY	40223	(502) 244-4676
BANCHI, MICHAEL	59 BRANCH ST.	MANSFIELD	MA	02048	(508) 339-2829
SAFEGUARD SB SIMMONS & ASSOCIATES	2 COMMERCIAL STREET	SHARON	MA	02067	(781) 784-6600
MURRAY & HEISTER	15851 COMMERCE COURT	UPPER MARLBORO	MD	20774	(301)-937-5980
SAFEGUARD/ONE SOURCE	8480 BALTIMORE NATIONAL PK 3210	ELLCOT CITY	MD	21043	(301) 261-7514
AUBIN, MARK	9414 COTTAGE PARK	GREENVILLE	MI	48838	(800) 268-8518
ANGOTTI'S	57353 JUNCTION CT.	WASHINGTON	MI	48094	(586) 336-7000
MIDWEST SAFEGUARD	222 W. 68TH STREET	KANSAS CITY	MO	64113	(816) 444-0600
EZ CHECKS & FORMS INC	5145 BERKELEY CREEK LANE	CHARLOTTE	NC	28227	(704) 535-3023
RYAN E BUSBY & ASSOCIATES	5101 TWIN CEDARS DRIVE	MONROE	NC	28110	(704) 846-3321
WEINSTEIN, SAUL	73 STONY RIDGE DRIVE	HILLSDALE	NJ	07642	(718) 761-9455
TAURO ASSOCIATES	25 BROOK TERRACE	LEONIA	NJ	07605	(201) 346-9671
J & C RATH LLC	459 OAKSHADE ROAD, SUITE D	SHAMONG	NJ	08088	(609) 268-5800
GRANT, SUSAN	516 PARK STREET	UPPER MONTCLAIR	NJ	07043	(973) 783-3003
PARK ASSOCIATES OF MONTCLAIR LLC	516 PARK STREET	UPPER MONTCLAIR	NJ	07043	(973) 783-3003
MNM ASSOCIATES INC	226 CYNTHIA LOOP NW, UNITC C	ALBUQUERQUE	NM	87114	(505) 797-8490
SIMMONS SR, FREDERICK	32 WEST STATE STREET, SUITE 203	BINGHAMTON	NY	13901	(607) 723-6644
SAFEGUARD PROMOTIONAL PRODUCTS	21 CORPORATE DRIVE, STE. 204	CLIFTON PARK	NY	12065	(518) 688-0800
SAFEGUARD BUSINESS SOLUTIONS	1288 BLOOD ROAD	COWLESVILLE	NY	14037	(716) 675-0124
PARKERSPROMOS	ONE ALDEN ROAD	EAST ROCKAWAY	NY	11518	(516) 374-4999
OEHLER, KENNETH	38 GINA COURT	PATCHOGUE	NY	11772	(631) 475-0385
JACKSON, DAVID	7308 N.W. 105TH	OKLAHOMA CITY	OK	73162	(405) 720-7343
M.J. MOCK & ASSOCIATES, LLC	P.O. BOX 41725	CENTERVILLE	OH	45441	(937) 438-0196
CULHANE JR, JOE	2861 N.W. WESTOVER ROAD	PORTLAND	OR	97210	(503) 223-5478
JSS PRINTING AND PROMOTIONS, LLC	332 N. BETHLEHEM PIKE	AMBLER	PA	19002	(215) 358-3177
HORNICKLE, DEBORAH	50 HANOVER CT.	LANGHORNE	PA	19047	(215) 504-8200
MASCOT ASSOCIATES	1631 STAIRVILLE ROAD	MOUNTAIN TOP	PA	18707	(570) 826-1515

PRE-EXISTING DISTRIBUTORS

Dist DBA Name	Address 1	City	ST Table	ZIP Code	Contact Phone #
CAPIZZI, CAROL	217 WEST BROWN STREET	NORRISTOWN	PA	19401	(610) 275-6611
OLAHARSKI, FRED	3227 MIDDLETOWN ROAD	PITTSBURGH	PA	15204	(412) 921-0415
BRANNON CONSULTING	3459 RT. 981	SALTSBURG	PA	15681	(724) 639-9796
SMYTH, BRIAN	884 RHOADS DRIVE	SPRINGFIELD	PA	19064	(610) 328-0344
BOYER, TRACY	733 SCHOOL HOUSE ROAD	SUNBURY	PA	17801	(570) 286-2229
OLIVERO, HILDEGARDE	DARLINGTON SUITE 910	RIO PEDRAS	PR	00925	(787) 764-8516
BRIAN GILLIAM INC	104 S. KILDARE WAY	MOORE	SC	29369	(864) 574-8052
FIELDS, ART	5270 CHARLOTTE OAK CV	ARLINGTON	TN	38002	(901) 388-8899
HANDLEY, MARY	3116 TRAILWOOD LANE	FLOWER MOUND	TX	75028	(972) 874-3640
JOHNSON, MARK	3816 CASTLE AVENUE	WACO	TX	76710	(800)-560-5030
WOLFF, PAULA	4600 HOLBORN AVENUE	ANNANDALE	VA	22003	(703) 978-4606
SAFEGUARD BY JACK MEAGHER	4913 FITZHUGH AVE STE 200	RICHMOND	VA	23230	(804) 355-2679
GORDON, DON MICHAEL	5650 PARLIAMENT DR.	VIRGINIA BEACH	VA	23462	(757) 497-0363
SABER-PAULEY, ROBIN	128 OAKWOOD ESTATES	SCOTT DEPOT	WV	25560	(304) 345-0485

EXHIBIT G

LIST OF DISTRIBUTORS WHO HAVE LEFT THE SYSTEM

**LIST OF DISTRIBUTORS WHO HAVE LEFT THE SYSTEM
DURING THE FISCAL YEAR ENDING DECEMBER 31, 2023**

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

None.

EXHIBIT H

LIST OF STATE ADMINISTRATORS

EXHIBIT H

LIST OF ADMINISTRATORS

CALIFORNIA

Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
866-275-2677

CONNECTICUT

Cynthia Antanaitis
Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

FLORIDA

Florida Department of Agriculture &
2005 Apalachee Parkway
Tallahassee, Florida 32399

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn.: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
1526 K Street, Suite 300
Lincoln, Nebraska 68508

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8222

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

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

SOUTH DAKOTA

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
Salt Lake City, Utah 84111

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
302 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT I

LIST OF AGENTS FOR SERVICE OF PROCESS

EXHIBIT I

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

CONNECTICUT

Banking Commissioner of State of
Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800

HAWAII

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

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce,
Corporations and Securities Bureau
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
85 7th Place East
Suite 280
Saint. Paul, Minnesota 55101

NEW YORK

Secretary of State of
the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

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

SOUTH DAKOTA

Director
Department of Labor and Regulation
Insurance Division
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT J

STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the disclosure document/Distributorship Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Item 1 of the disclosure document is supplemented by the following language:

“SBS had a franchise offering registered in California from 1997 through 1999 for a distributorship that was similar to, but not the same as, the distributorship offered under this disclosure document. SBS never offered or sold any franchises in California under that franchise offering based on a business decision by SBS. Certain individuals that are listed in Item 2 were officers of SBS at the time of that franchise registration, including Michael Dunlap.”

b. Item 3 of the disclosure document is supplemented by the following language:

“Neither we nor any person in Item 2 of the 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 such association or exchange.”

