

## FRANCHISE DISCLOSURE DOCUMENT

Merle Norman Cosmetics, Inc.  
A California Corporation  
9130 Bellanca Avenue  
Los Angeles, California 90045  
(310) 337-2200

[www.merlenorman.com](http://www.merlenorman.com)  
[franchising@merlenorman.com](mailto:franchising@merlenorman.com)



The Studio Owner will operate a retail store known as a “Studio,” which sells Merle Norman cosmetic products.

The total investment necessary to begin operation of a Merle Norman Cosmetic Studio ranges from approximately \$117,708 to 218,823 for a Studio located in a regional mall, from approximately \$76,548 to \$120,373 for a Studio that is not located in a regional mall and from approximately \$35,420 to 53,047 for a Studio located within an existing business. This includes the price for one of several initial packages of Merle Norman Cosmetics, supplies and other items which range from approximately \$13,964 to \$18,527 that must be paid to Merle Norman. The total investment does not include rent for the business location.

This Disclosure Document summarizes certain provisions of your franchise 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 multiple formats, contact Bridget Miller, Franchise Operations, Merle Norman Cosmetics, Inc., 9130 Bellanca Avenue, Los Angeles, CA 90045, (800) 421-2060.

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 an accountant.

Buying a franchise is a complex investment. The 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 also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 23, 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
<b>How much can I earn?</b>	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 and F-2.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Merle Norman Cosmetic Studio business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Merle Norman Cosmetic Studio franchisee?</b>	Item 20 or Exhibits F-1 and F-2 list current and former franchisees. You can contact them to ask about their experiences.

## 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 A.

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 franchise agreement requires you to resolve disputes with the franchisor by litigation only in California. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in California than in your own state.

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.

**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition of the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this Notice shall be directed to the Attorney General's Office, Consumer Protection Division, 525 West Ottawa Street, G. Mennen Williams Building – 1<sup>st</sup> Floor, Lansing, Michigan 48913 (517) 373-7117.

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**EXHIBITS**

- A. List of State Administrators
- B. List of Agents for Service of Process
- C. Operations Manual Table of Contents
- D. Financial Statements
- E.1. Studio Agreement (and addenda required by certain states)
- E.2. Gold Medallion Studio Addendum
- E.3. Ecommerce Addendum
- E.4. Credit Card Agreement
- E.5. Promissory Note – MN POS & Hardware
- E.6. POS Purchase Agreement
- E.7. Security Agreement
- E.8. Software License Agreement
- F.1. List of Active Studios
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- G. State Effective Dates

RECEIPT



## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “MNC,” “we” or “us” means Merle Norman Cosmetics, Inc., the franchisor. “You” means the person who is awarded a franchise.

MNC is a California corporation incorporated on June 12, 1974 as a successor to various companies which have conducted the Merle Norman business since 1931. MNC’s principal place of business is 9130 Bellanca Avenue, Los Angeles, California 90045. MNC does not have any parents or affiliates. MNC’s agents for service of process are listed in Exhibit B.

**MNC’s Business.** In 1931, Merle Norman and J.B. Nethercutt, her nephew, began a cosmetics business, selling cosmetics of their own manufacture in a retail store in Santa Monica, California under the name “Merle Norman Cosmetics.”

In 1934, a former employee of Merle Norman opened the first independently-owned Merle Norman Cosmetic Studio. Since that time, the business of manufacturing and distributing the Merle Norman line of cosmetics through independently-owned Studios has been conducted by a number of partnerships and corporations owned or controlled by Merle Norman, her husband, Andrew Norman, J.B. Nethercutt (all of whom are now deceased) and members of J.B. Nethercutt’s family. J.B. Nethercutt and his wife Dorothy ran MNC until their deaths in 2004. The third generation of the Nethercutt family, Jack Nethercutt, J.B.’s and Dorothy’s son, now runs MNC.

MNC manufactures the Merle Norman line of high-quality cosmetics, which are sold through independently-owned retail outlets known as “Studios.” MNC’s predecessors began appointing Studios in 1934, and MNC has been appointing Studios since it was organized. As of December 31, 2023, MNC did not operate any Studios, and there were 831 franchised Studios. In 2019, MNC began selling products through an online shopping portal (described in more detail below). MNC has never been in any other business, nor has it offered franchises in other lines of business.

**Description of a Merle Norman Studio.** A Merle Norman Studio is an independently-owned retail store licensed to use the Merle Norman name, which specializes in the sale of multiple lines of high quality skin care, color and other cosmetic products (“MN Products”) and offers customers free individualized instruction relating to skin care and the use of MN Products. In certain circumstances, a Merle Norman Studio may be operated in a location that also houses a separate retail business. In these circumstances, all references to the Studio in this Disclosure Document refer only to that portion of the premises designated for the sale of MN Products and not the other retail business. References to the Studio Location in this Disclosure Document include both the Studio and the other retail business, if applicable.

You must initially purchase an inventory of MN Products and certain required supplies from us. You must use your best efforts to promote the sale of the full line of MN Products, and you must focus your efforts at your Studio on selling MN Products and providing free makeover lessons using the lesson material provided by us. While MNC does not prohibit the sale of other merchandise (in addition to MN Products) or the offer of other services (in addition to free makeover lessons using the lesson material provided by MNC), you must obtain our prior written approval of the sale of any additional merchandise or services. In addition, you may not sell at the Studio Location any merchandise of any other manufacturer that is likely to confuse the public as to the origin or quality of the merchandise or enable others to trade upon the Merle Norman name and goodwill of MNC or other Studio Owners. You may not display non-Merle Norman merchandise in fixtures, furniture or equipment acquired from MNC or an MNC-approved supplier. You may not offer to sell or sell at the Studio Location any skin care or color cosmetic products other than MN Products or any merchandise or service that we have determined is inconsistent with the image of MNC or the MN System. In addition,

unless MNC does not offer a comparable product, you may not use at the Studio Location any spa grade skin care products purchased by you in bulk other than MN Products. At all times, you must operate the Studio in compliance with our merchandising directives.

Your Studio must present the visual impression of a cosmetic studio featuring primarily MN Products. You must dedicate a clearly-defined separate area of appropriate size (as determined by MNC) for the MN System and MN Products. The interior and exterior must be clean and well maintained, and fixtures, lighting and flooring must be attractive, professional and complementary. Your counters, floor space and any areas within your Studio that are visible to customers should be kept clean and uncluttered.

In 1998, MNC completed the development of a new Studio design (“New Design”). The New Design includes the following significant elements: an “open-sell” layout where merchandise is displayed for easy viewing and access; a design that supports either customer self-service or beauty consultant-assisted service; perimeter wall fixtures; consultation areas consisting of tables and stools; a tester area; a graphic image display; large screen digital monitor with preformatted video and audio content; and a cash and wrap area in matching finish. In 2015, MNC began the process of updating the New Design with re-design of the cabinetry to better utilize the open-sell environment along with adding new multi-media graphics, and in 2016, MNC changed the specifications for paint, flooring and visual merchandising props. In 2017, MNC continued the evolution of updating the New Design by adding an interactive “play table” for color cosmetic products.

The laws and regulations that will apply to your Merle Norman Studio include those that apply generally to retail businesses. Most states also require cosmetologists or aestheticians to be licensed. Depending on how you operate your Studio, these licensing requirements may be applicable.

Merle Norman Studios compete with many other businesses in the sale of cosmetics. The price of cosmetics varies greatly. MN Products are sold at prices roughly between those of department stores and drug stores, and slightly higher than the prices of “house-to-house” or “party plan” distributors. In addition, cosmetic products are sold at much higher prices in a few specialty stores, and at substantially lower prices in other types of outlets. MNC does not know of any other major national companies presently selling cosmetic products through studios that emphasize training the customer in the intelligent and appropriate use of their products. There are, however, a few other companies engaged in these operations on a local scale, or which are concentrating on locations in large shopping centers.

MNC offers incentive programs to its Studio Owners to encourage the opening of additional (or branch) Studios. A Studio is considered a branch Studio if it is a net new Studio or a Studio that is purchased from an existing Studio Owner. Under the Studio Branch Bonus Program, as now in effect, you will receive a \$5,000 credit on your Studio account for every new branch Studio you open. The credit is available only for a new Studio; a Studio that is purchased from an existing Studio Owner does not qualify for the credit. The credit is subject to repayment if the branch Studio closes within 3 years. Under the Studio Referral Program, as now in effect, you will receive a \$5,000 credit to your Studio account for each applicant you refer who opens a Studio within one year from the date of the referral. The referral credit is available only for a new Studio; a Studio that is purchased from an existing Studio Owner does not qualify for the referral credit. MNC reserves the right to change or discontinue these incentive programs at any time.

The franchise described in this Disclosure Document is for those who wish to open a first Studio and also for those existing Studio Owners who desire to open a branch Studio. References in this Disclosure Document to a “Studio” mean both new and branch Studios unless otherwise noted.

In order for a Studio Owner to qualify for a branch Studio, the existing Studios operated by the Studio Owner must be Gold Medallion Studios, the Studio Owner must be in good standing with respect to her other Studios (that is, not in default), must, in MNC’s view, be capable of operating an additional Studio and the branch Studio must process all credit and debit card payments at the Studio Location through MNC's credit card processor. In addition, new branch Studios will be required to be designed and operated to comply with

the requirements of the Gold Medallion Program as discussed below. At the time MNC appoints you to operate a Studio, you will sign the Studio Agreement (attached as Exhibit E.1.).

**The Gold Medallion Program.** The Gold Medallion Program is an additional program to provide recognition to those Merle Norman Studios offering the highest level of services in a quality environment and to provide additional benefits to those Studios. Participation in the Gold Medallion Program is optional for new Studios, but is open to all new Studios that meet the criteria for the Gold Medallion Program. Newly developed branch Studios will be required to be designed and operated to comply with the requirements of the Gold Medallion Program. If your Studio qualifies, you will sign the Gold Medallion Studio Addendum (attached as Exhibit E.2.).

Pursuant to the Gold Medallion Guidelines in effect as of the date of this Disclosure Document, in order to qualify for the Gold Medallion Program, your Studio must meet the following criteria:

**A. Studio Appearance.** Your Studio must present the visual impression of a cosmetic studio featuring primarily MN Products and promotions. Studios must devote a clearly defined separate area of appropriate size (as determined by MNC) to the MN System and the MN Products. The interior and exterior must be clean and well maintained, and fixtures, lighting and flooring must be attractive, professional and complementary. Your counters, floor space and any areas within your Studio that are visible to customers should be kept clean and uncluttered.

**B. Personnel.** Your Studio's staff must be properly trained in product knowledge, makeup artistry, selling skills and customer service. All staff must maintain a well-groomed and professional appearance, which includes the use of MN Products. You must provide continuing training programs for your staff as MNC reasonably requires. You also are strongly encouraged to take advantage of all training programs.

**C. Location.** Your Studio must be located in an appropriate retail environment.

**D. Studio Operations.** Your Studio must be actively managed by you or a manager who has completed Initial Training. You must keep your Studio open in conformance with the normal business practice of retailers in your area. You must maintain a professional Studio environment at all times, and your Studio account with MNC must be current. You must follow MNC's recommended return policy, including prominently displaying the Gold Medallion Satisfaction Guaranteed policy sign in your Studio. When selling non-Merle Norman products, if return privileges on such items are limited, you must inform your customers of this limitation.

**E. Merchandising.** The shelves in your Studio must be stocked with an adequate inventory of MN Products, including the full line of Merle Norman skin care and cosmetics. MN Products and non-Merle Norman products must be merchandised in separate defined areas of the Studio. You must keep current, and replace at least seasonally, all posters, silent salesmen, brochures and other merchandising or support materials. You should not display handwritten signs visible to customers anywhere in the Studio, and you should not place merchandise on the Studio floor.

**F. Lessons.** Your Studio must offer free makeover lessons to all customers. You may not sell or give away lesson material. You must keep lesson material current and in good condition and apply it according to MNC's hygienic standards.

**G. Advertising.** MNC encourages you to maintain strong community involvement and to participate in outside presentations, advertising, promotions and local public relations efforts.

**H. Signage.** "Merle Norman" or "Merle Norman Cosmetics" must be prominently displayed at the Studio (both interior and exterior).

**I. Product Line.** Any products not purchased from MNC and all services offered at the Studio must be compatible with MN Products and MNC’s quality image. They must not compete with MN Products, and they must be clearly identified as non-Merle Norman products or services.

**J. Gift Certificates.** You must participate in MNC’s gift certificate program by honoring Merle Norman gift certificates issued by other Studios. If you offer your own gift certificates, they must comply with all applicable laws and clearly state that they are redeemable only at your Studio.

Gold Medallion Studios receive additional benefits from MNC. As of the date of this Disclosure Document, these include the right to utilize the Gold Medallion marks, which include the words, symbols, designs, trade names, service marks or combinations used to identify the Gold Medallion Program, additional advertising support and premiums designed exclusively for Gold Medallion Studios. MNC reserves the right to change the benefits offered to Gold Medallion Studio Owners.

If your Studio fails to satisfy the Gold Medallion Program criteria continuously, MNC may terminate your Gold Medallion status and the associated benefits. (See Item 17.) A Studio that has lost its Gold Medallion status may seek to requalify after 12 months.

**Studio Resale Program.** MNC has created a program to assist qualifying Studio Owners identify potential purchasers for their Studios. MNC does not charge any fees in connection with this Studio Resale Program and it does not represent either the selling Studio Owner or the potential purchaser in these transactions.

