

Type of Expenditure ¹	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Auto Liability, General Liability, including Premises Operations Coverage, and Workers' Compensation Insurance ²	\$450 - \$1,375	As arranged	As arranged	Suppliers
Vehicle Expenses ³	\$1,050 - \$2,400	As arranged	As arranged	Suppliers
Promotional Products ⁴	\$0 - \$500	As incurred	As incurred	Suppliers and Us
Office Equipment and Supplies ⁵	\$450 - \$700	As incurred	As incurred	Suppliers
Computer Equipment ⁶	\$0 - \$2,178	As incurred	As incurred	Suppliers
Initial Training ⁷	\$0 - \$500	As incurred	As incurred	Suppliers
Legal and/or Accounting Fees	\$500 - \$2,500	As arranged	As arranged	Suppliers
Additional funds, for 1 st 3 months ⁸	\$0 - \$2,500	As incurred	As incurred	Suppliers
Total ^{9,10}	\$5,950 – \$16,153			

Notes:

(1) Refunds and Financing. These fees are non-refundable. We do not offer direct or indirect financing for any of these items. You should not expend funds or make any other commitment in connection with the franchise, and should not resign from existing employment or take any similar action until you have received our final written acceptance of your application and approval of the franchise.

(2) Insurance. This estimate is for 3 months of comprehensive general liability insurance (including premises operations liability coverage), auto liability insurance, and workers' compensation insurance, if it is required by local law. You must maintain comprehensive general liability insurance with at least a \$1,000,000 per occurrence limit, aggregate limits of \$2,000,000 for each aggregate, and a deductible of not more than \$2,500, and auto liability insurance coverage with a \$500,000 combined single limit. Your cost for auto liability insurance will vary depending on factors such as condition of vehicles, your and your personnel's driving records, and other factors. The insurance company providing the coverage must be rated no less than A-X by A.M. Best. You must maintain workers' compensation, employee's liability and employment insurance, and any other insurance that may be required by law. Currently, we maintain comprehensive liability insurance and product liability insurance for Approved Winzer Products, and for Franchisee Products billed through us, at our cost. We list you as an additional insured under the insurance policies. We will give you at least 30 days' prior written notice if we will no longer provide you with these insurance coverages. If we stop providing you with these insurance coverages, you must pay for the coverages. You must pay any deductibles and any amounts not covered by insurance. If available, you must arrange to be named as an additional insured under appropriate insurance maintained by the vendors of Franchisee Products. We encourage you to consider whether to obtain additional insurance of your choice. We do not represent that the insurance we maintain or require will be sufficient for your needs. We may increase or modify any insurance coverage requirements, but will give you at least 30 days' prior written notice to comply with any increased or modified requirements

(3) Vehicle. You may be able to lease or finance the vehicle needed for the franchised business. The low estimate assumes you use your existing vehicle. The high estimate assumes 3 months of lease payments on a new vehicle. Both estimates assume 3 months of gasoline and maintenance at \$350 per month.

(4) Promotional Products. We sell a full line of high-quality promotional items, including product and marketing brochures for sales calls, and advertising specialty items such as stickers,

notepads and pens. Some of these promotional items are included, at no additional cost, in the start-up kit described in note 5 below, as explained in more detail in the Confidential Operations Manual. Caps, accessories, golf shirts and other clothing imprinted with the WINZER logo are available from us, and Lands' End Corporate Sales. You are not required to purchase any of these promotional products.

(5) Office Equipment and Supplies. You do not need (and we do not recommend that you obtain) a commercial office. Therefore, these estimates do not include any costs for a commercial office. You may operate the franchised business from your home, if local zoning permits, or from any existing business premises. Before you begin operating the franchised business, we give you a start-up kit, at no additional cost, that contains customized brochures, business forms, and certain promotional products described in note 4 above. You may want a small desk or file cabinet in which to keep records of the franchised business. You may use any type of cell phone to communicate with Winzer and customers. You will use the Internet to connect to the proprietary software of our parent, WC, and to transmit orders to us on your order entry device (iPad or PC). High speed Internet may cost \$50 or more per month.

(6) Computer Equipment. The low range assumes that you already own the recommended model of iPad or PC. The high range reflects the cost to you if you choose to purchase a new iPad or PC from a retailer or other supplier. The recommended equipment is described in Item 11.