2. Item 17 of the disclosure document is amended supplemented by the following language:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to the distributor concerning termination, transfer or non-renewal of a franchise. If the distributorship agreement contains a provision that is inconsistent with the law, the law will control.
- b. The distributorship agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The distributorship agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- d. The distributorship agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

5. The California Corporations Code 31512 provides that: “Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The distributorship agreement requires a shortened status

of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304. The distributor agreement also limits the type of damages that a franchisee may recover. Pursuant to Corporations Code Section 31300, this provision is void, to the extent that the provision is inconsistent with Section 31512.

6. You must sign a general release if you 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).

7. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

**ADDENDUM TO TEMPUR FRANCHISING US, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

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

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

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

**ADDENDUM TO THE SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

1. If the franchise agreement requires that it be governed by a state's law, other than the state of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act (including judicial decisions interpreting the Act), Illinois law will govern.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law or Illinois is void.
4. Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure act.
5. Each provision of this addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this addendum. This addendum shall have no force or effect if such jurisdictional requirements are not met.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. Item 5 of the disclosure document is supplemented by the following language:

“As a condition to becoming registered to offer and sell franchises in the state of Maryland, the Maryland Securities Division has required that we defer your obligation to pay all initial fees (including any initial license fee for the proprietary CMS program and initial training fee) under the disclosure document until your Safeguard Business is open and initial training has been provided. Therefore, notwithstanding anything to the contrary in Item 5 of the disclosure document, during the period that such fee deferral requirement is imposed on us (“Fee Deferral Period”), you will not be required to pay the initial fees until you have been provided with initial training and begin operating your Safeguard Business. Immediately upon notice from us that the Fee Deferral Period has ended, you must pay the initial fees as contemplated by Item 5 of the disclosure document.”

2. (a) The Summary column for Items 17.v., “Choice of Forum” (Distributorship Agreement chart) is amended as follows:

“A distributor may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a distributor has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at an office of the AAA located nearest to our principal place of business in Dallas, Texas. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Distributorship Agreement is the state, county or judicial district in which Dallas, Texas is located, unless otherwise brought by us.”

- (b) Item 17.c., “Requirements for you to renew or extend” (Distributorship Agreement chart) and Item 17.m. “Conditions for our approval of transfer” (Distributorship Agreement chart) are amended by the addition of the following:

“The Code of Maryland Regulations COMAR 02.02.08.16L., states that a 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. This may affect the enforceability of certain provisions in the Distributorship Agreement relating to renewal, sale, assignment or transfer of the Distributorship Agreement.”

- (c) Item 17 is amended to add the following note at the end of that Item:

“Any claims that Distributor may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the distributorship.”

- (d) the addition of the following as the last paragraph of Item 17:

“A provision in the Distributorship Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.”

3. Payment of initial franchise fees will be deferred until the we have met all of our initial obligations to Distributor and Distributor has commenced doing business. This financial assurance requirement was imposed by the Maryland Attorney General’s Office due to the our financial status.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G 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, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, NEW YORK, NEW YORK 100051. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. 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 FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3, "Litigation" is hereby amended by deleting the last paragraph in that Item and replacing it by the following language:

Other than the above action:

- "(1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations.
- (2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations.
- (3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any 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, 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. Item 4, "Bankruptcy" is hereby deleted in its entirety and the following language substituted in lieu thereof:

“Neither Safeguard Franchise Sales, Inc., nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this disclosure document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the 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 it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Safeguard Franchise Sales, Inc. held this position with the company or partnership.”

4. Item 5, “The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.”

5. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” is amended as follows:

(a) By adding the following in the “Summary” column opposite category d., “Termination by you”:

“To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law.”

(b) By adding the following in the “Summary” column opposite category w., “Choice of law”:

“The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.”

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. Item 5 of the disclosure document is supplemented by the following language:

“Based on our current financial condition, as a condition to becoming registered to offer and sell franchises in the state of North Dakota, the North Dakota Securities Department has required that we defer your obligation to pay the initial license fee for the proprietary CMS program under the Distributorship Agreement until your Safeguard Business is open and initial training has been provided. Therefore, during the period that such fee deferral requirement is imposed on us (“Fee Deferral Period”), you will not be required to pay the initial license fee until your Safeguard Business opens and initial training has been completed. Immediately upon notice from us that the Fee Deferral Period has ended, you must pay the initial license fee as contemplated by Item 5 of the disclosure document.”

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

**ADDENDUM TO THE SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Safeguard Franchise Sales, Inc. is supplemented by the following:

“Under 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.”

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

**ADDENDUM TO THE SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. Each provision of this addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Franchise Investment Protection Act, with respect to each such provision, are met independent of this addendum. This addendum shall have no force or effect if such jurisdictional requirements are not met.

10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any

claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

EXHIBIT K
FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (this "Release") is made as of _____, 2012 by and between SAFEGUARD BUSINESS SYSTEMS, INC., a Texas corporation ("Safeguard"), and _____, a Safeguard Distributor ("Distributor").

WHEREAS, Distributor has executed that certain Safeguard Distributorship Agreement (the "Agreement"), granting Distributor the right to operate a Safeguard business; and

WHEREAS, Safeguard and the Distributor has entered into a Purchase Agreement on or about _____ which provides for, among other things, the assignment of certain customer commission rights from Distributor to Safeguard (hereinafter referred to as "Assignments"); and

WHEREAS, Safeguard has conditioned its consent to such Assignments upon Distributor's execution of this Release;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Safeguard and Distributor hereby agree as follows:

1. Release by Distributor. Each Distributor hereby unconditionally releases and forever discharges Safeguard, and each of its affiliates, and their respective officers, directors, employees, agents and representatives, and all of their heirs, executors, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, liabilities, claims, demands, actions or causes of action, suits, judgments or controversies of any kind whatsoever, that now exist or that may arise in the future, out of any matter, transaction or event occurring on or prior to the date hereof (collectively, the "Claims"), including without limitation: (i) Claims by Distributor based upon, arising out of or in any way connected with the Agreement, or any other agreement to which Distributor is a party, occurring on or prior to the date hereof, and (ii) any other right, title or interest in, to and under any agreement, arrangement or understanding to which Distributor is a party. Each Distributor further agrees not to file or bring any claim, suit, civil action, complaint, arbitration or administrative action in any city, state or federal court or agency or arbitration tribunal with respect to any Claim.