**Online Sales Revenue Allocation Program.** MNC has established a program (“Online Sales Revenue Allocation Program”) where a qualifying Studio Owner will be allocated a portion of the revenue from the sale of MN Products on MNC’s online shopping portal (“Online Sales”). Provided you qualify to participate in the Online Sales Revenue Allocation Program, revenue from an Online Sale will be shared with you where the customer selects your Studio, or where your Studio is selected from a list of Studios participating in the Online Sales Revenue Allocation Program within a 20-mile radius of the customer, as part of the Online Sale (“Qualifying Transaction”). If the customer does not select a Studio, and there is no Studio within a 20-mile radius of the customer, MNC will retain the revenue from the sale. Unless modified by MNC, for each Qualifying Transaction, within 30 days after the date of the Online Sale, your Studio Account will be credited the wholesale cost of the MN Products purchased. If any of the MN Products are returned by the customer, MNC will debit your Studio Account the amount of the return within 30 days after the date of the return.

MNC is responsible for filling the order, including packaging and shipping to the customer. If, during a Qualifying Transaction, an online customer agrees to receive information from us, MNC will share the online customer’s email address with you.

In order to participate in the Online Sales Revenue Allocation Program, as of the date of this Disclosure Document, you must meet the following criteria: **(1)** the form of Studio Agreement under which you operate must be the 2005 or later version; **(2)** you must remain current on all obligations to MNC; **(3)** you must process all credit and debit card payments at the Studio Location through MNC’s credit card processor; and **(4)** you must join MNC's Social Media Management service provided by SOCi, a third party vendor. (If you operate under an earlier version of the Studio Agreement, you will be given the opportunity to sign the current version of the Studio Agreement.) The determination as to whether a Studio Owner is qualified to participate will be made by MNC in its sole discretion and is not subject to review. If you qualify for the Online Sales Revenue Allocation Program, you will sign the Ecommerce Addendum to the Merle Norman Cosmetics Studio Agreement (attached as Exhibit E.3.).

\* \* \*

Your receipt of this Disclosure Document does not mean that you will be approved as a Studio Owner or that you may open a Studio. Before you may open a Studio, MNC must approve you as a Studio Owner, MNC must accept the location of your proposed Studio, you must successfully complete Initial Training and MNC and you must sign the Studio Agreement. Among other things, you should not quit your current job or acquire any interest in a site for a Studio until, at the earliest, MNC has accepted you as a Studio Owner and MNC accepts the site for your Studio.

## ITEM 2

### BUSINESS EXPERIENCE

#### **Chairman of the Board of Directors: Jack Boison Nethercutt**

Mr. Nethercutt has been Chairman of the Board of Directors of MNC since February 2005. From February 2004 to February 2005, he was Vice Chairman of the Board of Directors of MNC. From February 2002 to February 2004, Mr. Nethercutt was a Director of MNC.

#### **Vice Chair of the Board of Directors: Helen Nethercutt**

Mrs. Nethercutt has been Vice Chair of the Board of Directors of MNC since July 2006. From February 2005 to July 2006, she was a Director of MNC.

#### **Director and Vice President, Franchising: Travis John Richards**

Mr. Richards has been a Director of MNC since July 2006 and Vice President, Franchising of MNC since September 2014.

#### **Director, Chief Operating Officer and Chief Financial Officer: Michael Cassidy**

Mr. Cassidy has been a Director of MNC since January 2024, Chief Operating Officer of MNC since January 2023 and Chief Financial Officer of MNC since October 2016.

#### **Resale and Franchise Consultant: Rosemarie Casalicchio**

Ms. Casalicchio has been with MNC in her present position since January 2009.

#### **Resale Consultant: Karla Baker**

Ms. Baker has been with MNC in her present position since January 2023. From November 2017 to January 2023, she was a Regional Business Consultant with MNC.

#### **Manager of Real Estate and Franchise Sales Consultant: Alice Okamoto**

Ms. Okamoto has been Manager of Real Estate of MNC since January 2009 and Franchise Sales Consultant of MNC since January 2023.

## ITEM 3

### LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4

### BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

## ITEM 5

### INITIAL FEES

There is no required initial franchise fee to become a Merle Norman Studio Owner, but you must purchase an initial package of MN Products, supplies and other items when you sign your Studio Agreement. The initial package includes a full range of MN Products, business forms, supplies and materials. If you are purchasing an existing Studio from another Studio Owner, you are not required to place an initial order.

The quantity and variety of MN Products and other items included in the initial package will vary depending on the size and location of your Studio. The price you pay for an initial package ranges from approximately \$13,984 to \$18,527. For new Studio Owners, the price for the initial package is payable 55% at the end of Initial Training, with the balance payable in 3 equal monthly installments beginning 2 months after shipment of your initial package. For branch Studio Owners, the price for the initial package is payable 30% before it is shipped to you, with the balance payable in 3 equal monthly installments beginning 30 days after the order is shipped. Provided all payments are made as scheduled, no interest is charged. The prices charged for these initial packages are uniform. If you wish to do so, you may purchase additional MN Products at the time you purchase the initial package at wholesale prices and on the same terms. For branch Studio Owners, under the Studio Branch Bonus Program as now in effect, because you already operate one or more Studios, you will receive a \$5,000 credit on your Studio account for every branch Studio that you open. The credit is available only for a new Studio; a Studio that is purchased from an existing Studio Owner does not qualify for the credit.

Your payment for an initial package is not refundable; however, any MN Product purchased as part of the initial package may be exchanged for other MN Products at any time within 90 days after you receive the initial package.

There is no required initial fee or other required initial payment in connection with participation in the Gold Medallion Program.

## ITEM 6

### OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
<b>Purchase of Additional MN Products (2)</b>	Variable (3)	Within 30 days after shipment	After your Studio opens, you may purchase additional MN Products at wholesale prices. You determine the amount of those additional purchases and the MN Products you will purchase.
<b>Delinquency Fee</b>	As required by MNC's then-current payment policies.	If you fail to make timely payments of all amounts owed to MNC	We may require special arrangements for future amounts owed to us.

Type of Fee (1)	Amount	Due Date	Remarks
<p><b>MN POS Software Program</b></p> <p>Cost of Program</p> <p>Annual Upgrades/Support</p>	<p>\$1,800</p> <p>\$300</p>	<p>At the time of purchase</p> <p>Within 30 days after billing to your Studio account</p>	<p>You are required to participate in ongoing upgrades and support for a period of one year. If you have financed any part of your purchase of the MN POS system through MNC, you are required to participate in ongoing upgrades and support until you have repaid MNC the amount financed.</p>
<p><b>Initial Training</b></p>	<p>We currently do not charge a tuition fee for Initial Training, but we may do so in the future.</p>	<p>Prior to the commencement of Initial Training</p>	<p>The Initial Training is conducted virtually. Please see Item 11 for more details regarding Initial Training.</p>
<p><b>Additional Training</b></p>	<p>We currently do not charge a fee for additional training courses, but we may do so in the future.</p>	<p>Within 30 days of receipt of notification from MNC</p>	<p>If any Additional Training is provided in-person, you will be required to pay all costs of travel, living and other expenses incurred by your manager and you while attending training. Please see Item 11 for more details regarding Additional Training.</p>
<p><b>MN POS Training</b></p>	<p>We currently do not charge a tuition fee for MN POS training, but we may do so in the future.</p>	<p>Prior to the commencement of MN POS training</p>	<p>MN POS Training is conducted exclusively via on-line training modules.</p>
<p><b>Social Media Management Service</b></p>	<p>Annual fee of \$144</p>	<p>Prior to participation in the Online Sales Revenue Allocation Program</p>	<p>This service is provided by SOCi, a third-party vendor. Studios enrolled in the SOCi program have: <b>(1)</b> unlimited access to the platform; <b>(2)</b> access to MNC created content; <b>(3)</b> 4-5 pre-scheduled posts per week to the Studio Owner's business page; <b>(4)</b> educational webinars; <b>(5)</b> Facebook and Instagram tech support; and <b>(6)</b> analytics and reporting.</p>
<p><b>Non-Cash Payment System</b></p>	<p>All costs associated with non-cash payment systems.</p>	<p>As incurred</p>	<p>You must accept debit cards, stored value gift cards or other non-cash payment systems specified by MNC to enable customers to purchase MN Products. <b>(4)</b></p>

Type of Fee (1)	Amount	Due Date	Remarks
<b>Indemnification</b>	All liability, damages, costs and expenses incurred by MNC and our officers, directors, etc.	As incurred	You must defend, indemnify and hold us and our officers, directors, etc. harmless with respect to any and all claims arising directly or indirectly from, as a result of, or in connection with your operations at the Studio Location. Your indemnification obligation does not include claims covered by our product liability insurance.

**NOTES**

- (1) Unless otherwise noted, all fees are imposed by, collected by and payable to MNC and are not refundable.
- (2) MNC will only accept returns of additional MN Products and issue a credit to your Studio account (less any handling fees) in the event of a shipping or ordering error (provided MNC is notified of the error within 10 days of the invoice date), a Studio closure or for certain specified MN Products returned in compliance with our Premiere Privilege Return Policy (provided the merchandise is postmarked within 30 days of the invoice date). MNC may be willing, in its sole discretion and on a case-by-case basis, to permit you to return MN Products under additional circumstances. You must obtain our prior written consent for all returns, except with respect to Premiere Privilege returns. In order to receive credit, all returned MN Products must be of current manufacture (*i.e.*, not discontinued), in original packages and cartons with no tags or stickers, and received in saleable condition.
- (3) The amount of additional MN Products purchased varies widely among Studios depending on such factors as the Studio Owner’s desires and plans for her business, whether another business is operated at the Studio, the retail maturity of the location of the Studio, the Studio Owner’s management skill, experience and business acumen, the local market for a Merle Norman Studio and competition. During MNC’s 2023 fiscal year, purchases of additional MN Products by Studios ranged from \$3,006 to \$258,111.
- (4) You must process all credit and debit card payments through MNC’s credit card processor. In connection with this processing, you will be required to sign a credit card vendor agreement, an example of which may be found at Exhibit E.4.

**END OF NOTES**

Under the Studio Referral Program, as now in effect, you will receive a \$5,000 credit to your Studio account for each applicant you refer who opens a Studio within one year from the date of the referral. The referral credit is available only for a new Studio; a Studio that is purchased from an existing Studio Owner does not qualify for the referral credit.



**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT (1)**

**REGIONAL MALL LOCATIONS**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Real Estate (3)	Variable			
Initial Package of Inventory and Supplies	\$13,964 - 18,527	See Note (4)	As Scheduled	MNC
Studio Costs: (5)				
Fixtures and Furnishings (6)				
Millwork Fixtures	\$19,975-23,025	As Incurred	As Incurred	Suppliers
Acrylic Organizers	\$3,600-4,275	As Incurred	As Incurred	Suppliers/MNC
Tables & Chairs	\$1,160-1,685	As Incurred	As Incurred	Suppliers
Graphics	\$210	As Incurred	As Incurred	Suppliers
Mirrors	\$350-500	As Incurred	As Incurred	Suppliers
Merchandising Pieces	\$699-1,036	As Incurred	As Incurred	Suppliers/MNC
Flooring (7)	\$3,000-5,300	As Incurred	As Incurred	Suppliers
Lighting	\$1,850-2,600	As Incurred	As Incurred	Suppliers
Interactive Play Table	\$2,500	As Incurred	As Incurred	Suppliers/MNC
Digital Compu Stick	\$0-250	As Incurred	As Incurred	MNC
Exterior Signage	\$3,500-6,000	As Incurred	As Incurred	Suppliers
Construction	\$18,900-84,000	As Incurred	As Incurred	Local Vendors
Computer (hardware/software) (8)	\$1,800-5,390	As Incurred	As Incurred	Local Vendors/MNC
Working Capital, Deposits, Insurance, and Advertising (9)	\$46,200-63,525	As Incurred	As Incurred	MNC, Suppliers, Landlord, Utilities
<b>Total (10)</b>	\$117,708-218,823 (Does not include real estate costs)			

**NON-MALL LOCATIONS**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Real Estate (3)	Variable			
Initial Package of Inventory and Supplies	\$13,964 - 18,527	See Note (4)	As Scheduled	MNC

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Studio Costs: (5) Fixtures and Furnishings (6) Millwork Fixtures Acrylic Organizers Tables & Chairs Graphics Mirrors Merchandise Pieces Flooring (7) Lighting Interactive Play Table Digital Compu Stick Exterior Signage Construction	\$15,725-19,075 \$3,600-4,275 \$1,160-1,685 \$210 \$350-500 \$699-1,036 \$2,000-3,200 \$1,850-2,600 \$2,500 \$0-250 \$3,500-6,000 \$8,400-26,250	As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred	As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred	Suppliers Suppliers/MNC Suppliers Suppliers Suppliers Suppliers/MNC Suppliers Suppliers MNC/Suppliers MNC Suppliers Local Vendors
Computer (hardware/ software) (8)	\$1,800-5,390	As Incurred	As Incurred	Local Vendors/ MNC
Working Capital, Deposits, Insurance, and Advertising (9)	\$20,790-28,875	As Incurred	As Incurred	MNC, Suppliers, Landlord, Utilities
<b>Total (10)</b>	\$76,548-120,373 (Does not include real estate costs)			