(7) Initial Training. You and any Permitted Representatives must attend our initial training in Plano, Texas. We will pay the reasonable travel, lodging and food expenses incurred for you to attend the initial training, so your cost will be \$0 if you travel and stay in Plano according to our itinerary. You must pay any incidental expenses you choose to incur while attending the initial training, and you or any Permitted Representatives must pay all travel, lodging, food and incidental expenses incurred for them to attend the initial training.

(8) Additional Funds. You may need working capital to support on-going expenses, such as payroll, transportation and communications expenses, during the 3-month initial period of the franchised business. New businesses often generate negative cash flows. The manner in which you choose to operate the franchised business will greatly affect the working capital that you may need. The low estimate assumes that you operate from your home with an existing vehicle, do not hire personnel during the initial period and do not incur any significant unexpected expenses. The high estimate assumes that you may incur some significant unexpected expenses. ~~This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during the initial period of the franchised business.~~

~~(9) Estimated Amounts. You should not expect to achieve the low estimate expenditure in every category.~~

(10) Experience. We relied on our 13 years of experience and WC's over 47 years of experience in the fastener and maintenance supply business to compile these estimates.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Winzer Products

You will usually sell only Approved Winzer Products. Approved Winzer Products are all products and inventory we ship to your customers, and are listed on the proprietary software of our parent, WC. We periodically update the Approved Winzer Products list, and generally issue any updated list to our franchisees in writing or through software updates.

From approved suppliers

0%

0%

Sale of Franchisee Products

You may sell products other than Approved Winzer Products (“Franchisee Products”) on a limited basis, but you may not sell products other than Approved Winzer Products unless you request our approval, follow our procedures and pay a Service Fee on the sales. Your Retail Sales of Franchisee Products may not continuously exceed ten percent (10%) of your Retail Sales of Approved Winzer Products. Winzer reserves the right to modify this threshold percentage as needed on at least 30 days’ prior written notice to you. When available, you must arrange to be named as an additional insured under insurance policies maintained by the vendors of Franchisee Products. We may purchase any receivable arising from sales of Franchisee Products for the net amount of the account. Under certain conditions, we may require you to repurchase the receivable for the gross amount of the account. We also may withhold Periodic Gross Profits generated from a sale of Franchisee Products until the customer invoice has been paid in full. We will derive income from the Service Fees we collect from your sales of Franchisee Products.

Services

WC is the only approved supplier of sales reporting, inventory control, billing, collection, shipping and quality assurance services. We will not approve any other supplier for these services. WC will derive revenue from the Service Fees for these services. In our fiscal year ended July 31, 2025, WC’s revenue from Service Fees was \$1,172,011, or 1.16% of the total revenue of \$101,457,224 reported in GradeEight’s audited financial statements in Exhibit E.

Computer Requirements

In the operation of the franchised business, you must use an order entry device (iPad or PC) with adequate memory, speed and storage to run the proprietary software of our parent, WC. You may use any type of iPad or PC, although we highly recommend that you (and any Permitted Representative of yours) use an iPad, so that you are able to enter orders while you are at a customer’s location. The order entry device must have a high-speed broadband connection and battery charging equipment. If you do not already own an iPad or PC, you must purchase one from a 3rd-party supplier for a cost that we estimate will range from \$1,442 to \$2,178, depending on the type of iPad or PC you purchase.

You must use the proprietary software of our parent, WC. WC is the only supplier of the proprietary software. You are not required to purchase the proprietary software or any other software.

If we adopt substantial changes in any 3rd-party software requirements for the franchised business, the costs to you for software may increase. We anticipate these costs to range from 0% to 5% of your ongoing costs of doing business. These amounts are estimates.

Insurance

Currently, we will cover the cost of comprehensive liability insurance and product liability insurance for Approved Winzer Products, and for Franchisee Products billed through us. We list you as an additional insured under the insurance policies.

10. Provide you with timely, accurate and useful sales reports for the franchised business (Section 4.5 of the franchise agreement). Currently, we transmit these reports electronically.

11. Use reasonable efforts to make available proprietary software that is useful to you in conducting the franchised business (Section 4.7 of the franchise agreement).

12. Provide you with updated product information materials on a regular basis (Section 4.8 of the franchise agreement).

13. Send you periodic updates for the Confidential Operations Manual to reflect new information, specifications or procedures (Section 4.10 of the franchise agreement).

14. Purchase any receivable of yours from the sale of Franchisee Products for the net amount of the account, unless we have reason to believe that the terms of sale are not commercially reasonable. For any receivable that we purchase from you, we will use our resources to collect the receivable, subject to our right to require you to repurchase the receivable (Section 7 of the franchise agreement).