2. Competency; Release Voluntarily Executed. Each Distributor acknowledges that it has full and complete power and authority to execute this Release, and that their execution hereof shall not violate the terms of any contract or agreement between them or any court order. Each Distributor further acknowledges that this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

3. Governing Law; Choice of Forum. This Release and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the substantive laws (but not the principles governing conflict of laws) of the State of Texas. Any dispute relating to this release shall be subject to the forum selection provisions of the Agreement.

4. Counterparts. This Release may be executed in one or more counterparts (including by facsimile) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same Release.

[SIGNATURE PAGE FOLLOWS]

Washington Addendum

IN WITNESS WHEREOF, Safeguard and Distributor have caused this Agreement to be executed have hereunto set their hand and seal, all as of the date first above written.

SAFEGUARD:

SAFEGUARD BUSINESS SYSTEMS, INC., a
Texas corporation

By: _____
R. Scott Sutton, Vice President

Date: _____

DISTRIBUTOR:

_____, a _____

By: _____
_____, _____

Date: _____

**ADDENDUM TO SAFEGUARD BUSINESS SYSTEMS, INC. GENERAL RELEASE
FOR THE STATE OF WASHINGTON**

1. The Release/Assignment and Acceptance does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

EXHIBIT L-1
FORM OF TERM NOTE

Washington Addendum

TERM NOTE

\$ _____

DALLAS, TEXAS

DATED: _____

FOR VALUE RECEIVED, and intending to be legally bound, _____, a [_____] corporation (“Borrower”) whose address is _____, promises to pay to **SAFEGUARD _____, INC.**, a [_____] corporation (“Lender”), whose address is 3000 Kellway Drive, Carrollton, Texas 75006, the sum of _____ AND NO/100 U.S. DOLLARS (\$ _____), in legal and lawful current money of the United States of America, together with interest on all unpaid principal, at the rate hereinafter set forth, accruing from and after the date hereof, payable in the manner set forth herein. This Term Note (this “Term Note”) is delivered pursuant to that certain Asset Purchase Agreement effective of even date herewith between Borrower and Lender as payment of the purchase price for Lender’s rights and interests in certain specified assets of the business located generally in and around _____ (the “Purchase Agreement”).

1. TERMS DEFINED IN THE UCC. Terms used herein without definition that are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (the “UCC”) shall have the respective meanings set forth therein.

2. PAYMENTS OF INTEREST AND PRINCIPAL.

(a) No payment shall be made from the date of this Term Note as set forth above, until on or about _____. This _____ payment shall be made from a Commission Reduction (defined herein) for commissions payable by Lender to Borrower for the commission period covering _____ through _____ which is paid on _____ and _____, respectively.

(b) Interest shall accrue semi-monthly on the outstanding principal and interest of this Term Note at the rate of six percent (6%) per annum until paid in full. Interest shall begin to accrue immediately [or on _____] under this Term Note. Interest shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual number of days elapsed. All payments will be credited first to the accrued interest and then to reduction of principal.

(c) Borrower authorizes Safeguard to deduct the payments described herein from the commissions (as that term is described in the Distributorship Agreement) otherwise due and payable to Borrower from Safeguard under the terms of the Distributorship Agreement dated _____ as has been modified or supplemented from time to time (“Distributorship Agreement”) between Borrower and Safeguard for the making of the payments to Lender.

(d) Beginning on or about _____, Borrower shall make payments of principal and interest to Lender in accordance with the loan amortization schedule attached here to as **Exhibit A** (the “Amortization Schedule”).

(e) Borrower may prepay all or any part of the unpaid principal balance of this Term Note, together with all accrued and unpaid interest, at any time, without premium or penalty.

3. APPLICATION; BUSINESS DAY. Borrower and Lender hereby acknowledge and agree that unless otherwise specified in writing by Lender in its sole discretion, payments required hereunder by Borrower shall be made through the setoff of mid-month and/or end of month commission payments due and payable to Borrower from Lender or any of Lender’s Affiliates and/or assigns (the “Commission Reduction”). Lender shall apply all monthly payments associated with this Term Note to any accrued and unpaid interest then owing, then to any reduction of principal of this Term Note for that month, then to any unpaid late charges or other fees and expenses in such order and in such amounts as Lender may reasonably determine from time to time. If setoff amounts associated with the Commission Reduction do not cover the payments then due by Borrower and owing to Lender (the “Outstanding Setoff Balance”), Borrower agrees to submit to Lender payment for the Outstanding Setoff Balance within five (5) business days of Lender’s notification to Borrower of the Outstanding Setoff Balance, which shall establish the due date related to such Outstanding Setoff Balance. Such payment(s) shall be made in the manner specified by

Lender pursuant to its then-current policies and procedures. Borrower authorizes Lender or Lender's Affiliates to make the Commission Reduction and to process the payment of any Outstanding Setoff Balance (if applicable) on behalf of Lender. For purposes hereof "Affiliate" of Lender means any other corporation, limited liability company or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Lender.

4. EVENTS OF DEFAULT.

(a) The following shall be events of default ("Events of Default"):

(i) Borrower's failure to make any payment of interest or principal within ten (10) days after the date due; or

(ii) Borrower's default under that certain Safeguard Distributorship Agreement or the Security Agreement of even date herewith, or the default, breach and/or termination of any agreement to which Lender, its affiliates and assigns, and Borrower, its affiliates, officers, directors and assigns, are party.

(iii) Borrower shall become insolvent or unable to pay its debts as the same mature, or a petition shall be filed by or against Borrower in bankruptcy or seeking the appointment of a receiver, trustee or conservator for Borrower or for any portion of its property, or for reorganization or to effect a plan or other arrangement with or for the benefit of creditors, and such petition shall not have been dismissed or stayed within sixty (60) days of the commencement, or Borrower shall consent to the appointment of a receiver, trustee, or conservator for Borrower or for any portion of its property.

(b) Upon and following the occurrence of an Event of Default, Lender may, upon notice to Borrower, declare this Term Note to be immediately due and payable in full and may thereafter exercise any or all rights available under [Texas] law.