**STUDIO WITHIN EXISTING BUSINESS**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Real Estate (3)	Variable			
Initial Package of Inventory and Supplies	\$13,964 - 18,527	See Note (4)	As Scheduled	MNC
Studio Costs: (5) Fixtures and Furnishings (6) Millwork Fixtures Acrylic Organizers Tables & Chairs Graphics Mirrors Merchandising Pieces Lighting Interactive Play Table Digital Compu Stick Exterior Signage	\$7,254-9,531 \$3,600-4,275 \$1,160-1,685 \$210 \$350-500 \$699-1,036 \$1,850-2,600 \$2,500 \$0-250 \$300-2,500	As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred	As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred As Incurred	Suppliers Suppliers/MNC Suppliers Suppliers Suppliers Suppliers/MNC Suppliers MNC/Suppliers MNC Suppliers
Computer (hardware/ software) (8)	\$1,800-5,390	As Incurred	As Incurred	Local Vendors/ MNC

Type of Expenditure	Amount	Method of Payment (2)	When Due	To Whom Payment is to be Made
Working Capital, Deposits, Insurance, and Advertising (9)	\$1,733-4,043	As Incurred	As Incurred	Local Vendors/MNC
Total (10)	\$35,420-53,047 (Does not include real estate costs)			

### NOTES

- (1) Your initial investment will vary depending on whether your Studio is located in a regional mall or another location such as a strip shopping center, a central business location, a free-standing building, or located within an existing business. In addition, your initial investment will vary depending on the fixture package you purchase.
- (2) Except for the initial inventory of MN Products, supplies and other items that must be purchased from MNC and the purchase of the MN POS Software Program designed for use in Merle Norman Studios (which is available only from MNC), all of these costs are paid to others, so the amount, terms and refundability of the payment will depend on each supplier.
- (3) Most regional shopping mall Studio locations are in rented spaces of 400 to 600 square feet. Studio locations in strip shopping centers and other locations are typically in rented spaces of 800 to 1,800 square feet. Studio locations within an existing business may be in a space ranging from 200 to 500 square feet of the larger existing business. It has been MNC's experience that fair rental value for a suitable site is so dependent on local real estate conditions that any reasonable estimate of your probable rental expenses may prove inaccurate; however, MNC understands that rents for a suitable site vary from \$31 to \$102 per square foot per year, depending on the location of the Studio. In some cases, particularly in new shopping centers, you may be required to pay a portion of the cost of completing the space.
- (4) There is no initial franchise fee; however, you must purchase one of several initial packages of MN Products and supplies. For new Studio Owners, at the end of Initial Training, 55% of the cost of the initial package is due. The balance is payable in 3 equal monthly installments beginning 2 months after shipment of your initial package. For branch Studio Owners, you must pay 30% of the cost of the initial package before the order is shipped. The balance is payable in 3 equal monthly installments beginning 30 days after the order is shipped. Under the Studio Branch Bonus Program, as now in effect, you will receive a \$5,000 credit on your Studio account for every new branch Studio that you open. The credit is available only for a new Studio; a Studio that is purchased from an existing Studio Owner does not qualify for the credit. If you are purchasing an existing Studio from another Studio Owner, you are not required to place an initial order. (See Items 5 and 10.)
- (5) MNC's Franchise Sales Staff is available to assist you with retail site selection and space criteria. In addition, at the request of certain Studio Owners, MNC has, on occasion, assisted in lease negotiations for Studio Owners who are leasing space in regional malls. At your request, MNC also will review the proposed lease for your Studio, provide general comments and an analysis of the lease provisions, and provide suggestions for further negotiations and lease revisions. There is no charge for this assistance; however, MNC reserves the right to limit the amount of the assistance it provides.
- (6) MNC's Studio Design Staff, if provided with accurate measurements and other requested information, will assist you in developing preliminary design concept plans for your Studio ("Plans"). The Studio Design Staff will also assist you in determining the necessary fixtures for your Studio. There is no charge for this assistance; however, MNC reserves the right to limit the amount of the assistance it provides. You must obtain MNC's approval of the Plans and all furnishings, furniture, fixtures, floor coverings and signs used in the Studio.

This range of costs does not include freight costs and any applicable sales taxes. Since these costs can vary greatly depending on the state in which your Studio is located and the shipping distance, MNC is unable to estimate these costs.

- (7) This range of costs represents the cost of tile and carpet for a 750 square foot Studio location.
- (8) This includes the cost of the MN POS Software Program designed for use by Merle Norman Studios and some computer hardware. As of the date of this Disclosure Document, the cost of the MN POS Software Program (which can only be purchased from MNC) is \$1,800. Under the Studio Branch Bonus Program, as now in effect, you will receive a 33% discount credit on your purchase of the MN POS Software Program for every branch Studio that you open. You may purchase the computer hardware from any source. The cost of the computer hardware currently ranges from \$950 to \$1,100, depending on the computer and printer you select. MNC offers the following computer hardware for purchase: USB barcode scanners for \$167 and receipt printers/cash drawers ranging from \$15 to \$160. MNC will finance 80% of the purchase price of the MN POS software and computer hardware at an APR of 10%. At your election, MNC will finance this purchase for 12, 24 or 36 months, to be repaid in equal monthly installments. (See Item 10.)
- (9) This includes items such as security deposits, initial utility deposits, advertising, insurance, licenses, supplies and the like. This also estimates your initial start-up expenses for 6 months. This does not include any salary for you or payment of your living expenses. This figure is an estimate, and MNC cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors such as whether you will have any employees in addition to yourself, the rent obligation, the retail maturity of the location, your management skill, experience and business acumen, the local market for a Merle Norman Studio, competition and the sales level reached during the initial period.
- (10) Except where otherwise indicated, all costs and expenditures mentioned in this Disclosure Document represent the best estimates known to MNC for these costs. These figures do not take into account costs of financing which you will incur if you choose to finance any portion of these expenses. As noted in Item 10, MNC offers financing only for the initial package and, in some instances, for computer software and hardware. You should review these figures with a business advisor before making any decision to purchase the franchise.

**END OF NOTES**

The following figures include the costs a Studio Owner may incur if, after the Studio initially opens, she seeks to qualify for the Gold Medallion Program.

MNC does not require a particular investment for the Gold Medallion Program, and a Studio Owner will not be required to make any real estate investment, purchase any additional MN Products or supplies or incur any training related expenses. In tabular form, the range of expenses a Studio Owner may incur may be broken down as follows:

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (4)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Studio Costs:				
Fixtures (1)	\$0-4,000	As Incurred	As Incurred	Suppliers
Renovations (2)	\$0-2,000	As Incurred	As Incurred	Suppliers
Signs (3)	\$0-2,000	As Incurred	As Incurred	Local Vendors
Total	\$0-8,000			

## NOTES

- (1) In order to qualify for the Gold Medallion Program, a Studio Owner may be required to repair or replace the fixtures in the Studio.
- (2) In order to qualify for the Gold Medallion Program, a Studio Owner may be required to repaint the Studio, clean or replace ceiling tiles and clean or replace carpeting.
- (3) In order to qualify for the Gold Medallion Program, a Studio Owner may be required to repair or replace the signs.
- (4) Except where otherwise noted, these costs and expenditures represent the best estimates known to MNC for these costs. These figures do not take into account costs of financing a Studio Owner will incur if the Studio Owner chooses to finance any portion of these expenses. MNC does not offer any financing in connection with the expenses a Studio Owner may incur to qualify for the Gold Medallion Program. You should review these figures with a business advisor before making any decisions regarding participation in the Gold Medallion Program.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To become a Studio Owner, you must purchase an initial package of MN Products, supplies and other materials from MNC. In the year ending December 31, 2023, MNC's revenue from the sale of initial packages to Studio Owners was \$200,801 or approximately 0.3% of MNC's total revenue of approximately \$54.6 million. The cost of the initial package, as described in Items 5 and 7, represents approximately 8% to 58% of all purchases and leases of goods and services in connection with establishing your Studio. In addition, you must purchase acrylic organizers from our recommended vendors and certain acrylic organizers may only be purchased from us. Studio Owners purchase acrylic organizers from us at the same price we purchase them from manufacturers. You also must purchase the interactive play table from our recommended vendors or from us and you must purchase the digital compu stick from us. We will supply you a list of recommended vendors.

You are not required to purchase or lease any goods, services, supplies, fixtures (other than as noted above), equipment (other than as noted above), inventory, computer hardware or real estate related to your Studio from MNC, designated suppliers or pursuant to MNC's specifications.

There are no approved suppliers in which any of our officers own an interest.

While MNC does not prohibit the sale of other merchandise (in addition to MN Products) or the offer of other services (in addition to free makeover lessons using lesson material provided by MNC) at the Studio Location, you must obtain our prior written approval of any additional merchandise or services. In addition, you may not sell or offer for sale: **(1)** any merchandise which is likely to confuse the public as to the origin or quality of the merchandise or enable others to trade upon MNC's Trademarks (as defined in Item 13) and the goodwill of MNC or other Studio Owners; **(2)** any skin care or color cosmetic product other than MN Products; or **(3)** any merchandise or service which MNC has determined is inconsistent with the image of MNC or the MN System. In addition, unless MNC does not offer a comparable product, you may not use at the Studio Location any spa grade skin care products purchased by you in bulk other than MN Products. You also may not display non-Merle Norman merchandise in fixtures, furniture or equipment acquired from MNC or an MNC-approved supplier. There are no purchasing or distribution cooperatives. MNC will not derive revenue from any of your purchases or leases, except for purchases from MNC. With the exception of the acrylic organizers and the interactive play table, MNC does not negotiate purchase arrangements with suppliers for

the benefit of Studio Owners. MNC does not provide material benefits to a Studio Owner based on a Studio Owner’s purchase of particular products or services or use of particular suppliers. In the year ending December 31, 2023, essentially 100% of MNC’s revenue came from the sale of products, supplies, accessories and other materials to Studio Owners.

As described more fully in Item 11, you must obtain and install in your Studio MNC’s proprietary point of sale software, MN POS Software Program. As of the date of this Disclosure Document, the cost of the MN POS Software Program is \$1,800. Under the Studio Branch Bonus Program, as now in effect, you will receive a 33% discount credit on your purchase of the MN POS Software Program for every branch Studio that you open. At the time of purchase, you must sign a POS Purchase Agreement, a Security Agreement (if MNC finances the POS purchase) and a Software License Agreement (Exhibits E.6. to E.8.). You must comply with the Payment Card Industry Data Security Standard (“PCI-DSS”) at all times and engage any vendor that we may designate to ensure the security of your data and compliance with PCI-DSS. In addition to the MN POS Software Program, you must obtain and install other hardware, software and network connections that we may specify.

You must maintain throughout the term of the Studio Agreement, at your cost and expense, that insurance as you deem necessary or desirable, but at least the insurance that is required by your lease. We have the right to specify (and later modify) the types of insurance you must have, including insurance coverage for non-Merle Norman products and services offered at the Studio Location; specify (and later increase) minimum required coverages; and require that your insurers achieve certain ratings by insurance rating agencies. MNC must be an additional insured in each insurance policy and you must provide MNC certificates of insurance.

## ITEM 9

### FRANCHISEE’S OBLIGATIONS

**THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.**

Obligation	Section in the Studio Agreement (“SA”) and Gold Medallion Studio Addendum (“GMSA”)	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Item 11
b. Pre-opening purchases/leases	SA, Section 5	Items 5 & 7
c. Site development and other pre-opening requirements	SA, Section 4	Items 7 & 11
d. Initial and ongoing training	SA, Section 7	Items 7 & 11
e. Opening	Not Applicable	Item 11
f. Fees	Not Applicable	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	SA, Sections 6 & 8 GMSA, Section 4	Items 8 & 16
h. Trademarks and proprietary information	SA, Section 9 GMSA, Section 5	Items 13 & 14
i. Restrictions on products/services offered	SA, Section 8.E. & 8.F. GMSA, Section 4.C.	Items 8 & 16

<b>Obligation</b>	<b>Section in the Studio Agreement (“SA”) and Gold Medallion Studio Addendum (“GMSA”)</b>	<b>Disclosure Document Item</b>
j. Warranty and customer service requirements	Not Applicable	
k. Territorial development and sales quotas	SA, Section 2 GMSA, Section 2	Item 12
l. Ongoing product/service purchases	SA, Section 5	Item 8
m. Maintenance, appearance and remodeling requirements	SA, Sections 8.A. & 8.D.	Item 17
n. Insurance	SA, Section 10.A.	Item 11
o. Advertising	SA, Sections 6.C. & 8.H. GMSA, Section 4.A.	Item 11
p. Indemnification	SA, Section 10.B.	Item 6
q. Owner’s participation/management staffing	Not Applicable	Items 11 & 15
r. Records/reports	SA, Section 8.C.	
s. Inspections/audits	SA, Section 6.B. GMSA, Section 6.C.(2)	Item 11
t. Transfer	SA, Section 11 GMSA, Section 2	Item 17
u. Renewal	GMSA, Section 3.B.	Item 17
v. Post-termination obligations	SA, Section 14 GMSA, Section 7	Item 17
w. Non-competition covenants	Not Applicable	
x. Dispute resolution	SA, Section 17.D.	Item 17

## ITEM 10

### FINANCING

Except as described below, MNC does not offer direct or indirect financing. MNC does not guarantee your note, lease or obligation. The Notes at the end of the following two Tables are an integral part of the information you should know with respect to financing offered by MNC and you should carefully read those notes.