15. Assist you in developing a plan to sell your franchise if you notify us in writing that you wish to retire (Section 12.3 of the franchise agreement).

Advertising and Promotion

We do not have an advertising council, and you need not participate in local or regional advertising cooperatives with other franchisees. There is no requirement that you or we spend a minimum amount on advertising. There is no advertising fund.

Except as follows, we do not place any restrictions on your advertising. You must submit to us all proposed advertising, promotional materials and other printed materials using the Marks. You must obtain our prior written approval before using any Marks in advertising or other promotional activities (Section 8.3 of the franchise agreement). You may not send advertising directly to another franchisee's Protected Customer. You may not establish or maintain a separate web site for the franchised business on the Internet or any comparable electronic network of computers and you may not otherwise offer or sell Approved Winzer Products on the Internet (Section 3.10 of the franchise agreement), but you may use our web site to allow your designated customers to place orders using the Internet.

Computer Hardware and Software

You must use the following computer hardware and software:

Hardware: In the operation of the franchised business, you must use an order entry device (iPad or PC) with adequate memory, speed and storage to run the proprietary software of our parent, WC ("proprietary software") (described below). ~~We~~ You may use any type of iPad or PC, ~~although we~~ highly recommend that you (and any Permitted ~~Representatives~~ Representative of yours) use an iPad, so that you are able to enter orders while you are at a customer's location. Your order entry device must have a high-speed broadband connection and battery charging equipment. ~~We will assist you in determining the appropriate hardware and operating systems needed to support the proprietary software.~~ The order entry device is not proprietary to us. ~~You may use any type of iPad or PC that will run the proprietary software and any other required~~

~~software to transmit orders.~~ We estimate that the cost will range from \$1,442 to \$2,178, depending on the type of iPad or PC you purchase.

You must pay for all maintenance of your order entry device at your own expense. As of the date of this disclosure document, we do not require you to sign any hardware maintenance or support contracts with us or any 3rd party suppliers. We and WC do not guarantee, warranty, maintain or support any computer hardware in any manner. You should determine for yourself whether or not any 3rd party supplier from whom you purchase any component of your order entry device is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your order entry device, and determine the additional cost for the services.

Software: You must use the proprietary software (Section 3.4 of the franchise agreement).

We currently charge no fee for use of the proprietary software, but we have the right to charge you a \$50 to \$100 per month fee for use of the proprietary software, which fee is subject to reasonable increases. WC owns the proprietary software and all data entered into the software on all computer servers, on leased software or by any service providers. WC may provide certain maintenance for the proprietary software as we or WC consider appropriate (including the correction of program errors and the distribution of any new releases of or modifications to the proprietary software). There is no additional cost to you for this maintenance. You must accept and use upgrades and changes to the proprietary software as they become available, and you must upgrade your order entry device at your own expense (or discontinue using components of the computer) if WC releases updates or upgrades to the proprietary software that your existing computer will not run (Section 3.4 of the franchise agreement). There is no contractual limitation on the frequency or cost of the upgrades or changes. We or WC will advise you on how to obtain upgrades or changes, and the cost of periodic upgrades or changes. You will use the proprietary software in sales reporting, customer order taking, and related activities.

We and WC each will have independent access to the information generated and stored in the order entry device and proprietary software. We or WC, from time to time and at any time, may access the order entry device and all data and related information in the proprietary software, through the Internet or other means. ~~There is no limitation on our or WC's right to access this information.~~

To the extent that any software we require you to use contains modules that support any personnel-related functions, such as employee timekeeping, employee scheduling and payroll processing, your use of those modules is non-mandatory. You may use those modules or alternate software to handle personnel-related functions, or you may handle personnel-related functions in any other manner that you choose.

Internet and Intranet

Currently, we maintain www.winzer.com as a corporate web site on the Internet, and we use other web sites, digital media, services and means to advertise and promote the franchise system, and Winzer products and services. Your designated customers may use our web site to place orders using the Internet.