5. PURPOSE OF NOTE. This Term Note is delivered pursuant to the terms of the Purchase Agreement.

6. PAYMENT OF FEES AND EXPENSES. Borrower agrees to pay, upon demand, costs of collection of all amounts due under this Term Note, including, without limitation, principal, interest and fees, or in connection with the enforcement of, or realization on, any security for this Term Note, including, without limitation, to the extent permitted by applicable law, reasonable attorneys' fees and expenses.

7. COLLATERAL. The payments more fully set out herein are secured by the terms of that certain Security Agreement of even date herewith entered into between Borrower and Lender and Safeguard (the "Security Agreement").

8. INTEREST NOT TO EXCEED MAXIMUM PERMITTED BY LAW. The parties agree and intend to comply with the applicable usury laws and, notwithstanding anything contained herein, the effective rate of interest to be paid on this Term Note (including all costs, charges, and fees which are characterized as interest under applicable law) shall not exceed the maximum contract rate of interest permitted under applicable law as it exists from time to time. Lender agrees not to knowingly collect or charge interest (whether denominated as fees, interest, or other charges) which will render the interest rate hereunder usurious and, if any payments of interest or fees by Borrower to Lender would render this Term Note usurious, Borrower agrees to give Lender written notice of such fact with or in advance of such payment. If Lender should receive any payment which constitutes interest under applicable law in excess of the maximum lawful contract rate permitted under applicable law (whether denominated as interest, fees, or other charges), the amount of interest received in excess of the maximum lawful rate shall automatically be applied to reduce the principal balance, regardless of how such sum is characterized or recorded by the parties.

9. AUTHORIZATION TO FILE UCC STATEMENTS. The Borrower hereby authorizes the Lender, its counsel or designee to file, in the name of the Borrower, any UCC financing and/or continuation statement and to take any other action as Lender in its sole discretion may deem necessary or appropriate to further protect, enforce or maintain the perfection of the security interest.

10. GOVERNING LAW. This Term Note shall be governed by the internal laws of the state of [Texas], without regard to conflict or choice of law principles.

11. GENERAL PROVISIONS.

(a) Borrower waives presentment, demand, notice, protest, and all other demands and notices in connection with delivery, acceptance, performance, or enforcement of this Term Note.

(b) Borrower agrees that in any legal proceeding, a copy of this Term Note kept in Lender's ordinary course of business may be admitted into evidence as an original.

(c) This Term Note is a binding obligation enforceable in accordance with its terms against Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

(d) If a court deems any provision of this Term Note invalid, the remainder of this Term Note shall remain in full force and effect.

(e) No failure by Lender to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by such Lender of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of Lender hereof as herein specified are cumulative and not exclusive of any other rights or remedies which Lender may otherwise have.

(f) All notices, demands, or other communications hereunder must be in writing and will be effective upon receipt when sent to the address set forth herein or such other address as provided by such party.

12. JURISDICTION AND VENUE. BORROWER KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY (A) CONSENTS IN EACH ACTION AND OTHER LEGAL PROCEEDING COMMENCED BY LENDER AND ARISING OUT OF OR OTHERWISE RELATING TO THIS TERM NOTE TO THE NONEXCLUSIVE PERSONAL JURISDICTION OF ANY COURT LOCATED IN [DALLAS COUNTY, TEXAS] THAT IS EITHER A COURT OF RECORD OF THE STATE OF [TEXAS] OR A COURT OF THE UNITED STATES LOCATED IN THE STATE OF [TEXAS], (B) WAIVES EACH OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING, (C) WAIVES PERSONAL SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING, (D) CONSENTS TO THE MAKING OF SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING BY REGISTERED MAIL DIRECTED TO BORROWER AT THE LAST ADDRESS OF BORROWER SHOWN IN THE RECORDS RELATING TO THIS TERM NOTE MAINTAINED BY LENDER, WITH SUCH SERVICE OF PROCESS TO BE DEEMED COMPLETED FIVE (5) DAYS AFTER THE MAILING THEREOF, (E) WAIVES IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING EACH RIGHT TO ASSERT ANY NON-MANDATORY COUNTERCLAIM, ANY SETOFF OR ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS OR CLAIM OF LACHES, (F) WAIVES EACH RIGHT TO ATTACK ANY FINAL JUDGMENT THAT IS OBTAINED AS A RESULT OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING AND (G) CONSENTS TO EACH SUCH FINAL JUDGMENT BEING SUED UPON IN ANY COURT HAVING JURISDICTION WITH RESPECT THERETO AND ENFORCED IN THE JURISDICTION IN WHICH SUCH COURT IS LOCATED AS IF ISSUED BY SUCH COURT.

INITIALS OF BORROWER: _____

13. WAIVER OF JURY TRIAL. BORROWER KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES EACH RIGHT BORROWER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO, AND EACH RIGHT TO ASSERT ANY CLAIM FOR DAMAGES (INCLUDING, BUT NOT LIMITED TO, PUNITIVE DAMAGES) IN ANY ACTION OR OTHER LEGAL PROCEEDING OF ANY NATURE, RELATING TO (A) THIS TERM NOTE, (B) ANY TRANSACTION CONTEMPLATED BY ANY SUCH DOCUMENTS OR (C) ANY NEGOTIATION,

PERFORMANCE OR ENFORCEMENT OF THIS TERM NOTE. BORROWER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL AS NECESSARY AND APPROPRIATE.

INITIALS OF BORROWER: _____

14. REMEDIES; WAIVERS. The remedies of Lender shall be construed as concurrent, and may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall arise. No act or omission or commission of Lender, including specifically any failure to exercise any right, remedy, or recourse, shall be effective unless set forth in a written document executed by Lender, and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing or a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

15. SEVERABILITY. If any one or more of the provisions contained in this Term Note for any reason shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Term Note, and instead this Term Note shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein.

16. ASSIGNMENT. Lender may assign this Term Note to an affiliated corporation or other business entity. Borrower may not transfer or assign this Term Note except with the prior written consent of the Lender, exercisable in its sole discretion. This Term Note shall be binding upon and inure to the benefit of the Lender and the Borrower and their respective successors and permitted assigns.

17. HEADINGS. Section headings appearing in this Term Note are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Term Note.

18. TIME OF ESSENCE. Time is of the essence of this Term Note and the payments and performance hereunder.

19. MODIFICATIONS AND EXTENSIONS. This Term Note may not be changed orally, but only by an agreement in writing that is signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

20. ENTIRE AGREEMENT. THIS TERM NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER OF THIS TERM NOTE.

IN WITNESS WHEREOF, and intending to be legally bound, Borrower has executed and delivered this Term Note on the day and year above first written as a document under seal.