#### SUMMARY OF FINANCING OFFERED TO NEW STUDIO OWNERS

<b>Item Financed</b>	<b>Amount Financed</b>	<b>Down Payment</b>	<b>Term (Months)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss of Legal Right on Default</b>
Initial Package (1)	45%	55%	3	None	Equal Installments	None	None	Loss of Franchise	None
MN POS Software and Hardware (2)	80%	20%	12-36	10%	Equal Installments	None	Personal Guarantee	Loss of Franchise, Attorneys’ Fees, Default under other agreements with MNC	None

## SUMMARY OF FINANCING OFFERED TO BRANCH STUDIO OWNERS

Item Financed	Amount Financed	Down Payment	Term (Months)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Package (3)	70%	30%	3	None	Equal Installments	None	None	Loss of Franchise	None
MN POS Software and Hardware (2)	80%	20%	12-36	10%	Equal Installments	None	Personal Guarantee	Loss of Franchise, Attorneys' Fees, Default under other agreements with MNC	None

### NOTES

- (1) For New Studio Owners, the initial package is payable 55% at the end of Initial Training, with the balance payable, without interest, in 3 equal monthly installments beginning 2 months after shipment of your initial package.
- (2) MNC will finance 80% of the total purchase price of the MN POS Software Program and certain computer hardware purchased through MNC at an APR of 10%. At your election, MNC will finance this purchase for 12, 24 or 36 months, to be repaid in equal monthly installments. In connection with this financing, you will be required to sign a Promissory Note, an example of which may be found at Exhibit E.5., and a Security Agreement, an example of which may be found at Exhibit E.7., and MNC will retain a security interest in the financed collateral (Security Agreement, Further Warranties and Covenants #4). If you fail to make timely payments under the Promissory Note, MNC can demand payment of the unpaid amount (Promissory Note, Default) and payment of a late fee of 5%. If you default under any other agreement with MNC, that constitutes a default under the Promissory Note (Promissory Note, Default). If MNC files suit to recover on the Promissory Note, it can also recover attorneys' fees (Promissory Note, Default). With respect to the Security Agreement, if you fail to make timely payments, MNC can demand payment of the unpaid amount and repossess and sell the financed collateral if you fail to pay (Security Agreement, Default). If you default under the Security Agreement, that constitutes a default under all other agreements you have with MNC (Security Agreement, Default). MNC can also recover the costs of repossession and reasonable attorneys' fees and legal expenses (Security Agreement, Default).
- (3) For Branch Studio Owners, the initial package is payable 30% before it is shipped to you, with the balance payable, without interest, in 3 equal monthly installments beginning 30 days after the order is shipped.

### END OF NOTES

With respect to all of the financing described in this Item, there is no penalty if you prepay the amount financed; you are not required to confess judgment or waive a defense against MNC; MNC does not arrange financing from other sources; commercial paper from Studio Owners has not been and is not sold or assigned to anyone and MNC has no plans to do so; MNC does not receive direct or indirect payments for placing financing; and MNC does not guarantee your obligations to third parties. Under the Studio Agreement, if you fail to timely repay MNC for amounts financed, MNC may require you to pay a delinquency fee and make special arrangements for future amounts owed to MNC (Studio Agreement, Section 5), may discontinue selling MN Products to you (Studio Agreement, Section 5) and may place you in default of the Studio Agreement (Studio Agreement, Section 13.B.).



## ITEM 11

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

Except as listed below, MNC is not required to provide you any assistance.

#### MNC's Pre-Opening Obligations

Before you open your Studio, MNC will:

1. Advise you within 30 days after we receive the design plans whether we approve the plans. (Studio Agreement, Section 4.A.)
2. Advise you whether we approve all furnishings, furniture, fixtures, floor coverings and signs used in the Studio. (Studio Agreement, Section 4.B.)
3. Sell you an initial package of MN Products, supplies and other items. (Studio Agreement, Section 5)
4. Provide Initial Training comprised of on-line training modules and virtual training classes (as described later in this Item) prior to the time your Studio opens. (Studio Agreement, Section 7.A.)
5. Loan you a copy of, or provide electronic access to, the Studio Resource Guide ("Operations Manual"), which is 181 pages in length. (Studio Agreement, Section 2) The table of contents for the Operations Manual is attached as Exhibit C.

#### MNC's Obligations During Operation of the Franchise

During the operation of your Studio, MNC will:

1. Make MN Products available for purchase by you as long as you are not in default of your obligations to us. (Studio Agreement, Section 5)
2. Periodically make available for purchase by you sales aids, such as props, supplies, favors and related items. (Studio Agreement, Section 6.E.)
3. Periodically provide you, at no cost, limited quantities of materials to use solely in connection with providing customers free make-up or makeover lessons in your Studio. You may not sell, or give away, lesson material. (Studio Agreement, Section 6.F.)
4. Provide, at no cost, consultation and advice to you as we deem appropriate in connection with the development and operation of the Studio. We may delegate some or all of our obligations and duties under the Studio Agreement to third parties, including affiliates, agents and independent contractors. (Studio Agreement, Section 6.A.)
5. Inspect and record or photograph the Studio's operation and the facility, remove samples of any products, interview personnel and customers and inspect and copy any documents relating to the operation of the Studio. (Studio Agreement, Section 6.B.)
6. Advise you whether we have approved your local advertising and promotional materials within 30 days after receipt of these materials. If we do not respond within 30 days, we will be considered to have denied approval of that advertising. (Studio Agreement, Section 8.H.)

7. Reimburse a portion of your local advertising expenses if the advertising and media are approved by us and the amount spent is, in our judgment, reasonable in light of your sales of MN Products. The details of this program, which we may modify or discontinue at any time, will be provided separately to you. (Studio Agreement, Section 6.C.)
8. Upon 30 days' notice to you, we may modify the MN System, including modifications to the Operations Manual, the design, layout and furnishing of Studios (including the trade dress, décor, visual merchandising props, and color schemes) and the method of payment of monies owed to us. (Studio Agreement, Section 6.D.)
9. Periodically provide you with suggested retail price lists for the MN Products. (Studio Agreement, Section 8.G.)

### **Advertising**

MNC periodically conducts advertising for MN Products, primarily in national print media. You are not required to pay MNC any monies for this advertising, which MNC conducts as it deems appropriate. At present, this advertising is prepared by MNC's in-house advertising department. There is no formal arrangement for an advertising council composed of franchisees that advises MNC on advertising policy.

You are not required to conduct any local advertising for your Studio, although you are encouraged to do so. You may not, however, advertise your Studio outside of your trade area. Except as specifically authorized by MNC, you may not independently advertise on any on-line computer network or in Social Media (as defined in Item 16). You may establish an Internet web site only if done through MNC. We will own all advertising and promotional materials developed by you that use any MNC Trademark (as defined in Item 13) and you will take all actions we specify to vest ownership in us. You may not use MNC's Trademarks to advertise or promote any merchandise or services other than MN Products, regardless of whether the merchandise or services have been approved by MNC. At all times, you will maintain a business Facebook page exclusively for your Merle Norman businesses, as well as any other Social Media sites or pages as MNC periodically specifies. MNC will assign you a Merle Norman email address and MNC may direct all communications to you to that email address. You must maintain, at your expense, one or more telephone directory listings for your Studio as MNC requires from time to time.

Your local advertising and promotional materials must comply with all federal and local laws and regulations and with our guidelines for advertising and promotions and must be submitted to us at least 30 days prior to first use for approval. If we do not respond within 30 days, we will be considered to have denied approval of that advertising. All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. Your advertising may not contain any statement or material which may be considered: (1) in bad taste or offensive to the public or to any group of persons; (2) defamatory of any person or an attack on another Studio Owner or any competitor; (3) to infringe upon any other person's copyright, trade name, trademark, service mark or identification; or (4) inconsistent with the image of MNC or the MN System.

Under our Studio's Choice Co-operative Advertising Program, MNC will reimburse a portion of the cost of your local advertising if the advertising materials and media are approved by MNC and the amounts spent are, in the judgment of MNC, reasonable in light of your sales of MN Products. The details of this Program will be provided separately to you. At present, MNC pays 60% of these costs, but MNC may vary this amount. You do not pay MNC any monies in connection with the Studio's Choice Co-operative Advertising Program.

You may seek reimbursement for approved advertising by submitting a Request For Co-op Advertising Credit Form ("Request") with the required documentation within 60 days after the advertising has run and you have paid the advertising vendor. These Requests normally are processed in 5 days, and reimbursement is

made by a credit to your Studio account. MNC reserves the right to contact directly the publisher or advertising vendor to review your records, as appropriate or necessary, to verify any Request. In order to expedite reimbursement to you, verification procedures ordinarily will be carried out after the reimbursement has been credited to your Studio account. If discrepancies are found, an adjustment will be made to your Studio account through a debit or credit as appropriate.

### **The MN POS Software Program/Computer**

MNC owns a proprietary point of sale software program (known as the MN POS Software Program), which you must purchase from MNC and install in your Studio. At the time of purchase, you must sign a POS Purchase Agreement (attached as Exhibit E.6.). As of the date of this Disclosure Document, the cost of the MN POS Software Program is \$1,800. Under the Studio Branch Bonus Program, as now in effect, you will receive a 33% discount credit on your purchase of the MN POS Software Program for every branch Studio that you open. The MN POS Software Program has been in continuous use by Studios since 1991. It produces a variety of information that can assist in the operation of your Studio, including sales information, sales reports, inventory information, customer information, employee information and mailing lists.

In addition to signing the POS Purchase Agreement, you must sign a Software License Agreement (attached as E.8.) which grants you the non-exclusive right to use the software and under which MNC provides ongoing software upgrades and support. You are required to participate in the ongoing upgrades and support for a period of one year. If you have financed any part of your purchase of the MN POS Software Program through MNC, you are required to continue to participate in ongoing upgrades and support until you have repaid MNC the amount financed. The current annual cost of upgrades and support is \$300.

You must maintain the MN POS System in good working order at your own expense and transmit data to MNC in the form and at the times required by MNC. You must install high speed Internet and/or communications connections. MNC can access the POS System at all times to download and transfer data via modem or other connection as MNC determines and there is no contractual limitation on MNC's right to do so. You agree to provide MNC with user IDs and passwords, if necessary, to enable any download and transfer of data. You must comply with the Payment Card Industry Data Security Standard ("PCI DSS") at all times and engage any vendor MNC designates to ensure the security of your data and compliance with the PCI DSS.

The MN POS Software Program requires at a minimum a PC using Windows 11, Intel i5 Processor (or equivalent) with 8-12 GB Ram and a wired internet connection. MNC also recommends that you use a 17-inch LCD color monitor and a Windows compatible printer, although you may purchase other models that you choose. If you choose different equipment, it may not be compatible with MNC's modem at our Home Office or with the MN POS software.

You are not required to purchase the computer hardware from MNC. The cost for the computer hardware currently ranges from \$834 to \$984, depending on the computer and printer you select. If you purchase computer hardware from MNC, you must sign a POS Purchase Agreement (attached as Exhibit E.6.). MNC currently offers USB barcode scanners for \$167 and receipt printers/cash drawers ranging from \$15 to \$160. All of the computer equipment we offer includes manufacturers' warranties.

### **Selecting the Location of Your Studio**

We do not select the site for your Studio. You select the site for your Studio subject to MNC's acceptance. The Studio Agreement is signed only after your site has been accepted by MNC. In evaluating a proposed site, MNC considers whether additional representation in an area is warranted based on its evaluation of past experience within the area, population density, traffic patterns, proximity of the proposed site to other Studios and those other factors MNC considers appropriate to evaluate a specific proposal. If MNC concludes that representation is appropriate in the general area, it will consider the attributes of the specific site, including customer accessibility and Studio design.

MNC approves a Studio Owner appointment for one or several specified locations. There is no time limit for MNC to accept or reject a site, although MNC typically advises a Studio Owner regarding site acceptance within 60 days after MNC has received all required information. If MNC and you cannot agree on a site, MNC will not issue a Studio Agreement.

A separate Studio Agreement is entered into between MNC and you for each accepted location. A Studio typically will be located in a small retail store in a regional shopping mall, a strip shopping center, a central business district location or a free-standing building, or within an existing business. While you will determine the size and location best suited for your planned operations, most regional mall Studio locations are in rented spaces of 400 to 600 square feet, while Studio locations in strip shopping centers and other locations are typically in rented spaces of 800 to 1,800 square feet. Most Studio locations in an existing business are typically in spaces of 200 to 500 square feet of the larger existing business.

### **Typical Time Between Agreement Signing and Opening**

For newly constructed Studios, Studio Owners typically open their Studios 4-8 months after they sign the Studio Agreement. If the Studio is located in a separate existing retail business, Studio Owners typically open their Studios in less time. On rare occasions, if the Studio is going to be located in a shopping center that is under construction, it may take up to 12 months to open the Studio after the Studio Agreement is signed. The factors that affect this time period include the ability to obtain a lease, delays in the construction or completion of the Studio, delays in the installation of equipment, fixtures or signs, financing, building permits, zoning or local ordinances, weather conditions or problems with personnel.