Provision	Section in Franchise Agreement	Summary
(c) Requirements for you to renew or extend	2.2	<p>Substantially comply with franchise agreement; notify us of intent to renew at least 90 days before the expiration date of franchise agreement; pay all money owed to us, our affiliates, suppliers; sign our then-current form of franchise agreement; execute a general release.</p> <p>If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement.</p>
(d) Termination by you	13.1	<p>On at least 30 days' prior written notice to us, you may voluntarily terminate your franchise only during the 1st 6 full months of its term, unless (a) you are a renewing franchisee, (b) you are a transferee, (c) you entered into your franchise agreement in connection with a sale to us of some or all of your pre-existing business, or (d) we paid any consideration to you in connection with the granting of your franchise (subject to state law).</p>
(e) Termination by us without cause	Not applicable	<p>We cannot terminate your franchise unless you default.</p>
(f) Termination by us with cause	13.3 and 13.4	<p>We may terminate your franchise if you: are insolvent or make an assignment for the benefit of creditors or if a proceeding is instituted against you in bankruptcy law; are convicted or plead guilty to a felony or a crime involving moral turpitude or any other crime that we believe may have an adverse impact on us, the System, the Marks, or the franchised business; submit false order forms; endorse a check made out to us; you or your heirs attempt to assign the franchise without our consent or your heirs fail to assign within 90 days after your death; misrepresent sales volumes; disclose any confidential information; misuse the System or the Marks; are involved in any act that impairs the goodwill associated with us, the System, the Marks or the franchised business; abandon the franchised business; violate any material term of the franchise agreement; fail to maintain your Required Monthly Averages; fail to make a payment to us; refuse to let us audit your records (including the records of your Permitted Representatives); become involved in any act which is a detriment to the System; fail to pay 3rd parties; fail to devote personal attention and continuous best efforts to the franchised business; fail to generate positive Periodic Gross Profits resulting in negative remuneration for 3 or more Billing Periods during any rolling 6-month period; are repeatedly in default.</p>

ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN MINNESOTA

(1) Item 17 of this disclosure document is modified to include the following language after “general release” in the Summary column of parts (c), (m) and (p):

(Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release)

(

~~(for claims except those arising under the Minnesota Franchise Act)~~

~~(2) Item 17 of this disclosure document is modified to include the following paragraphs:~~

~~With respect to franchises governed by Minnesota law, we will comply with Minn. Stats. Sec 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.~~

~~Minn. Stat. Sec. (2) Minnesota Statute 80C.21 and Minn. Minnesota Rule 2860.4400J 2860.4400(J) prohibit us the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this disclosure document or the franchise the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your the franchisee’s rights as provided for in Minnesota Statutes, Chapter Statute 80C, or your (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

(3) With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.14 Subd. 3-5, which requires (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement, and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

(34) Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(g). The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

(5) The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

(6) The limitations of claims section must comply with Minnesota Statute 80C.17 Subd. 5.

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

(8) Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.

(49) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment 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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN NORTH DAKOTA

1. The Summary column of Item 17(c) of this Disclosure Document is modified to read as follows:

You may renew your franchise, subject to Winzer approving the location of your business during the renewal period, if you: give advance written notice of intent to renew; sign then-current form of operating agreement; have complied with modernization and replacement provisions; have been in good standing for at least 6 months; have right to maintain possession; pay renewal fee; and sign (together with each Principal Owner) general release, except as to claims arising under the North Dakota Franchise Investment Law.

2. The Summary column of Item 17(r) of this Disclosure Document is modified by adding the following sentence:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

3. The Summary column of Item 17(u) of this Disclosure Document is amended by adding the following sentences:

Under North Dakota law, if applicable, the site of arbitration must be agreeable to all parties and may not be remote from your place of business.

4. The Summary column of Item 17(v) of this Disclosure Document is amended to read as follows:

North Dakota law, if applicable, prohibits us from requiring you to consent to the jurisdiction of courts outside North Dakota, including courts in Texas.

5. The Summary column of Item 17(w) of this Disclosure Document is modified to read as follows:

If North Dakota law applies, the law of North Dakota.

6. If North Dakota law applies, we are prohibited from requiring you to waive trial by jury for any claims arising under North Dakota law.

7. The State of North Dakota has determined that requiring a franchisee to consent to a limitation of claims is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

8. The State of North Dakota has determined that requiring franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

79. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment 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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

RIDER TO FRANCHISE AGREEMENT FOR USE IN MINNESOTA

This Rider is made as of _____, 20__ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and _____ (“Franchisee” or “you”).