BORROWER: _____

By: _____

LENDER: SAFEGUARD _____, INC.

By: _____
Scott Sutton, Vice President

EXHIBIT A
Amortization Schedule

EXHIBIT L-2
FORM OF BALLOON NOTE

___-YEAR BALLOON NOTE

\$ _____

Dallas, Texas

Dated: _____

FOR VALUE RECEIVED, and intending to be legally bound, _____, a [_____] corporation (“Borrower”), whose address is _____, promises to pay to SAFEGUARD _____, a [_____] corporation (“Lender”), whose address is 3000 Kellway Drive, Carrollton, Texas 75006, the sum of _____ AND no/100 Dollars (\$_____), in legal and lawful current money of the United States of America, together with interest on all unpaid principal, at the rate hereinafter set forth, accruing from and after the date hereof, payable in the following manner:

This Balloon Note (this “Balloon Note”) is to be considered a balloon note whereby the principal of this loan is retired through principal payments. On the date of maturity, one (1) large payment consisting of all unpaid principal and accrued and unpaid interest becomes due in full. THIS IS A BALLOON PAYMENT NOTE.

The Maturity Date of this Balloon Note shall be ___ () years, maturing in full on _____ (the “Maturity Date”).

1. TERMS DEFINED IN THE UCC. Terms used herein without definition that are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (the “UCC”) shall have the respective meanings set forth therein.

2. PAYMENTS GENERALLY.

Interest shall accrue on the principal amount outstanding under this Balloon Note at a rate of six percent (6%) per annum. Interest shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual number of days elapsed. All payments will be credited first to the accrued interest and then to reduction of principal. The principal balance shall be repayable in the following manner:

All interest and principal hereunder shall be repayable on a monthly basis by means of credits applied by Lender at the rate of ___ (%) of customer sales received by Lender or Lender’s Affiliates and associated with Borrower’s insourcing orders¹ that are intended to be insourced/manufactured directly by Lender or Lender’s Affiliate, Deluxe (coded Safeguard Product Lines 01, 02, 04, 05, 07, 11, 33, 57, 73, 80, and 88 in Safeguard’s billing system for customers serviced by Borrower [or “DX” in Borrower’s order entry system]) made: (i) on or after _____ (ii) for all sales entered into Safeguard’s billing system by Borrower that exceed \$ _____ for each regularly-occurring month period that are [shipped and billed] between _____ and _____ (“Insourcing Credit”). For purposes hereof “Affiliate” of Lender means any other corporation, limited liability company or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Lender. Borrower will receive no Insourcing Credit for any order that is sourced through any other manufacturer or means in Lender’s sole discretion or where Lender is unable to collect the full amount due by the customer for which Borrower otherwise would have received an Insourcing Credit.

On the Maturity Date, the entire unpaid principal balance hereof, together with all accrued and unpaid interest thereon, shall become due and payable in full. Both principal and interest shall be payable in legal and lawful current money of the United States of America. Payments shall be made at the address for Lender provided above, or such other address as Lender may from time to time designate.

Notwithstanding anything to the contrary in this Balloon Note, upon a Change in Control (as defined herein) of the Borrower prior to the Maturity Date, the remaining unpaid principal balance hereof,

¹ All as determined in accordance with or respect to that certain Regional Distributor Agreement, dated _____ as amended, restated, supplemented, or otherwise modified from time to time (the “Distributor Agreement”), and the applicable policies set by Safeguard Business Systems, Inc., in relation to the Distributor Agreement.

together with all accrued and unpaid interest thereon, shall be due and payable in full. "Change in Control" means the occurrence of either of the following after the date of this Balloon Note: (a) one person or more than one person acting as a group (other than _____), directly or indirectly, acquires ownership of stock of the Borrower that, together with the stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Borrower; or (b) the sale of all, or substantially all, of the Borrower's assets.

3. PREPAYMENTS. Borrower may prepay all or any part of the unpaid principal balance of this Balloon Note, together with all accrued and unpaid interest, at any time without premium or penalty.

4. SECURITY. The payments more fully set out herein are secured by all collateral described in the Security Agreement between Borrower and lender being entered into contemporaneously with this Note, including without limitation, all (i) Accounts (as that term is defined in the Texas Uniform Commercial Code) of Borrower; (ii) General Intangibles (as that term is defined in the Texas Uniform Commercial Code) of Borrower; (iii) Inventory and Instruments (as those terms are defined in the Texas Uniform Commercial Code) of Borrower; (iv) certain Specific Collateral of Borrower as more fully described in the Security Agreement, including but not limited to commissions due and payable to Borrower from Lender; and (v) receivables, tangible and intangible property associated with Borrower's rights as contained within that certain Safeguard Distributorship Agreement between Borrower and Lender's affiliate, Safeguard Franchise Sales, Inc.

5. AUTHORIZATION TO FILE UCC STATEMENTS. The Borrower hereby authorizes the Lender, its counsel or designee to file, in the name of the Borrower, any UCC financing and/or continuation statement and to take any other action as Lender in its sole discretion may deem necessary or appropriate to further protect, enforce or maintain the perfection of the security interest.

6. EVENTS OF DEFAULT.

(a) Lender may, at its discretion and without notice to Borrower, call this Balloon Note immediately due and payable, and pursue any and all other remedies available to Lender at law or in equity, in the event of: (i) default, breach, or termination of the Distributor Agreement, (ii) default, breach, or termination of any other agreement to which Lender or its affiliates or assigns and Borrower or its affiliates, officers, directors, or assigns are a party, (iii) any failure by the Borrower to perform, or comply with, any material term or condition contained in this Balloon Note and (iv) this Balloon Note ceases to be in full force and effect or Borrower contests the validity or enforceability of any provision of this Balloon Note or the Liens granted herein. Lender's failure to do so at any time shall not constitute a waiver of the right to do so at any other time or constitute a waiver of the right to exercise it in the event of any subsequent defaults or triggering events.

(b) Upon Borrower's insolvency or business failure, the appointment of a receiver of all or any part of Borrower's property, an assignment for the benefit of creditors of Borrower, a calling of a meeting of creditors of Borrower, the commencement of any proceeding under any bankruptcy, insolvency, or debtor relief laws by or against Borrower, the unpaid principal balance, together with all accrued and unpaid interest thereon, of the Balloon Note, and all other sums payable with regard to this Balloon Note, shall automatically and immediately become due and payable, in all cases without any action on the part of the Lender.