### **Training**

Before your Studio opens for business, you, or a manager, are required to satisfactorily complete Initial Training. This Initial Training is also required of any person who becomes a Studio Owner by purchase from an existing Studio Owner. Initial Training consists of On-Line Training Modules to be reviewed and completed in week 1 plus virtual training classes in weeks 2 and 3. The On-Line Training Modules are recorded and can be viewed in any order, but the virtual training classes are offered live.

As part of the On-Line Training Modules, you will be required to take and pass an On-Line Performance Evaluation of the material covered in each On-Line Training Module. In addition, you must take and successfully complete all virtual training classes.

The Studio Resource Guide and the Beauty Basics Online Training Binder are the principal instructional materials used. All training materials that we provide to you remain our property. Initial Training does not include on the job training in a Merle Norman Cosmetic Studio.

Marsha Gaines, Regional Business Consultant and Beauty Basics Online Facilitator, conducts training on all matters that are the subject of Initial Training. She joined MNC in 1995. Ms. Gaines has spent her entire career in the beauty industry and as a Regional Business Consultant with MNC for the past 29 years and has been involved in all aspects of Studio Operations and Training.

The following list summarizes the subjects taught at Initial Training:

#### **WEEK 1 BEAUTY BASICS LEARNING MODULES -- PRODUCT KNOWLEDGE**

Participants are required to watch the following modules, take notes, write questions, review Quick Reference Charts and take the tests prior to the virtual class with instructors.

<b>Subject</b>	<b>Minutes of On-Line Training (1)</b>	<b>Minutes of on the Job Training</b>	<b>Location</b>
Circuit Selling	20	0	Virtual Training
Eye Moisturizers	20	0	Virtual Training
Hygienic Standards	20	0	Virtual Training
Exfoliators	20	0	Virtual Training
Skin Physiology and Skin Assessment	20	0	Virtual Training
Masks	20	0	Virtual Training
Selling Systems by Skin Type	20	0	Virtual Training
Primers, Concealers, Powder	20	0	Virtual Training
Selling Systems by Skin Concern	20	0	Virtual Training
Foundation Check	20	0	Virtual Training
Makeup Removers	20	0	Virtual Training
Foundations	20	0	Virtual Training
Serums	20	0	Virtual Training
Color	20	0	Virtual Training
Lip Care	20	0	Virtual Training
Credit	20	0	Virtual Training
Moisturizers	20	0	Virtual Training

**WEEK 2**  
**BEAUTY BASICS VIRTUAL CLASSES**

The agenda is aligned with specific learning modules from week 1. Participants are required to apply their knowledge learned in the online modules through quizzes, activities, and homework.

<b>Subject</b>	<b>Minutes of On-Line Training (1)</b>	<b>Minutes of on the Job Training</b>	<b>Location</b>
Circuit Selling	20	0	Virtual Training
Skin Assessment	15	0	Virtual Training
Selling Systems by Skin Type	30	0	Virtual Training
Selling Systems by Skin Concern	30	0	Virtual Training
Target & Boost	10	0	Virtual Training
Foundation, Primers, Concealers & Powders	20	0	Virtual Training
Foundation Check	15	0	Virtual Training
Basic Makeup	50	0	Virtual Training
Group PFA Exercise	20	0	Virtual Training
Show, Tell & Sell	45	0	Virtual Training
Recap & Homework	60	0	Virtual Training

### WEEK 3

#### BEAUTY BASICS LEARNING MODULES - STUDIO OPERATIONS

Participants are required to watch the following modules. The agenda is based on essential business basics for Studio Operations.

Subject	Minutes of On-Line Training (1)	Minutes of on the Job Training	Location
Business Concepts	35	0	Virtual Training
Premiere Privilege Seasonal Preview	20	0	Virtual Training
Business Operations & Tools	15	0	Virtual Training
Business Concepts	20	0	Virtual Training
Advertising	20	0	Virtual Training
Marketing Tools	25	0	Virtual Training
Point of Sale	35	0	Virtual Training
Promoting Your Business	30	0	Virtual Training
MN Connections	15	0	Virtual Training
Thoughtful Exercise	35	0	Virtual Training

#### NOTES

- (1) The length of the training on each topic is stated in minutes.

#### END OF NOTES

Any replacement Studio manager must satisfactorily complete Initial Training within the time period MNC specifies after being designated as the Studio manager. MNC may charge a fee for this training as determined by MNC, although we currently do not charge a fee.

In addition to Initial Training, you must complete the on-line MN POS software tutorial program. This program, which covers operation of the MN POS Software Program, is hosted via webex.com. The on-line tutorial program consists of two 4 ½ hour sessions on webex.com.

MNC also provides a wide variety of continuing training seminars, which are available to you and, in some cases, your employees. While these seminars are, in general, optional, MNC strongly encourages you to take advantage of these seminars, and where it is believed that these seminars are important to your effective representation, MNC may require attendance. MNC may charge a fee as determined by MNC for these seminars although we currently do not charge a fee. For any in-person seminar, your employees and you would be responsible for the cost of travel, hotel and living expenses at each of these seminars. MNC will provide complimentary Continental Breakfasts and lunches during these sessions. MNC also offers videos to support all new product introductions and for the color collections MNC launches each year.

## **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. There are no restrictions on our ability to solicit or accept orders from customers at any location, nor must we compensate you if we solicit or accept orders.

MNC grants you a nonexclusive right to operate a Studio at a specified location, which must be approved by MNC in advance. MNC reserves the right to establish, at any location without regard to proximity to your Studio: **(A)** other Studios (whether operated by MNC or by third parties), and **(B)** any and all other types of retail outlets offering MN Products for sale (whether operated by MNC or by third parties), including, without limitation, retail outlets that primarily feature non-Merle Norman materials or services and/or are primarily identified by a trademark owned by a third party that may compete with your Studio. You do not have the right to sell MN Products or use the Trademarks or the MN System at any location other than your approved Studio location, except as approved by MNC. You may only sell MN Products to customers who are physically present at the Studio Location and to customers at MNC approved marketing events; you may not use any other method or channel of distribution, except as approved by MNC. You may not relocate your Studio without MNC's prior written approval. You do not receive any right of first refusal (or similar right) to develop or operate additional Studios, nor do you receive any option to develop or operate additional Studios. You may only obtain the right to develop and operate additional Studios, following approval by MNC, by signing a new studio agreement for each additional location.




One of the hallmarks of the Merle Norman System is our "Try Before You Buy" philosophy. MNC, however, reserves the right to merchandise and distribute MN Products under the Trademarks and/or under other proprietary marks through any method or channel of distribution, including the Internet, other than Merle Norman Studios.

## **ITEM 13**

### **TRADEMARKS**

MNC grants you the right to operate a Studio under the name "Merle Norman" and to use our other current or future Trademarks that we designate in the operation of your Studio. By Trademarks, MNC means all words, symbols, designs, trade names, service marks or combinations used to identify the MN System and MN Products and services offered under the MN System. We may restrict the use of certain Trademarks to fewer than all Studios. We have the right to change or discontinue any of the Trademarks and to adopt new Trademarks without any liability. We periodically will advise you as to any additions or deletions to the Trademarks and your right to use the Trademarks will be modified by these additions or deletions and you will implement the changes at your expense.

MNC has registered the following principal trademarks with the United States Patent and Trademark Office on the Principal Register, and all required affidavits of continued use have been filed and accepted:

<b>Mark</b>	<b>Registration No.</b>	<b>Registration Date</b>
MERLE NORMAN	1,399,010	6/24/86 Renewed 4/15/16
	1,412,879	10/14/86 Renewed 4/15/16
	2,077,608	7/8/97 Renewed 4/14/17
	1,391,300	4/29/86 Renewed 4/15/16
	4,045,964	10/25/11
	4,045,963	10/25/11

You may use the Trademarks only in connection with the operation of your Studio at the specified location and as expressly provided in the Studio Agreement and the Operations Manual. You may not use any Trademark, any variation of any Trademark or any marks or names confusingly similar to any Trademarks in any manner not authorized by us or in the name of your business entity. In all public records and relationships with other persons and on stationery, business cards, checks, contracts, receipts, advertising and other business documents and forms, you will indicate the independent ownership of your Studio and that you are solely a franchisee of MNC. You may not use the Trademarks to advertise or promote any merchandise or services other than MN Products, regardless of whether MNC has approved the merchandise or services.

No agreements currently limit MNC's rights to use or license the use of the Trademarks. MNC does not know of any infringing uses that could materially affect your use of the Trademarks. There are no currently effective material determinations of the patent and trademark office, the trademark trial and appeal board, the trademark administrator of any state or any court, pending infringement, opposition or cancellation proceedings or any pending material litigation involving MNC's principal trademarks.

MNC does not indemnify you against the consequences of your use of the Trademarks unless your use of the Trademarks is in accordance with the requirements of the Studio Agreement. As a condition to indemnification, you must provide MNC notice of any claim within 10 days and tender the defense of the claim to MNC. If MNC accepts the tender of the defense, MNC has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

You may not use the Trademarks on any Internet domain name, e-mail address or in Social Media without our prior written approval. We may require that any web site be hosted by us, and we may designate



the form and content of any web site. MNC may establish a Social Media policy and you must, at all times, comply with any such Social Media policy, as modified from time to time, and any additional policies MNC issues. Any copyright in your sites or pages on any Social Media are owned by MNC, and you must sign any documents that MNC reasonably deems necessary to affirm MNC's ownership of the copyright.

#### **ITEM 14**

##### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents or copyrights are material to the franchise. Much of the instructional and promotional material used by MNC is copyrighted, but these rights are not material to individual Studio Owners. MNC also claims copyright ownership in the Operations Manual, the Gold Medallion Guidelines and in all plans and drawings prepared by or at the direction of MNC for Studio Owners, although we have not filed applications for copyright registration. The Operations Manual contains MNC's detailed standards for operating your Studio. The Operations Manual, the Gold Medallion Guidelines and all other materials and information provided or disclosed to you by MNC are disclosed in confidence. You may disclose this information only to your employees who have a need to know.

#### **ITEM 15**

##### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are not required to participate personally in the direct operation of the Studio, but if the Studio is not under your direct daily supervision, you must hire a manager. If you are not active in the operation of the Studio, the manager must complete Initial Training. The manager need not have an ownership interest in the Studio. We do not require that you place restrictions on your manager. If you are a corporation or a limited liability company, or transfer your Studio to a corporation or a limited liability company, each owner or member must sign a guarantee agreeing and assuming to discharge all obligations of the franchisee under the Studio Agreement.

#### **ITEM 16**

##### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must purchase an initial inventory of MN Products and certain required supplies from MNC. You must use your best efforts to promote the sale of MN Products and must focus your efforts at the Studio on the sale of MN Products and providing free makeover lessons using the lesson material provided by MNC.

While MNC does not prohibit the sale of other merchandise (in addition to MN Products) or the offer of other services (in addition to free makeover lessons using the lesson material provided by MNC), you must obtain our prior written approval of any additional merchandise or services. In addition, you may not sell at the Studio Location merchandise of any other manufacturer that is likely to confuse the public as to the origin or quality of the merchandise or enable others to trade upon MNC's Trademarks and the goodwill of MNC or other Studio Owners. You may not display non-Merle Norman merchandise in fixtures, furniture or equipment acquired from MNC or an MNC-approved supplier. You may not sell or offer to sell at the Studio Location any skin care or color cosmetic products other than the MN Products or any merchandise or service which we have determined is inconsistent with the image of MNC or the MN System. In addition, unless MNC does not offer a comparable product, you may not use at the Studio location any spa grade skin care products purchased by you in bulk other than MN Products.

You may only sell MN Products to customers who are physically present in your studio and to customers at MNC-approved marketing events. Without our prior written approval, you may not sell MN Products in connection with the use of a toll free number or in any wholesale, mail order or e-commerce distribution (including, but not limited to, via Internet web sites, social networking sites, applications or other future technological avenues that enable users to create and share content or participate in social networking (collectively, “Social Media”)), or any channel of distribution other than the retail operation of your Studio at your approved Studio Location.

You must continuously use your best efforts to promote the sale of MN Products. In order to maximize your sale of MN Products, you must employ a sufficient number of employees to operate the Studio at its maximum capacity during the days and hours regularly maintained by other retail establishments in your neighborhood or area. If the Studio is in a location that houses a separate retail business, the Studio must be open whenever the separate retail business is open and, at all times, the Studio must have at least one dedicated employee on duty. In addition, if your purchases of MN Products for the Studio are in the bottom 10% of similarly situated Studios in comparably sized markets (which we will determine) for 12 consecutive months, we may place you in default of the Studio Agreement.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**This table lists certain important provisions of the Studio Agreement, the Gold Medallion Studio Addendum and the Ecommerce Addendum. You should read these provisions in the agreements attached to this Disclosure Document.**

#### THE FRANCHISE RELATIONSHIP

Provision	Section in the Studio Agreement	Summary
a. Length of the franchise term	Section 3.A.	10 years from the date the Franchised Studio opens
b. Renewal or extension of the term	Section 3.B.	You can renew for a single Renewal Term of 10 years.
c. Requirements for you to renew or extend	Section 3.B.	You must give timely notice; not be in default under any agreement with MNC; renovate and update the Studio if requested by MNC; comply with our training requirements; have the right to remain in possession of the Studio location for the Renewal Term; have operated your Studio in compliance with the Studio Agreement; sign a general release; and sign a new Studio Agreement.  The new Studio Agreement may contain terms and conditions substantially different from your original Studio Agreement.
d. Termination by you	Section 12	You may terminate without cause by providing us 10 days’ advance written notice subject to your compliance with your post-termination obligations as noted in paragraph i. (subject to state law)
e. Termination by MNC without cause	Not Applicable	
f. Termination by MNC with cause	Sections 13	MNC can terminate upon default.

