

our option, terminate the Franchise Agreement. In that event, we will refund, without interest, the Franchise Fee (less \$5,000 for administrative and out-of-pocket expenses) and you must sign a general release in our favor.

Non-traditional venues such as military bases, universities, hospitals, health clinics, medical practices, store-in-store venues, government buildings and large employers may pay a different Initial Franchise Fee than our traditional EyeCare Centers. Except as noted, the Initial Franchise Fee is uniform for all franchisees, is fully earned when paid, and, except as stated in this paragraph, not refundable.

OTHER MISCELLANEOUS AMOUNTS

You must also purchase or install the following items from us or our Service Affiliate when you obtain a franchise for a New Full Service EyeCare Center (Chart A in Item 7): (1) Inventory, which will cost \$33,000 to \$70,000; and (2) Grand Opening Advertising, which will cost at least \$15,000 for a new EyeCare Center or at least \$7,500 for an Independent Conversion; and (3) A&E Fees, which will cost \$22,850.

INCENTIVE PROGRAMS

We have offered certain special “*Incentive Programs*” in the past and reserve the right to offer these programs and similar programs at any time in the future. Among other things, Incentive Programs may decrease the following: (a) the Initial Franchise Fee or amounts payable to us before you open your EyeCare Center; (b) marketing fund contributions; (c) certain start-up costs; or (d) royalties. The current Incentive Programs are summarized in Exhibit K to this disclosure document, and we may add, change or discontinue Incentive Programs at any time. The opportunity to participate in an Incentive Program may be made to Franchisees individually or as part of a special group.

Item 6 OTHER FEES

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty	7% of Gross Revenues	Payable monthly on the 15 th day of each month by electronic funds transfer	See Note 2. Gross Revenues includes all revenues generated from your EyeCare Center, excluding Professional Fee Revenues, taxes, unclaimed orders, coupon discounts or documented refunds, reimbursements, or price adjustments.
Advertising Contribution	8% of Gross Revenues	Payable monthly on the 15 th day of each month by electronic funds transfer	See Note 3. This fee may increase if you do not participate in managed vision care (“MVC”) plans (such as EyeMed) or the Local Co-op votes to increase the fee.
New Start Grand Opening Advertising	No less than \$15,000	Payable in three (3) equal installments on the 25 th of the month by electronic funds transfer	See Note 4.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Independent Conversion Grand Opening Advertising	No less than \$7,500	Payable in two (2) equal installments on the 5 th of the month by electronic funds transfer	See Note 4.
Renewal Fee	\$5,000	At the time you sign a Franchise Agreement to renew your Franchise	You pay this fee to us to renew your Franchise.
Transfer Fee	Up to \$7,500	At the time you submit your transfer request to us	You pay this fee to us to transfer any interest in your EyeCare Center. The fee is prorated depending upon the amount of interest you transfer.
Transfer Delay Fee	Up to \$5,000 per postponement	At the time of closing	You pay this fee at closing of your requested transfer if your failure to timely provide information necessary for the transfer process causes us to postpone the effective date of your transfer by at least one month. Additional Transfer Delay Fees may be assessed with each required postponement.
A&E Fees	\$22,850	At the time you sign or renew the Franchise Agreement	See Note 5.
Project Services Fees	\$10,000 or up to \$5,500 (for projects in the "Other" category)	At the time you are required to complete a full remodel or relocation, or a partial remodel called a "Refresh", or a smaller project that falls in to an "Other" category	See Note 6. You pay these fees to us if you are completing a partial remodel, full remodel or relocation of your EyeCare Center.
Frames	Varies	As agreed	See Note 7. You must purchase and replenish enough Frames through our supply chain management and Approved Suppliers to meet the requirements of your Franchise Agreement.
Inventory	Varies	As agreed	See Note 8. You will purchase certain Inventory from us or our Approved Suppliers.
Lab Services	Varies	As agreed	See Note 9. You must obtain Lab Services from us or our Approved Suppliers.
Additional Training	\$100-\$500	Upon completion of training	You will pay this fee to us for each additional training session. This cost will vary according to how many members of your staff attend training and the type of training attended.
Audit	Cost and expenses of audit (including travel and per diem costs) and attorneys' fees	Paid on the 25 th day of the month following the month your account has been billed	You will pay this fee to us for a periodic review of your books and records if the audit reveals any underreporting.