(c) Upon any default in the payment of any sum of money or interest due hereunder, Lender may, by written notice to Borrower declare the unpaid balance of principal under this Balloon Note to be immediately due and payable and pursue any and all other remedies available to Lender at law or in equity. Lender's failure to do so at any time shall not constitute a waiver of the right to do so at any other time or constitute a waiver of the right to exercise it in the event of any subsequent defaults or triggering events.

7. INTEREST NOT TO EXCEED MAXIMUM PERMITTED BY LAW. The parties agree and intend to comply with the applicable usury laws and, notwithstanding anything contained herein, the effective rate of interest to be paid on this Balloon Note (including all costs, charges, and fees which

are characterized as interest under applicable law) shall not exceed the maximum contract rate of interest permitted under applicable law as it exists from time to time. Lender agrees not to knowingly collect or charge interest (whether denominated as fees, interest, or other charges) which will render the interest rate hereunder usurious and, if any payments of interest or fees by Borrower to Lender would render this Balloon Note usurious, Borrower agrees to give Lender written notice of such fact with or in advance of such payment. If Lender should receive any payment which constitutes interest under applicable law in excess of the maximum lawful contract rate permitted under applicable law (whether denominated as interest, fees, or other charges), the amount of interest received in excess of the maximum lawful rate shall automatically be applied to reduce the principal balance, regardless of how such sum is characterized or recorded by the parties.

8. TAXES.

(a) The Borrower shall make all payments, whether on account of principal, interest, fees or otherwise, free of and without deduction or withholding for any present or future taxes, duties or other charges (“Taxes”). If the Borrower is compelled by law to deduct or withhold any Taxes, it shall promptly pay to the Lender such additional amount as is necessary to ensure that the net amount received by the Lenders is equal to the amount payable by the Borrower had there been no deduction or withholding.

(b) Lender acknowledges that although this Balloon Note does not provide for payment of interest by Borrower, some portion of the amounts credited toward repayment of the loan may be recharacterized as interest for tax purposes. Such recharacterization shall not increase the stated principal amount of this Balloon Note or constitute an event of default by Borrower or give rise to any claim of any nature against Borrower. Any payment recharacterized as interest may be deducted by Borrower for tax purposes if such deduction is otherwise allowed.

9. BORROWER WAIVER; INDEMNITY. Borrower: (a) promises to pay all costs of collection of this Balloon Note, including all cost of enforcing this section and a reasonable attorney’s fee, whether incurred in connection with collection, trial, appeal, or otherwise, all of which shall bear interest at the rate of six percent (6%) per annum from the date said expenses are incurred until the date Lender is reimbursed for said expenses; (b) except as expressly set forth herein, waives all notices of any kind or character, including demands, presentments, protests of demand, notices of protest, notices of intent to accelerate, notices of acceleration, maturity, and nonpayment; (c) waives the right of exemption under the constitution and the laws of Texas; and (d) authorizes Lender to apply the Insourcing Credits as a set-off to the indebtedness evidenced by this Balloon Note to reduce the principal amount and interest due hereunder.

10. JURISDICTION AND VENUE. BORROWER KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY (A) CONSENTS IN EACH ACTION AND OTHER LEGAL PROCEEDING COMMENCED BY LENDER AND ARISING OUT OF OR OTHERWISE RELATING TO THIS TERM NOTE TO THE NONEXCLUSIVE PERSONAL JURISDICTION OF ANY COURT LOCATED IN [DALLAS COUNTY, TEXAS] THAT IS EITHER A COURT OF RECORD OF THE STATE OF TEXAS OR A COURT OF THE UNITED STATES LOCATED IN THE STATE OF TEXAS, (B) WAIVES EACH OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING, (C) WAIVES PERSONAL SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING, (D) CONSENTS TO THE MAKING OF SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING BY REGISTERED MAIL DIRECTED TO BORROWER AT THE LAST ADDRESS OF BORROWER SHOWN IN THE RECORDS RELATING TO THIS TERM NOTE MAINTAINED BY LENDER, WITH SUCH SERVICE OF PROCESS TO BE DEEMED COMPLETED FIVE (5) DAYS AFTER THE MAILING THEREOF, (E) WAIVES IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING EACH RIGHT TO ASSERT ANY NON-MANDATORY COUNTERCLAIM, ANY SETOFF OR ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS OR CLAIM OF LACHES, (F) WAIVES EACH RIGHT TO ATTACK ANY FINAL JUDGMENT THAT IS OBTAINED AS A RESULT OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING AND (G) CONSENTS TO EACH SUCH FINAL JUDGMENT BEING SUED UPON IN ANY COURT HAVING JURISDICTION WITH RESPECT THERETO AND

ENFORCED IN THE JURISDICTION IN WHICH SUCH COURT IS LOCATED AS IF ISSUED BY SUCH COURT.

INITIALS OF BORROWER: _____

11. WAIVER OF JURY TRIAL. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE THIS BALLOON NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS BALLOON NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER, AND BORROWER HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY AN INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

INITIALS OF BORROWER: _____

12. REMEDIES; WAIVERS. The remedies of Lender shall be construed as concurrent, and may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall arise. No act or omission or commission of Lender, including specifically any failure to exercise any right, remedy, or recourse, shall be effective unless set forth in a written document executed by Lender, and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing or a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

13. SEVERABILITY. If any one or more of the provisions contained in this Balloon Note for any reason shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Balloon Note, and instead this Balloon Note shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein.

14. ASSIGNMENT. Lender may assign this Balloon Note to an affiliated corporation or other business entity. Borrower may not transfer or assign this Balloon Note except with the prior written consent of the Lender, exercisable in its sole discretion. This Balloon Note shall be binding upon and inure to the benefit of the Lender and the Borrower and their respective successors and permitted assigns.

15. HEADINGS. Section headings appearing in this Balloon Note are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Balloon Note.

16. TIME OF ESSENCE. Time is of the essence of this Balloon Note and the payments and performance hereunder.

17. MODIFICATIONS AND EXTENSIONS. This Balloon Note may not be changed orally, but only by an agreement in writing that is signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

18. ENTIRE AGREEMENT. THIS BALLOON NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER OF THIS BALLOON NOTE.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Borrower and Lender have executed and delivered this instrument on the day and year first above written.

By: _____

SAFEGUARD _____

By: _____
R. Scott Sutton, Vice President

EXHIBIT L-3
FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

This Security Agreement (“**Agreement**”) is entered into and made effective as of _____, by and between _____, an _____ corporation, with an address of _____ (the “**Debtor**”) and SAFEGUARD _____, INC., a _____ corporation with an address of 3000 Kellway Drive, Carrollton, Texas 75006 (the “**Secured Party**”).