Provision	Section in the Studio Agreement	Summary
g. "Cause" defined – curable defaults	Section 13.B.	You have 10 days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in paragraph h.
h. "Cause" defined – non-curable defaults	Sections & 11.B.6, 13.A, 13.B., & 13.C.	MNC can terminate without providing you an opportunity to cure if you sell MN Products through any wholesale, mail order (except as approved by MNC to existing customers) or e-commerce distribution, through Social Media, or through any channel of distribution other than the retail operation of the Studio at the Studio location; sell, or give away, lesson material or sell sales aids; cease operating your Studio for more than 5 consecutive days unless approved by MNC in advance or due to act of God, fire or other natural disaster; remain in default beyond the applicable cure period under any other agreement with MNC; unauthorized relocation; unauthorized transfer; the Studio lease expires or is terminated; default again after receiving 1 or more notices of default in the previous 12 months; and fail to come into compliance within 30 days after your receipt of a notice of default based on results of an inspection of your Studio. Additionally, MNC may terminate if the transferee fails to complete a modernization and upgrade within 60 days after the effective date of the transfer.
i. Your obligations on termination/nonrenewal	Section 14	Obligations include cease operating the Studio and cease selling MN Products; payment of amounts due; return of all manuals, lesson material, materials provided free of charge by MNC, and all other materials furnished by MNC to MNC; cease use of the MN System and MNC's Trademarks; resell MN Products to MNC at the price you paid, less a handling fee; cooperate with us in referring inquiries regarding MN Products to person designated by us; and de-identify the Studio.
j. Assignment of contract by MNC	Section 11.A.	There are no restrictions on our right to assign.
k. "Transfer" by you - definition	Section 11.B.	Includes sale, assignment, conveyance or transfer of any interest in you, the Studio Agreement, the Studio Location or the ownership of the Studio.
l. MNC's approval of transfer by franchisee	Section 11.B.	MNC has the right to consent to all transfers.

Provision	Section in the Studio Agreement	Summary
m. Conditions for MNC approval of transfer	Section 11.B.	MNC will not approve a transfer unless you have paid all monetary obligations to MNC and all other financial obligations related to the Studio; you execute a general release; you are not in default of any agreement with MNC; you provide written certification that you have not made any representations to the transferee that MNC has granted you any exclusive territory or any right of first refusal or similar option; selling price and other proposed terms of the transfer must not have the effect of negatively impacting the future viability of the Studio. Additionally, MNC will not approve a transfer unless it determines that the person who proposes to acquire a substantial interest in the Studio or the proposed new Studio Owner satisfies MNC's managerial, operational, experience, financial, quality, character and business standards for a new studio owner; transferee signs new Studio Agreement; and transferee completes Initial Training. Transferee must also make arrangements to renovate and upgrade the Studio, at the transferee's expense, so that it reflects the image of the MN System for Studios being developed at that time.
n. MNC's right of first refusal to acquire your business	Not Applicable	
o. MNC's option to purchase your business	Not Applicable	
p. Your death or disability	Section 11.C.	Upon your death or permanent incapacity, your executor, administrator, personal representative or trustee has 12 months to transfer the affected person's interest. MNC's consent to the transfer must be obtained based on the conditions in paragraph m. During that period, the Franchised Studio must be operated by a person who has completed Initial Training.

Provision	Section in the Studio Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 8.E.	You may not display, sell or offer any merchandise of any manufacturer that is likely to confuse the public as to its origin or quality or which will enable others to trade on the Trademarks and goodwill of MNC or its other Studios. You may not display non-Merle Norman merchandise in fixtures, furniture or equipment acquired from MNC or an MNC-approved supplier. You may not sell or offer to sell any skin care or color cosmetic products other than MN Products, or any merchandise or service which MNC has determined is inconsistent with the image of MNC or the MN System. In addition, unless MNC does not offer a comparable product, you may not use at the Studio location any spa grade skin care products purchased by you in bulk other than MN Products. You must obtain prior written approval from MNC before selling other merchandise (in addition to MN Products) or offering other services (in addition to free makeover lessons using the lesson material provided by MNC).
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s. Modification of the agreement	Sections 6.D. & 17.A.	No modification to the Studio Agreement unless in writing and signed by the parties, but with 30 days' notice, MNC may modify the MN System, including the Operations Manual, the design and layout of the Studios and the methods of payment of monies owed to us.
t. Integration/merger clause	Section 17.A.	Only the terms of the Studio Agreement, the Operations Manual, the documents referred to therein and the attachments to the Studio Agreement are binding. Any other oral or written promises relating to the subject matter of the Studio Agreement may not be enforceable. This is not intended to disclaim any representation made in this Disclosure Document. (subject to state law)
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Section 17.D.	You can only file suit where our principal offices are located. We may file suit in the jurisdiction where our principal offices are located, where you reside or do business, where the Studio is or was located or where the claim arose. See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.
w. Choice of law	Section 17.D.	California. See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.

## GOLD MEDALLION STUDIO ADDENDUM

Provision (1)	Section in the Gold Medallion Studio Addendum	Summary
a. Length of the franchise term	Section 3	3 years from date MNC signs the Addendum
b. Renewal or extension of the term	Section 3	You can renew for successive 3-year periods.
c. Requirements for you to renew or extend	Section 3	In order to renew, your Studio Agreement must remain in effect; you and the Studio must be in compliance with the then-current Gold Medallion Guidelines; if requested by MNC, you must submit photographs of the interior and exterior of the Studio demonstrating compliance; and if requested by MNC, you must sign a new Gold Medallion Studio Addendum.  The new Gold Medallion Studio Addendum may contain terms and conditions substantially different from your original Gold Medallion Studio Addendum.
d. Termination by you	Section 6.B.	You may terminate without cause by providing MNC 30 days' advance written notice (subject to state law).
e. Termination by MNC without cause	Section 6.C.	MNC can terminate if it decides to cancel the Gold Medallion Program and provides you 60 days' advance written notice.
f. Termination by MNC with cause	Section 6.C.	MNC can terminate if you default.
g. "Cause" defined – curable defaults	Section 6.C.	You have 60 days to cure if you fail to observe the requirements of the Addendum, the Gold Medallion Program or the Gold Medallion Guidelines. The Gold Medallion requirements include maintaining an adequate inventory of MN Products; selling only non-Merle Norman products that are compatible with MN Products and MNC's quality image; offering non-Merle Norman products and non-Merle Norman services in a separate, defined area apart from where the MN Products are merchandised; keeping the Studio clean and well maintained; following MNC's Gold Medallion Return Policy; participating in MNC's gift certificate program by honoring Merle Norman gift certificates issued by other Studios; employing a properly trained staff that maintains a professional appearance and provides competent, courteous service to customers; and the Studio must be managed by you or a manager who has completed Initial Training.

<b>Provision (1)</b>	<b>Section in the Gold Medallion Studio Addendum</b>	<b>Summary</b>
h. “Cause” defined – non-curable defaults	Section 6	MNC can terminate without providing you an opportunity to cure if your Studio Agreement is terminated; you relocate the Studio; you sell the Studio, or a majority interest in the Studio, to a third party; if you are any type of business entity, you sell a majority interest in you; or if you default after receiving 2 or more notices of default within the previous 12 months.
i. Your obligations on termination/nonrenewal	Section 7	Cease operating as a Gold Medallion Studio, including cease all use of the Gold Medallion marks; cancel all advertising that contains any Gold Medallion marks; stop identifying the Studio as a Gold Medallion Studio; and return materials to MNC.
j. Assignment of contract by MNC	Not Applicable	
k. “Transfer” by you – definition	Not Applicable	
l. MNC’s approval of transfer by franchisee	Not Applicable	
m. Conditions for MNC’s approval of transfer	Not Applicable	
n. MNC’s right of first refusal to acquire your business	Not Applicable	
o. MNC’s option to purchase your business	Not Applicable	
p. Your death or disability	Not Applicable	
q. Non-competition covenants during the term of the franchise	Not Applicable	
r. Non-competition covenants after the franchise terminates or expires	Not Applicable	
s. Modification of the agreement	Section 4	No modification generally, but MNC may modify the Gold Medallion Guidelines and Program.
t. Integration/merger clause	Not Applicable	
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.
w. Choice of law	Not Applicable	See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.

### NOTES

- (1) With respect to those provisions that are not contained in the Gold Medallion Studio Addendum, the provisions of the Studio Agreement govern MNC’s and your obligations.

## ECOMMERCE ADDENDUM

Provision (1)	Section in the Ecommerce Addendum	Summary
a. Length of the franchise term	Section 2	Coterminous with Studio Agreement
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Section 7.A.	You may terminate without cause by providing MNC 30 days' advance written notice. (subject to state law)
e. Termination by MNC without cause	Section 7.B.	MNC can terminate if it decides to cancel the Program and provides you 60 days' advance written notice.
f. Termination by MNC with cause	Section 7.B.	MNC can terminate if you default.
g. "Cause" defined – curable defaults	Sections 3 & 7.B.	You have 30 days to cure if you fail to observe the requirements of the Addendum or the Online Sales Revenue Allocation Program. The participation requirements of the Online Sales Revenue Allocation Program include operating your Studio under the 2005 or later version form of Studio Agreement; remaining current on all obligations to MNC; processing all credit and debit card payments at the Studio Location through MNC's credit card processor; and you must join our Social Media Management service offered through SOCI.
h. "Cause" defined – non-curable defaults	Not Applicable	
i. Your obligations on termination/nonrenewal	Not Applicable	
j. Assignment of contract by MNC	Not Applicable	
k. "Transfer" by you – definition	Not Applicable	
l. MNC's approval of transfer by franchisee	Not Applicable	
m. Conditions for MNC's approval of transfer	Not Applicable	
n. MNC's right of first refusal to acquire your business	Not Applicable	
o. MNC's option to purchase your business	Not Applicable	
p. Your death or disability	Not Applicable	
q. Non-competition covenants during the term of the franchise	Not Applicable	



<b>Provision (1)</b>	<b>Section in the Ecommerce Addendum</b>	<b>Summary</b>
r. Non-competition covenants after the franchise terminates or expires	Not Applicable	
s. Modification of the agreement	Section 6	No modification generally, but MNC may modify the Online Sales Revenue Allocation Program.
t. Integration/merger clause	Not Applicable	
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.
w. Choice of law	Not Applicable	See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.

### **NOTES**

- (1) With respect to those provisions that are not contained in the Ecommerce Addendum, the provisions of the Studio Agreement govern MNC’s and your obligations.

### **ITEM 18**

#### **PUBLIC FIGURES**

MNC does not use any public figures to promote its franchise.

### **ITEM 19**

#### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the 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 possible performance at a particular location or under particular circumstances.

MNC does not make any representations about a franchisee's 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 Marian Gahagan, Corporate Counsel, Merle Norman Cosmetics, Inc., 9130 Bellanca Avenue, Los Angeles, California 90045, (310) 337-2200, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Studio Summary  
For Years 2021 to 2023 (1)**

<b>Studio Type</b>	<b>Year</b>	<b>Studios at Start of the Year</b>	<b>Studios at End of the Year</b>	<b>Net Change</b>
Franchised	2021	955	903	-52
	2022	903	858	-45
	2023	858	831	-27
Company Owned	2021	1	0	-1
	2022	0	0	0
	2023	0	0	0
Total Number of Studios	2021	956	903	-53
	2022	903	858	-45
	2023	858	831	-27

**NOTES**

- (1) The numbers for 2021-2023 are as of MNC’s fiscal year end (December 31 for each year).

**Table No. 2  
Transfers of Studios from Franchisees to New Owners  
(Other than MNC)  
For Years 2021 to 2023 (1)**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alaska	2021	1
	2022	0
	2023	0
Alabama	2021	0
	2022	4
	2023	1

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2021 to 2023 (1)**

State	Year	Number of Transfers
Alabama	2021	0
	2022	0
	2023	1
Arkansas	2021	2
	2022	2
	2023	0
California	2021	2
	2022	2
	2023	0
Colorado	2021	0
	2022	1
	2023	0
Delaware	2021	0
	2022	1
	2023	0
Florida	2021	1
	2022	2
	2023	3
Georgia	2021	1
	2022	4
	2023	2
Idaho	2021	1
	2022	0
	2023	0
Iowa	2021	2
	2022	0
	2023	0
Illinois	2021	5
	2022	1
	2023	0

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2021 to 2023 (1)**

State	Year	Number of Transfers
Indiana	2021	2
	2022	0
	2023	1
Kentucky	2021	3
	2022	0
	2023	1
Louisiana	2021	2
	2022	5
	2023	0
Massachusetts	2021	0
	2022	0
	2023	0
Michigan	2021	1
	2022	0
	2023	0
Mississippi	2021	0
	2022	1
	2023	1
Missouri	2021	2
	2022	0
	2023	1
Nebraska	2021	0
	2022	1
	2023	0
New York	2021	0
	2022	2
	2023	0
North Carolina	2021	5
	2022	1
	2023	1

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2021 to 2023 (1)**

State	Year	Number of Transfers
Ohio	2021	0
	2022	0
	2023	0
Oklahoma	2021	2
	2022	0
	2023	1
Oregon	2021	0
	2022	0
	2023	1
Pennsylvania	2021	1
	2022	0
	2023	0
South Carolina	2021	0
	2022	3
	2023	4
Tennessee	2021	3
	2022	3
	2023	4
Texas	2021	6
	2022	8
	2023	2
Virginia	2021	0
	2022	1
	2023	1
Washington	2021	0
	2022	0
	2023	1
Total	2021	45
	2022	38
	2023	27

**NOTES**

(1) The numbers for 2021-2023 are as of MNC's fiscal year end (December 31 for each year).

