

Provision	Section(s) in Franchise Agreement	Summary
(h) "Cause" defined – non-curable defaults	Sections 16.1 and 16.2	Bankruptcy, abandonment, conviction of felony, and others; see Section 16.2 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
(i) Franchisee's obligations on termination/non-renewal	Section 17	Cease operating the Franchised Business, payment of amounts due, and others; see Section 17.1 – 17.11 of the Franchise Agreement.
(j) Assignment of contract by franchisor	Section 15.1	There are no limits on our right to assign the Franchise Agreement.
(k) "Transfer" by franchisee - defined	Section 15.2	Includes transfer of any interest.
(l) Franchisor approval of transfer by franchisee	Section 15.2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee.
(m) Conditions for franchisor approval of transfer	Sections 15.3 and 15.4	Release, signature of new Franchise Agreement, payment of transfer fee, and others; see Sections 15.3.1 – 15.3.11 and 15.4 of the Franchise Agreement.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 15.6	We can match any offer.
(o) Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
(p) Death or disability of franchisee	Sections 15.7 and 15.8	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within a year after death or six months after the onset of disability.
(q) Non-competition covenants during the term of the franchise	Sections 18.2 and 18.5	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others; see Section 18.2 of the Franchise Agreement., <u>subject to applicable state law.</u>

Provision	Section(s) in Franchise Agreement	Summary
(r) Non-competition covenants after the franchise is terminated or expires	Sections 18.3 and 18.5	Includes a three year prohibition similar to “q” (above), within the Territory, or within 50 miles of the Territory or any other Network In Action Business in operation on the effective date of termination or expiration located anywhere-, subject to applicable state law.
(s) Modification of the agreement	Section 25	Must be in writing signed by both parties.
(t) Integration/merger clause	Section 25	Only the final written terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 27.2 and 27.3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then-current principal place of business (currently in Houston, Texas), subject to state law.
(v) Choice of forum	Section 27.4	All mediations, arbitrations, and litigation proceedings must be conducted in the city of our then-current principal place of business (currently in Houston, Texas), subject to state law.
(w) Choice of law	Section 27.1	Texas law applies (subject to state law).

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

See Exhibit B, the State Specific Addendum, for special state disclosures.

ITEM 18
PUBLIC FIGURES

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

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

The **NETWORK IN ACTION INTL. LLC** Disclosure Document (the “**Disclosure Document**”) and Franchise Agreement between _____ (“**Franchisee**”) and **NETWORK IN ACTION INTL. LLC**, a Texas limited liability company (“**Franchisor**”), dated _____, 20__ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this “**Addendum**”):

MINNESOTA LAW MODIFICATIONS

1. The Minnesota Department of Commerce requires that certain provisions contained in franchise documents be amended to be consistent with the Minnesota Franchise Law, Minnesota Statute Chapter 80C, which regulates the sale of franchises to be located in Minnesota or to be sold to residents of Minnesota. Registration is required by the franchisor offering and selling the franchise. To the extent that the Disclosure Document and/or Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Agreement requires the Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action of Franchisor that would violate the Act, or a rule or order under the Act. Minn. Rule 2860.4400D prohibits requiring a franchisee to assent to a general release. Any release of claims or acknowledgment of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Minnesota Franchises Act or a rule or order promulgated thereunder shall be void with respect to claims arising under the Minnesota Franchises Act.

b. The following language must amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and Agreement:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) 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 any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

c. The Minnesota Department of Commerce requires that Franchisor indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Agreement. Article 10 of the Agreement describes the circumstances under which Franchisor will indemnify you against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in Article 10 of the Agreement.

d. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than three (3) years after the cause of action accrues. To the extent that the Agreement conflicts with this law, the Minnesota law will control.

e. The Agreement contains certain provisions regarding termination and non-renewal of franchise and notice and opportunity to cure. To the extent any provision of this Agreement and/or the Disclosure Document are inconsistent with respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement, those provisions of the Agreement and/or Disclosure Document are hereby amended accordingly. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Agreement.

f. Any section of the Agreement (pertaining to liquidated damages) is hereby deleted; provided, that such deletion shall not excuse you from liability for actual or other damages and the formula for assessing liquidated damages shall be admissible in any litigation or proceeding as evidence of actual damages.

g. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Agreement conflicts with this law, the Minnesota law will control.

h. Exhibit E to the Agreement, titled Franchisee Disclosure Acknowledgement Statement, is hereby deleted and shall have no force or effect.

i. The following is added to Item 5 and Item 7 of the Disclosure Document and Section 4.1 of the Agreement: Based on Franchisor's financial condition, the Minnesota Securities Registration Division has required a financial assurance. Therefore, all initial fees owed by Franchisee will be deferred until Franchisor fulfills its pre-opening obligations under the Agreement and Franchisee's Franchised Business is open for business.

j. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.