TRADEMARK	REGISTRATION NO./DATE
PEARLE VISION® (HORIZONTAL) (Color) (Note 1)	4548709 6/10/14
PEARLE VISION® (VERTICAL) (Color) (Note 1)	4610549 9/23/14
PV LOGO VERTICAL® (Black & White) (Note 1)	4610638 9/23/14
PEARLE VISION DESIGN® (WHITE) (Note 1, Note 2)	3492219 8/26/08
PEARLE VISION DESIGN® (GREEN) (Note 1, Note 2)	3492222 8/26/08
PEARLEVISIONS® (Note 1, Note 2)	3336740 11/13/07
PEARLE VISION® (Note 1, Note 2)	3689264 9/29/09
PEARLETHIN® (Note 1, Note 2)	3606717 4/14/09
EYE SQUAD	5558494 9/11/18
NOBODY CARES FOR EYES MORE THAN PEARLE (Note 1, Note 2)	2330661 03/21/00
THIS IS GENUINE EYE CARE	4813724 09/15/15
OPTI-PARTNER	Application Pending

Notes:

- (1) Section 8 and 15 affidavits have been filed and accepted; these Marks are incontestable.
- (2) Registration of this Mark has been renewed.

The Pearle Vision Marks constitute the principal or primary trademarks for the Pearle Vision System. This list does not include all of the trademarks, trade dress, and service marks that we own. All of the Pearle Vision Marks listed above are registered on the Principal Register of the United States Patent and Trademark Office.

There are no currently effective adverse determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or the trademark administrator of any U.S. state or any court, against the Pearle Vision Marks, and, except as described below, to our knowledge there is no pending infringement, opposition or cancellation proceedings, and no pending litigation that may significantly affect, the ownership or use of any Pearle Vision Marks in the United States.

Dr. Michael Heil operates two retail optometry and eyewear stores in Seattle, Washington using the trademark “Pearl Optical” through Dr. Heil’s companies, Heil Company, P.S., and Pearl EyeCare Center, P.S. We have no agreements with Dr. Heil or either of his companies.

PROVISION ¹	SECTION IN FRANCHISE AGREEMENT*	SUMMARY
n. Franchisor’s right of first refusal to acquire franchisee’s business	16.2B, 16.2C and 19.4	Right of First Refusal: If you agree to sell to a third party, we have thirty (30) days to purchase at the price and terms stated in your transfer request. Right to Manage Business: If you fail to comply with the terms and conditions of the Franchise Agreement or Operations Portal, we have the right to manage your EyeCare Center and you will pay us 8% of your net dispensing sales as a “management fee.”
o. Franchisor’s option to purchase franchisee’s business	19.6	If (i) the Franchise Agreement expires by its terms and you owe us money, or (ii) we terminate the Franchise Agreement for your default, we have the right to purchase your leasehold improvements, furniture, fixtures, equipment, supplies, and merchandise inventory (see Note 2 below).
p. Death or disability of franchisee	16.2B	Within sixty (60) days, a new Designated Operator or Developer must be designated; Franchise or Multi-Unit Franchise Agreement must be transferred by estate to approved buyer within six (6) months.
q. Non-competition covenants during the term of the franchise	14.1	You may not engage or have a direct or indirect interest in a competitive business anywhere in the world—, subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	14.2	You may not engage in any competitive business for one year within a three (3) mile radius of your EyeCare Center, subject to applicable state law. You may not engage in a competitive business for one year within a three (3) mile radius of any of your Locations nor contact or directly advertise to any Pearle Vision customer for one year—, subject to applicable state law.
s. Modification of the agreement	5.1, 5.2, 21.7	We can make certain modifications and policies/information in the Operations Portal is subject to change. Franchise Agreement may not be modified without agreement by both parties.
t. Integration/ merger clause	21.6	Only the terms of the Franchise Agreement (and other related written agreements) are binding (subject to applicable state, provincial, regional or local law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	20.1	Except for certain specified types of disputes, and subject to any applicable state law to the contrary, all other disputes that cannot be resolved through good faith discussions and negotiations will be submitted for non-binding mediation at a mutually agreed location.
v. Choice of forum and venue	21.1	Subject to any applicable state law to the contrary, disputes to be resolved in the United States District Court for the Southern District of Ohio—Western Division.
w. Choice of law	21.1	Subject to any applicable state law to the contrary, Ohio law applies.

¹ For purposes of this table “franchisee” is synonymous with “Franchisee” and “franchisor” is synonymous with “Pearle Vision.”

5. In the event that subdivisions 3, 4, and/or 5 of Minnesota Statutes, Section 89C.14, is/are repealed or held to be invalid or unenforceable, the affected provision(s) shall be deemed not to be a part of this Addendum.
6. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of 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 the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's right to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
7. NSF checks are governed by Minnesota Statutes, Section 604.113, which puts a cap of \$30 on service charges.
8. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
9. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
10. 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.
11. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDOREMENT 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 FRANCHISEE.