**Table No. 3  
Status of Franchised Studios  
For Years 2021 to 2023 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Alabama	2021	57	1	0	0	0	2	56
	2022	56	1	0	0	0	2	55
	2023	55	3	0	0	0	4	54
Alaska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Arizona	2021	9	0	0	0	0	1	8
	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
Arkansas	2021	39	0	0	0	0	3	36
	2022	36	1	0	0	0	3	34
	2023	34	0	0	0	0	2	32
California	2021	26	0	0	0	0	1	25
	2022	25	0	0	0	0	1	24
	2023	24	0	1	0	0	4	19
Colorado	2021	11	0	0	0	0	1	10
	2022	10	0	0	0	0	0	10
	2023	10	0	1	0	0	1	8
Connecticut	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
Delaware	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
Florida	2021	41	1	0	0	0	3	39
	2022	39	0	0	0	0	2	37
	2023	37	1	0	0	0	3	35

**Table No. 3  
Status of Franchised Studios  
For Years 2021 to 2023 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Georgia	2021	68	0	0	0	0	5	63
	2022	63	0	0	0	0	2	61
	2023	61	1	0	0	0	2	60
Hawaii	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Idaho	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Illinois	2021	41	0	0	0	0	2	39
	2022	39	0	0	0	0	1	38
	2023	38	0	0	0	0	0	38
Indiana	2021	26	0	0	0	0	0	26
	2022	26	1	0	0	0	0	27
	2023	27	0	0	0	0	1	26
Iowa	2021	15	0	0	0	0	0	15
	2022	15	0	0	0	0	1	14
	2023	14	1	0	0	0	0	15
Kansas	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	2	8
	2023	8	0	0	0	0	0	8
Kentucky	2021	37	0	0	0	0	1	36
	2022	36	0	0	0	0	2	34
	2023	34	0	0	0	0	0	34
Louisiana	2021	41	0	0	0	0	1	40
	2022	40	2	0	0	0	3	39
	2023	39	0	1	0	0	1	37
Maryland	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Massachusetts	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

**Table No. 3  
Status of Franchised Studios  
For Years 2021 to 2023 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Michigan	2021	19	0	1	0	0	2	16
	2022	16	0	1	0	0	1	14
	2023	14	0	0	0	0	1	13
Minnesota	2021	5	0	1	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Mississippi	2021	41	0	1	0	0	2	38
	2022	38	0	0	0	0	3	35
	2023	35	2	0	0	0	1	36
Missouri	2021	20	0	0	0	0	0	20
	2022	20	0	0	0	0	1	19
	2023	19	0	0	0	0	1	18
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Nevada	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	1	4
New Mexico	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	1	2
	2023	2	1	0	0	0	1	2
New York	2021	12	0	0	0	0	2	10
	2022	10	0	0	0	0	1	9
	2023	9	0	0	0	0	2	7



**Table No. 3  
Status of Franchised Studios  
For Years 2021 to 2023 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
North Carolina	2021	41	1	0	0	0	2	41
	2022	41	0	0	0	0	4	37
	2023	37	1	0	0	0	1	37
North Dakota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Ohio	2021	30	0	0	0	0	2	28
	2022	28	0	0	0	0	1	27
	2023	27	0	0	0	0	0	27
Oklahoma	2021	33	0	0	0	0	2	31
	2022	31	0	0	0	0	5	26
	2023	26	0	0	0	0	1	25
Oregon	2021	7	0	0	0	0	2	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Pennsylvania	2021	13	0	0	0	0	1	12
	2022	12	0	0	0	0	0	12
	2023	12	0	0	0	0	0	12
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	35	0	0	0	0	2	33
	2022	33	0	0	0	0	3	30
	2023	30	2	0	0	0	1	31
South Dakota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	61	1	0	0	0	6	56
	2022	56	2	0	0	0	3	55
	2023	55	0	0	0	0	2	53

**Table No. 3  
Status of Franchised Studios  
For Years 2021 to 2023 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Texas	2021	131	1	0	0	0	4	128
	2022	128	1	0	0	0	8	122
	2023	122	1	0	0	0	2	121
Utah	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Vermont	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	18	0	0	0	0	1	17
	2022	17	0	0	0	0	1	16
	2023	16	0	0	0	0	0	16
Washington	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
West Virginia	2021	7	0	0	0	0	1	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	2	4
Wisconsin	2021	13	0	0	0	0	2	11
	2022	11	0	0	0	0	1	10
	2023	10	0	0	0	0	0	10
Wyoming	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	955	6	2	0	0	56	903
	2022	903	10	1	0	0	54	858
	2023	858	13	3	0	0	37	831

**NOTES**

- (1) The numbers for 2021-2023 are as of MNC’s fiscal year end (December 31 for each year). If multiple events occurred affecting a Studio, this table shows the event that occurred last in time.
- (2) During the last three fiscal years, we have signed no confidentiality clauses with current or former Studio Owners that would restrict them from speaking openly with you about their experiences with

us. As of the date of this Disclosure Document, there are no Merle Norman franchisee organizations required to be disclosed.

- (3) Exhibit F.2. lists the name, city and state, and current business telephone number of the 40 Studio Owners whose Studio Agreements have, during the last fiscal year, been terminated or canceled or who otherwise voluntarily or involuntarily ceased to do business or who have not communicated with MNC within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
- (4) The name, Studio address and Studio telephone number of every Studio Owner is listed in Exhibit F.1.

**Table No. 4**  
**Status of Company-Owned Studios**  
**For Years 2021 to 2023 (1) (2)**

State	Year	Studios at Start of Year	Studios Opened	Studios Reacquired from Franchisees	Studios Closed	Studios Sold to Franchisees	Studios at End of Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**NOTES**

- (1) The numbers for 2021-2023 are as of MNC's fiscal year end (December 31 for each year).
- (2) If multiple events occurred affecting a Studio, this table shows the event that occurred last in time.

**Table No. 5**  
**Projected Openings as of December 31, 2023**

State	Studio Agreement Signed but Studio Not Open	Projected New Franchised Studios in the Next Fiscal Year	Projected New Company-Owned Studios in the Next Fiscal Year
Alabama	0	1	0
Arizona	0	2	0
California	0	1	0
Colorado	0	1	0
Florida	0	1	0
Georgia	0	1	0
Illinois	0	2	0
Indiana	0	1	0
Louisiana	0	1	0
Mississippi	0	1	0

**Table No. 5  
Projected Openings as of December 31, 2023**

<b>State</b>	<b>Studio Agreement Signed but Studio Not Open</b>	<b>Projected New Franchised Studios in the Next Fiscal Year</b>	<b>Projected New Company-Owned Studios in the Next Fiscal Year</b>
Montana	0	1	0
Nevada	0	1	0
New Mexico	0	1	0
Ohio	0	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Tennessee	0	1	0
Texas	0	1	0
Totals	0	20	0

**ITEM 21**

**FINANCIAL STATEMENTS**

MNC’s audited financial statements, which include statements of operations, for the years ended as of December 31, 2023, December 31, 2022 and December 31, 2021 are attached as Exhibit D.

**ITEM 22**

**CONTRACTS**

The following contracts are included as Exhibits to this Disclosure Document:

- Exhibit E.1. Studio Agreement
- Exhibit E.2. Gold Medallion Studio Addendum
- Exhibit E.3. Ecommerce Addendum
- Exhibit E.4. Credit Card Agreement
- Exhibit E.5. Promissory Note – MN POS & Hardware
- Exhibit E.6. POS Purchase Agreement
- Exhibit E.7. Security Agreement
- Exhibit E.8. Software License Agreement

**ITEM 23**

**RECEIPT**

The last two pages of this Disclosure Document are detachable receipt pages. Please sign and date each of them as of the date you received this Disclosure Document and return one copy to us.

**ADDENDUM TO FDD**  
**ADDITIONAL DISCLOSURES**  
**REQUIRED BY CERTAIN STATES**

## ADDITIONAL DISCLOSURES FOR CALIFORNIA

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

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR MNC'S URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither MNC nor any person listed in Item 2 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 parties from membership in such association or exchange.

3. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the Franchised Studio. If the Studio Agreement contains a provision that is inconsistent with the law, the law will control.

The Studio Agreement contains a choice of forum provision. This provision may not be enforceable under California law.

You must sign a general release if you renew your franchise, and MNC may require you to sign a general release if you transfer your franchise. These provisions may not be enforceable under California law. 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 Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law or the California Franchise Relations Act are met independently without reference to these Additional Disclosures.

## ADDITIONAL DISCLOSURES FOR ILLINOIS

1. **Risk Factors, State Cover Page.** The following statement is added to the end of the first risk factor on the state cover page:

SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A STUDIO AGREEMENT THAT DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION THAT OTHERWISE IS ENFORCEABLE IN ILLINOIS.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Any provision in the Studio Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Studio Agreement.

Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act is void.

3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.



## **ADDITIONAL DISCLOSURES FOR MARYLAND**

1. **Item 17, Additional Disclosure.** The following statement is added to Item 17:

Any provisions requiring you to sign a general release of claims against MNC, including upon renewal or transfer of the franchise, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the license.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Additional Disclosure.

## ADDITIONAL DISCLOSURES FOR MINNESOTA

1. **Cover Page and Item 17, Additional Disclosures.** The following statements are added to the cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Studio Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

With respect to franchises governed by Minnesota law, MNC will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5, which requires, 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 Studio Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial.

3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to these Additional Disclosures.

## ADDITIONAL DISCLOSURES FOR NORTH DAKOTA

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

On renewal, you are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to these Additional Disclosures.

## **ADDITIONAL DISCLOSURES FOR RHODE ISLAND**

1. **Item 17, Additional Disclosure.** The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.

## ADDITIONAL DISCLOSURES FOR VIRGINIA

1. **Item 8, Additional Disclosure.** The following statement is added following the first sentence of the fourth paragraph of Item 8:

We will notify you of our approval or disapproval of any additional merchandise or services within 30-120 days after receipt by us of any designated materials.

2. **Additional Disclosures for Item 17.h.** The following statements are added to Item 17.h.:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Studio 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Studio Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Additional Disclosure.

## ADDITIONAL DISCLOSURES FOR WASHINGTON

1. **Use of Franchise Brokers.** 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. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. RCW 19.100.180 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.
4. 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 franchise, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
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. Pursuant to RCW 19.100.010(7), WAC 460-82, and Franchise Act Policy Statement 6, franchisees that are paid a fee or commission for referral services may be required to register as franchise brokers in Washington.

10. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.

**ADDITIONAL DISCLOSURES FOR INDIANA,  
MICHIGAN, NEW YORK, SOUTH DAKOTA AND WISCONSIN**

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(a)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(b)** 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.



**EXHIBIT A**  
**LIST OF STATE ADMINISTRATORS**

## LIST OF STATE ADMINISTRATORS

### **California:**

Commissioner  
Department of Financial Protection and  
Innovation  
1-866-275-2677

### **Los Angeles**

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

### **Sacramento**

1515 K Street, Suite 200  
Sacramento, CA 95814-4052  
(916) 445-7205

### **San Diego**

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

### **San Francisco**

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 972-8559

### **Hawaii:**

Commissioner of Securities  
Department of Commerce and  
Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street  
Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

### **Illinois:**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

### **Indiana:**

Securities Commissioner  
Securities Division  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

### **Maryland:**

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

### **Michigan:**

Attn: Franchise Section  
Consumer Protection Division  
Attorney General's Office  
G. Mennen Williams Bldg. – 1st Floor  
525 W. Ottawa Street  
Lansing, MI 48933  
(517) 373-7117

### **Minnesota:**

Department of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101  
(651) 539-1600

**New York:**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Fl  
New York, NY 10005  
(212) 416-8222

**North Dakota:**

North Dakota Securities Department  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

**Oregon:**

Division of Consumer and Business  
Services  
Finance & Corporate Securities  
Department of Consumer &  
350 Winter Street, N.E.  
Salem, OR 97301-3881  
(503) 378-4100

**Rhode Island:**

Deputy Director, Securities  
Department of Business  
Regulation  
Division of Banking and Securities  
1511 Pontiac Avenue  
John O. Pastore Complex-Bldg.  
68-2  
Cranston, Rhode Island 02920  
(401) 462-9585

**South Dakota:**

Department of Labor and Regulation  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-4823

**Virginia:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

(804) 371-9051

**Washington:**

Director of Securities  
Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Tumwater, WA 98501  
(360) 902-8760

**Wisconsin:**

Division of Securities  
Bureau of Regulation &  
Enforcement  
Department of Financial  
Institutions, Suite 300  
201 W. Washington Avenue  
Madison, WI 53703  
(608) 266-8557

**EXHIBIT B**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

**Alabama:**

The Corporation Company  
60 Commerce Street  
Montgomery, Alabama 36104

**Arizona:**

CT Corporation System  
3225 North Central Avenue  
Phoenix, Arizona 85012

**California:**

CT Corporation System  
Suite 1004  
818 West 7<sup>th</sup> Street  
Los Angeles, California 90017