1. **Indebtedness Secured.** Debtor hereby acknowledges that it is indebted to the Secured Party in the amount of _____ (\$ _____) as evidenced by that certain Term/Balloon Note dated of even date herewith, as such Term/Balloon Note may be amended from time to time (the “**Note**”), which represents a portion of the payment of the Purchase Price in connection with Debtor’s purchase of certain Assets of the Secured Party pursuant to the terms of that certain Asset Purchase Agreement by and among the Debtor, the shareholders of Debtor, and the Secured Party (the “**Asset Purchase Agreement**”). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Asset Purchase Agreement. The amounts described in this Section 1, together with any costs of collection of all amounts due under Note, including, without limitation, principal, interest and fees, or in connection with the enforcement of, or realization on, the security provided in this Agreement and including, without limitation, to the extent permitted by applicable law, reasonable attorneys’ fees and expenses, shall be referred to collectively herein as the “**Indebtedness.**”

2. **Security Interest.** Debtor hereby grants to the Secured Party a security interest in those certain Assets of Debtor as acquired by Debtor from the Secured Party under the Asset Purchase Agreement, as described with greater particularity under Article I of the Asset Purchase Agreement, and all additions, substitutions, replacements and proceeds thereof and any and all other assets of Debtor (the “**Collateral**”). The Collateral includes, without limitation, the Fixed Assets, the Assumed Contracts, the shares in Debtor’s entity and the identified list of customers. This security interest shall secure the payment of the Debtor’s obligations under the Note and shall be released upon full satisfaction of the Note. [or the Note and (b) the \$ _____ Term//Balloon Note as of the date hereof. (*if multiple notes exist*)]

3. **Representations and Warranties.** Debtor represents and warrants to the Secured Party that:

(a) **Title to Collateral.** Assuming the accuracy of the representations and warranties of the Secured Party in the Asset Purchase Agreement, Debtor has good and marketable title to the Collateral free and clear of all liens, security interests, restrictions and adverse claims (collectively, “**Encumbrances**”), other than Encumbrances in favor of the Secured Party.

(b) Neither the execution and delivery of this Security Agreement by Debtor nor the consummation of the transactions herein contemplated nor the fulfillment of the terms hereof will result in a breach of any of the terms or provisions of, or constitute a default under, or constitute an event which with notice or lapse of time or both will result in a breach of or constitute a default under, any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which Debtor is a party, or conflict with any law, order, rule, or regulation applicable to Debtor of any court or any federal or state government, regulatory body, or administrative agency, or any other governmental body having jurisdiction over Debtor or its properties.

(c) Debtor has the power and authority to enter into this Security Agreement and to pledge the Collateral as security for payment of the Indebtedness.

4. **Covenants of Debtor.** Debtor covenants as follows:

(a) By execution of this Agreement, Debtor authorizes Secured Party to file an initial UCC-1 Financing Statement to perfect the Secured Party’s security interest in the Collateral, together with any amendments thereto that Secured Party determines are necessary to continue perfection for so long as the Indebtedness has not been satisfied;

(b) Debtor will not change its name, organizational structure, principal place of business, or the location of its chief executive offices without having first caused all UCC-1 filings in favor of Secured Party to be amended to reflect the change;

(c) Debtor will, within five (5) days of receipt of a request by Secured Party, procure or execute and deliver any document, give any notices, and execute and file any further financing statements or other documents, all in form and substance satisfactory to Secured Party and take any other actions which are necessary or, in the judgment of Secured Party, desirable to perfect or continue the perfection and priority of Secured Party's security interest in the Collateral, to protect the Collateral against the rights, claims, or interest of third persons or to effect the purposes of this Security Agreement. If Debtor shall fail to fulfill its obligations described in this subsection within the time periods provided herein, Secured Party is hereby authorized to sign, deliver and file any such documents, notices, financing statements or other writings as it deems necessary or advisable as Debtor's agent and attorney-in-fact.

(d) Debtor shall exercise due care in preserving and protecting the Collateral and shall maintain adequate insurance with respect to the Collateral;

(e) Debtor will not, without the prior written consent of Secured Party, in any way hypothecate or create or permit to exist any Encumbrance on the Collateral other than the interest of Secured Party created by this Security Agreement, nor will Debtor sell, transfer, assign, exchange, lease, or otherwise dispose of the Collateral. If the Collateral, or any part thereof is sold, transferred, assigned, leased, exchanged, or otherwise disposed of in violation of these provisions, the security interest of Secured Party shall continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, lease, exchange or other disposition, and Debtor will hold the proceeds thereof in a separate account for Secured Party's benefit. Debtor will, at Secured Party's request, transfer such proceeds to Secured Party.

(f) Debtor will pay and discharge any taxes, assessments and governmental charges or levies against the Collateral prior to delinquency thereof and will keep the Collateral free of all unpaid charges whatsoever; provided however, that Debtor shall have the right to contest any such taxes, assessments, charges or levies.

(g) Within forty five (45) days after the end of Debtor's fiscal year, upon Secured Party's request, until all obligations of Debtor hereunder have been satisfied in full, Debtor shall deliver to the Secured Party the balance sheet and income statements of the Debtor (together, "**Financial Statements**") as of the end of such fiscal year. Debtor shall also deliver Financial Statements to the Secured Party as of the mid-year date of the Debtor's fiscal year within forty five (45) days of such mid-year date, upon Secured Party's request.

5. **Events of Default.** Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions ("**Events of Default**"): (a) an Event of Default occurs under the Note, which Event of Default is not cured within the time provided for cure thereunder; (b) the failure of any warranty or representation of Debtor in this Agreement to be true when made or furnished or the breach of any covenant of Debtor in this Agreement and such failure or breach is not cured within thirty (30) days after Secured Party notifies Debtor in writing of such failure; (c) an Encumbrance other than an Encumbrance to which Secured Party has granted consent attaches to the Collateral; (d) the seizure, or taking of any of the Collateral by any third party pursuant to any legal action, security interest, lien or other encumbrance therein; or (e) a Change in Control. As used herein, a "**Change in Control**" of the Debtor will be deemed to have occurred at such time as:

(i) The shares or other equity interests of Debtor shall (on a fully diluted basis after giving effect to the exercise of any outstanding rights or options to acquire any equity interests of the Debtor) cease to constitute at least 51% of the aggregate equity interests or shares of the Debtor;

(ii) There is consummated any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Debtor; or

(iii) There is consummated any consolidation or merger of Debtor in which Debtor is not the continuing or surviving entity.