- (1) Articles 2 and 13 are modified to include the following paragraph:

With respect to franchises governed by Minnesota law, Winzer will comply with ~~Minn-Stat. Sec. Minnesota Statute 80C.14, Subds. 3, 4 and 5 Subd 3-5~~, which require, (except in certain specified cases,) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of this Agreement, and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- (2) Sections 2.2(d) and 12.2(b) are modified to include the following language:

~~, except any claims arising under the Minnesota Franchise Act.~~

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- (3) Section 8.6 is modified to include the following language: Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(g). The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

- (~~3~~4) Article 14 is modified to include the following paragraph:

This Article 14 will not in any way abrogate or reduce any of your rights as provided for in Minnesota ~~Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.~~ Statute 80C and Minnesota Rule 2860-4400(J), which prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statute 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- (5) Section 14.3, relating to limitations of claims, is modified to state that Section 14.3 must comply with Minnesota Statute 80C.17 Subd.5.

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

(7) Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.

(48) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment 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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

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

FRANCHISEE (YOU):

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

RIDER TO FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA

This Rider is made as of _____, 20__ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and _____ (“Franchisee” or “you”).

- (1) Section 2.2 (d) is amended to add the following:

Any release signed as a condition of renewal will not apply to any claims you may have under the North Dakota Franchise Investment Law.

- (2) Article 10 is amended to add the following:

In accordance with North Dakota law, the restrictions of the covenant not to compete might not apply to your activities after the termination or expiration of the franchise agreement.

- (3) Article 13 is amended to add the following:

Any form of liquidated damages will not apply to North Dakota franchisees.

- (4) Section 14.3 is amended to add the following:

The State of North Dakota has determined that requiring a franchisee to consent to a limitation of claims is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

- (~~4~~5) Sections 14.8 and 14.9 are amended to add the following:

The waiver of a right to seek punitive damages will not apply. The waiver of a right to a jury trial will not apply.

- (~~5~~6) Section 14.10 is amended to add the following:

All disputes must be mediated and arbitrated either in North Dakota or in a mutually agreed location. All litigation must be in North Dakota or in a mutually agreed location.

- (~~6~~7) Section 15.3 is amended to add the following:

North Dakota law will govern this franchise agreement.

- (8) Section 15.5 is amended to add the following:

The State of North Dakota has determined that requiring franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise

Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

- (79) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment 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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT I

SAMPLE GENERAL RELEASE

This GENERAL RELEASE is made and executed by {NAME}, individually (“you”), as of _____, 20__ (“Effective Date”).

WHEREAS, WINZER FRANCHISE COMPANY, INC., a Texas corporation (“Winzer”) and you entered into a franchise agreement dated _____, and {describe reason for signing release}.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasor”), hereby release and forever discharge Winzer and each of its predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasees”), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasor ever had, now has or which Releasor hereinafter can, shall or may have, for, upon or by reason of any matter, cause or thing may whatsoever, through the Effective Date. †

This general release does not apply with respect to claims arising under the _____ Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.} ~~{NOTE: Add the previous sentence only if required by law to include an exception to the General Release.}~~

{FOR CALIFORNIA RESIDENTS}

YOU ACKNOWLEDGE THAT YOU ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

YOU, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF YOUR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR {JURISDICTIONS OF FRANCHISEE(S)’ RESIDENCE AND LOCATION OF FRANCHISED UNITS}.

EXHIBIT J TO THE FRANCHISE AGREEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

DO NOT COMPLETE OR SIGN THIS ~~DOCUMENT~~, ACKNOWLEDGMENT STATEMENT if you are prospective franchisee or a franchisee in any of the following states: California, Hawaii, Illinois, Indiana, ~~Maryland~~, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin. The acknowledgments and representations in this document are not intended to nor will they act to relieve Franchisor of any liability under the franchise disclosure laws of any of the foregoing states.

DO NOT COMPLETE OR SIGN THIS ACKNOWLEDGMENT STATEMENT if you are a resident of Maryland or the business is to be operated in Maryland.

As you know, Winzer Franchise Company, Inc. (“Franchisor”) and you are preparing to enter into a franchise agreement (the “Franchise Agreement”) for the establishment and operation of a WINZER business (the “Franchised Business”). The purpose of this document is to determine whether any statements or promises were made to you by employees or authorized representatives of Franchisor, or by employees or authorized representatives of Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised business from an existing franchisee, you may have received information from the transferring franchisee, who is not an employee or representative of ours. The questions below do not apply to any communications that you had with the transferring franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes/No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____.

3. Have you received and personally reviewed the Franchise Agreement, each rider or attachment, and/or each related agreement provided to you?

Yes/No _____

4. Do you understand all of the information contained in the Franchise Agreement, each rider or attachment, and/or each related agreement provided to you?