6. **Remedies Upon Occurrence of Event of Default.** Immediately upon the occurrence of an Event of Default hereunder, Secured Party may, at its option, do any one or more of the following:

(a) Declare the Indebtedness to be immediately due and payable, whereupon all unpaid amounts and interest on said amounts shall become and be immediately due and payable;

(b) Exercise any or all of the rights and remedies provided for by the applicable Uniform Commercial Code;

(c) Recover attorneys' fees and other expenses incurred by Secured Party in connection with (i) the enforcement of this Security Agreement, or (ii) in connection with Debtor's foreclosure, redemption or sale of the Collateral;

(d) Proceed by an action or actions at law or in equity to recover the amounts secured hereunder or to foreclose this Security Agreement and reclaim or sell the Collateral, or any portion thereof, pursuant to a judgment or decree of a court or courts of competent jurisdiction; or

(e) Enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Secured Party from pursuing any other or further remedy which it may have, and any repossession or sale of the Collateral pursuant to the terms hereof shall not operate to release Debtor until full and final payment of any deficiency has been made in cash.

Secured Party shall be entitled to apply for and obtain injunctive relief compelling actions by Debtor should Debtor fail to honor its commitments hereunder. Subject to the further understandings set forth below, Debtor hereby appoints Secured Party as Debtor's agent and attorney-in-fact to execute, deliver and file such assignments and other documents as are reasonably deemed necessary or advisable to cause the Collateral to be restored and returned to Secured Party upon occurrence of an Event of Default. Provided, however, that Secured Party shall not exercise its rights as agent and attorney-in fact under this paragraph unless Secured Party has first delivered to Debtor written notice of the occurrence of the Event of Default and Debtor has not, within ten (10) calendar days of delivery of said notice and request, either assigned all of the Collateral to Secured Party or obtained an injunction from a court of competent jurisdiction preventing exercise of Secured Party's rights as agent and attorney-in-fact because (and only because) Debtor has demonstrated to the court's satisfaction that an Event of Default has not occurred.

In the event Secured Party recovers possession of all or any part of the Collateral pursuant to a writ of possession or other judicial process, whether prejudgment or otherwise, Secured Party may thereafter retain, sell or otherwise dispose of such Collateral in accordance with this Security Agreement or the applicable Uniform Commercial Code, and following such retention, sale or other disposition, Secured Party may voluntarily dismiss without prejudice the judicial action in which such writ of possession or other judicial process was issued. Debtor hereby consents to the voluntary dismissal by Secured Party of any such judicial action, and Debtor further consents to the exoneration of any bond that Secured Party may file in such action. The rights of Secured Party are cumulative.

7. **Termination of Agreement.** This Security Agreement shall terminate upon full and final payment and performance of all Indebtedness secured hereunder. At such time, Secured Party shall release to Debtor its interest in all of the Collateral. Such release shall be without warranty by or recourse to Secured Party, except that Secured Party shall warrant that the Collateral shall be free and clear of any liens or encumbrances caused by it. Once the Security Agreement is terminated, Debtor shall be authorized to file a Termination of the UCC-1 Financing Statement related to Secured Party's interest in the Collateral. The preparation of the release and Termination Statement shall be at the expense of Debtor. Both parties shall reasonably provide the other with requested documentation and filings with respect to such release and Termination Statement.

8. **Miscellaneous.**

(a) **Expenses.** Except as otherwise provided in this Agreement, each party to this Agreement will bear its or his respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement.

(b) **Notices.** All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties):

If to Debtor:

Attn:
E-mail:

with a copy to:

Attn:
Fax:
Email:

If to Secured Party:

3000 Kellway Drive
Carrollton, Texas 75006
Attn: President
E-mail:mbyers@gosafeguard.com

with a copy to:

Safeguard
3000 Kellway Drive
Carrollton, Texas 75006
Attn: Legal Department
E-mail:kskipper@gosafeguard.com

(c) **Waiver; Remedies Cumulative.** The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither any failure nor any delay by any party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (i) no claim or right arising out of this Agreement or any of the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (ii) no waiver that may be given by a party will be applicable except in

the specific instance for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

(d) **Entire Agreement and Modification.** This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter (including any letter of intent and any confidentiality agreement between the Secured Party and Debtor) and along with the Note, Asset Purchase Agreement and all other ancillary documents related thereto constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the party to be charged with the amendment.

(e) **Assignments, Successors and No Third-Party Rights.** No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party.

(f) **Severability.** If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(g) **Construction.** The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to “sections” refer to the corresponding Sections of this Agreement. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

(h) **Time of the Essence.** With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

(i) **Governing Law.** This Agreement will be governed by and construed under the laws of the State of [Texas] without regard to conflicts-of-laws principles that would require the application of any other law.

(j) **Execution of Agreement.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by electronic or facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

[Remainder of page left intentionally blank. Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the day and year first above written.

DEBTOR:

By: _____
Name:
Its:

SECURED PARTY:

SAFEGUARD _____, INC.

By: _____
Name:
Its:

New York Insert

This disclosure document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

EXHIBIT M
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	[Pending]
Hawaii	[Pending]
Illinois	June 28, 2024
Indiana	May 21, 2024
Maryland	[Pending]
Michigan	May 14, 2024
Minnesota	[Pending]
New York	[Pending]
North Dakota	June 27, 2024
Rhode Island	April 6, 2024
South Dakota	May 20, 2024
Virginia	[Pending]
Washington	[Pending]
Wisconsin	May 21, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulated the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Safeguard Franchise Sales, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you the disclosure document 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, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Safeguard Franchise Sales, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number

Issuance Date: May 17, 2024

I received a disclosure document dated May 17, 2024. The disclosure document included the following Exhibits and Attachments:

- | | |
|---|---|
| A Financial Statements | H List of State Administrators |
| B Distributorship Agreement | I Agents for Service of Process |
| B-1 Inventory Agreement | J State Specific Addenda To Franchise Disclosure Document |
| C Safeguard CMS License Agreement | K Form of General Release |
| D Safeguard SLC License Agreement | L-1 Form of Term Note |
| E Table of Contents of Operations Manual | L-2 Form of Balloon Note |
| F-1 List of Distributors | L-3 Form of Security Agreement |
| F-2 List of Pre-Existing Distributors | M State Effective Dates |
| G List of Distributors Who Have Left the System | |

Dated: _____

Individually and as an Officer of the company or of a company to be formed and designated below on formation

Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited

Liability Company)

[Keep this page for your records.]

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Dated: _____

Individually and as an Officer of the company or of a company to be formed and designated below on formation

Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited

Liability Company)

[Sign and return this page.]