California Commissioner  
Department of Financial Protection and  
Innovation:

**Los Angeles**

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

**Sacramento**

1515 K Street, Suite 200  
Sacramento, CA 95814-4052  
(916) 445-7205

**San Diego**

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

**San Francisco**

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(866) 275-2677

**Colorado:**

The Corporation Company  
1600 Broadway  
Denver, Colorado 80202

**Connecticut:**

CT Corporation System  
One Commercial Plaza  
Hartford, Connecticut 06103

**Delaware:**

Corporation Trust Center  
1209 Orange Street  
Wilmington, Delaware 19801

**Washington, D.C.:**

CT Corporation System  
Suite 400  
1025 Vermont Avenue  
Washington, D.C. 20005

**Florida:**

CT Corporation System  
1200 South Pine Island Road  
Plantation, Florida 33324

**Georgia:**

CT Corporation System  
1201 Peachtree Street, N.E.  
Atlanta, Georgia 30361

**Illinois:**

CT Corporation  
208 South La Salle Street  
Chicago, Illinois 60604

Franchise Division  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

**Indiana:**

CT Corporation System  
One North Capitol Avenue  
Indianapolis, Indiana 46204

**Kansas:**

The Corporation Company, Inc.  
151 South Kansas Avenue  
Topeka, Kansas 66603

**Maine:**

CT Corporation System  
One Portland Square  
Portland, Maine 04101

**Maryland:**

The Corporation Trust Incorporated  
32 South Street  
Baltimore, Maryland 21202

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

**Massachusetts:**

CT Corporation System  
2 Oliver Street  
Boston, Massachusetts 02109

**Michigan:**

The Corporation Company  
30600 Telegraph Road  
Bingham Farms, Michigan 48025

**Minnesota:**

CT Corporation System  
405 Second Avenue, South  
Minneapolis, Minnesota 55401

Minnesota Department of Commerce  
Securities Unit  
Commissioner of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198

**Missouri:**

CT Corporation System  
908 Olive Street  
St. Louis, Missouri 63101

**Nebraska:**

CT Corporation System  
206 South 13<sup>th</sup> Street  
Suite 1500  
Lincoln, Nebraska 68508

**New Hampshire:**

CT Corporation System  
9 Capitol Street  
Concord, New Hampshire 03301

**New Jersey:**

The Corporation Trust Company  
Mountain View Office Park  
820 Bear Tavern Road, 3rd Floor  
West Trenton, New Jersey 08628

**New York:**

CT Corporation System  
1633 Broadway  
New York, New York 10019

Secretary of State  
99 Washington Avenue  
Albany, NY 12231-0001

**Ohio:**

CT Corporation System  
815 Superior Avenue,  
Cleveland, Ohio 44114

**Oklahoma:**

The Corporation Company  
735 First National Building  
Oklahoma City, Oklahoma 73102

**North Dakota**

Securities Commissioner  
600 East Boulevard Avenue  
State Capitol, Fifth Floors  
Bismarck, ND 58505-0510

**Pennsylvania:**

CT Corporation System  
1635 Market Street  
Philadelphia, Pennsylvania 19103

**Rhode Island:**

CT Corporation System  
123 Dyer Street  
Providence, Rhode Island 02903

Director of Rhode Island Department of  
Business Regulation  
Division of Banking and Securities  
1511 Pontiac Avenue  
John O. Pastore Complex–Building 68-2  
Cranston, Rhode Island 02920

**South Carolina:**

CT Corporation System  
75 Beattie Place  
Two Shelter Centre  
Greenville, South Carolina 29601

**South Dakota:**

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

**Texas:**

CT Corporation System  
Registered Agent  
350 North St. Paul Street  
Dallas, Texas 75201

**Vermont:**

CT Corporation System  
148 College Street  
Burlington, Vermont 05401

**Virginia:**

Edward R. Parker  
5511 Staples Mill Road  
Richmond, Virginia 23228

Clerk of the State Corporation  
Commission  
1300 E. Main Street, 1st Floor  
Richmond, Virginia 23219-3630

**Washington**

Director of Department of Financial  
Institutions  
Securities Division  
150 Israel Road, SW  
Tumwater, Washington 98501

**West Virginia**

Secretary of State  
Address for Receipt of Process  
CT Corporation System  
1600 Charleston National Plaza  
Charleston, West Virginia 25301

**Wisconsin**

CT Corporation System  
44 East Mifflin Street  
Madison, Wisconsin 53703

Administrator, Division of Securities  
Department of Financial Institutions  
201 W. Washington Avenue, Suite 300  
Madison, WI 53703

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**EXHIBIT D**  
**FINANCIAL STATEMENTS**

**MERLE NORMAN COSMETICS, INC.**  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2023, 2022 AND 2021



# MERLE NORMAN COSMETICS, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of  
Merle Norman Cosmetics, Inc.:

### ***Opinion***

We have audited the accompanying financial statements of Merle Norman Cosmetics, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above 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 then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Prior Period Financial Statements***

The financial statements of the Company as of December 31, 2021 were audited by other auditors whose reports dated April 28, 2022 expressed an unmodified opinion on those statements.

### ***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 within one year after the date that the financial statements are available to be issued.

### ***Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.



Westlake Village, California  
April 22, 2024

**MERLE NORMAN COSMETICS, INC.**

## BALANCE SHEETS

<b>AS OF DECEMBER 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,580,000	\$ 2,622,000	\$ 6,953,000
Restricted cash	1,000	2,273,000	2,273,000
Accounts receivable, net of allowance for doubtful accounts of \$307,000, \$391,000 and \$325,000 in 2023, 2022 and 2021, respectively	2,156,000	1,954,000	1,826,000
Employee retention credit receivable	-	1,226,000	-
Notes receivable, current portion	67,000	312,000	64,000
Inventories	9,753,000	11,492,000	6,843,000
Prepaid expenses and other current assets	1,569,000	1,254,000	1,670,000
Investments in debt securities	15,662,000	12,983,000	15,720,000
<b>Total current assets</b>	<b>31,788,000</b>	<b>34,116,000</b>	<b>35,349,000</b>
Property and equipment, net	4,955,000	5,387,000	6,374,000
Long-term notes receivable, net of current portion and net of allowance of \$75,000, \$200,000 and \$178,000 in 2023, 2022 and 2021, respectively	45,000	121,000	55,000
Intangibles and other assets, net	164,000	66,000	250,000
Operating right-of-use assets, net	631,000	855,000	-
<b>Total assets</b>	<b>\$ 37,583,000</b>	<b>\$ 40,545,000</b>	<b>\$ 42,028,000</b>

See accompanying notes to financial statements.

**MERLE NORMAN COSMETICS, INC.**

## BALANCE SHEETS

<b>AS OF DECEMBER 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable	\$ 2,851,000	\$ 4,896,000	\$ 2,360,000
Accrued liabilities	4,859,000	4,286,000	5,336,000
Current portion of operating lease liabilities	207,000	234,000	-
Line-of-credit	512,000	-	-
Notes payable, current portion	-	-	750,000
<b>Total current liabilities</b>	<b>8,429,000</b>	<b>9,416,000</b>	<b>8,446,000</b>
Notes payable, net of current portion	-	-	2,000,000
Operating lease liabilities, net of current portion	392,000	601,000	-
Accrued retirement benefits	2,459,000	3,573,000	4,244,000
<b>Total liabilities</b>	<b>11,280,000</b>	<b>13,590,000</b>	<b>14,690,000</b>
Commitments and contingencies (see Notes)			
Shareholders' equity:			
Capital stock, authorized:			
Series A - voting, 3,000,000 shares;			
Series B - nonvoting, 12,000,000 shares;			
issued and outstanding:			
Series A - voting, 116,840 shares;			
Series B - nonvoting, 11,567,160 shares;			
at stated value	12,000	12,000	12,000
Retained earnings	28,615,000	30,541,000	31,340,000
Accumulated other comprehensive loss (Notes 2 and 6)	(2,324,000)	(3,598,000)	(4,014,000)
<b>Total shareholders' equity</b>	<b>26,303,000</b>	<b>26,955,000</b>	<b>27,338,000</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 37,583,000</b>	<b>\$ 40,545,000</b>	<b>\$ 42,028,000</b>

See accompanying notes to financial statements.



**MERLE NORMAN COSMETICS, INC.**

## STATEMENTS OF OPERATIONS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net sales	\$ 54,584,000	\$ 53,449,000	\$ 52,225,000
Cost of sales	22,887,000	23,110,000	20,960,000
<b>Gross profit</b>	<b>31,697,000</b>	<b>30,339,000</b>	<b>31,265,000</b>
Operating expenses:			
General and administrative	16,409,000	15,934,000	16,493,000
Selling, promotion and advertising	12,004,000	11,319,000	11,033,000
Shipping	5,018,000	5,164,000	4,230,000
Bad debt expense (recoveries), net	(40,000)	80,000	90,000
<b>Total operating expenses</b>	<b>33,391,000</b>	<b>32,497,000</b>	<b>31,846,000</b>
<b>Loss from operations</b>	<b>(1,694,000)</b>	<b>(2,158,000)</b>	<b>(581,000)</b>
Other income (expense):			
Interest income	118,000	12,000	22,000
Employee retention credit income	-	1,226,000	-
Interest expense	(41,000)	(44,000)	(116,000)
Other income, net	1,060,000	512,000	376,000
Gain on sale of property and equipment	27,000	-	3,596,000
Gain on extinguishment of PPP loan	-	2,031,000	3,855,000
<b>Total other income, net</b>	<b>1,164,000</b>	<b>3,737,000</b>	<b>7,733,000</b>
Income (loss) before provision for state income taxes	(530,000)	1,579,000	7,152,000
Provision for state income taxes	52,000	176,000	21,000
<b>Net income (loss)</b>	<b>\$ (582,000)</b>	<b>\$ 1,403,000</b>	<b>\$ 7,131,000</b>

See accompanying notes to financial statements.

**MERLE NORMAN COSMETICS, INC.**  
STATEMENTS OF COMPREHENSIVE INCOME

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net income (loss)	\$ (582,000)	\$ 1,403,000	\$ 7,131,000
Other comprehensive income:			
Decrease in minimum pension liability (Note 10)	1,020,000	347,000	2,959,000
Unrealized gain (loss) on debt securities	254,000	69,000	(11,000)
<b>Comprehensive income</b>	<b>\$ 692,000</b>	<b>\$ 1,819,000</b>	<b>\$ 10,079,000</b>

*See accompanying notes to financial statements.*

**MERLE NORMAN COSMETICS, INC.**  
**STATEMENTS OF SHAREHOLDERS' EQUITY**

	<b>Capital Stock</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Shareholders' Equity</b>
<b>Balance, December 31, 2020</b>	\$ 12,000	\$ 25,027,000	\$ (6,962,000)	\$ 18,077,000
Net income	-	7,131,000	-	7,131,000
Decrease in minimum pension liability	-	-	2,959,000	2,959,000
Unrealized loss on debt securities	-	-	(11,000)	(11,000)
Dividends declared and paid	-	(818,000)	-	(818,000)
<b>Balance, December 31, 2021</b>	12,000	31,340,000	(4,014,000)	27,338,000
Net income	-	1,403,000	-	1,403,000
Decrease in minimum pension liability	-	-	347,000	347,000
Unrealized gain on debt securities	-	-	69,000	69,000
Dividends declared and paid	-	(2,202,000)	-	(2,202,000)
<b>Balance, December 31, 2022</b>	12,000	30,541,000	(3,598,000)	26,955,000
Net loss	-	(582,000)	-	(582,000)
Decrease in minimum pension liability	-	-	1,020,000	1,020,000
Unrealized gain on debt securities	-	-	254,000	254,000
Dividends declared and paid	-	(1,344,000)	-	(1,344,000)
<b>Balance, December 31, 2023</b>	\$ 12,000	\$ 28,615,000	\$ (2,324,000)	\$ 26,303,000

*See accompanying notes to financial statements.*

**MERLE NORMAN COSMETICS, INC.**

## STATEMENTS OF CASH FLOWS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (582,000)	\$ 1,403,000	\$ 7,131,000
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Non-cash lease expense	(1,000)	(3,000)	-
Provision for doubtful accounts	(40,000)	80,000	90,000
Provision (benefit) for LIFO reserve	299,000	(264,000)	(206,000)
Gain on sale of property and equipment	(27,000)	-	(3,596,000)
(Gain) loss on sale of debt securities	(396,000)	2,000	(2,000)
Gain on extinguishment of PPP loan	-	(2,031,000)	(3,855,000)
Depreciation and amortization	1,368,000	1,596,000	1,723,000
Changes in operating assets and liabilities:			
Accounts receivable	(288,000)	(185,000)	(43,000)
Employee retention credit receivable	1,226,000	(1,226,000)	-
Inventories	1,440,000	(4,385,000)	747,000
Prepaid expenses and other current assets	(326,000)	399,000	(583,000)
Other assets	11,000	-	6,000
Accounts payable and accrued liabilities	(1,472,000)	1,517,000	498,000
Other long-term liability	-	-	(205,000)
Contributions to plan assets	(500,000)	(750,000)	(1,650,000)
Accrued retirement benefits	406,000	426,000	703,000
<b>Net cash provided by (used in) operating activities</b>	<b>1,118,000</b>	<b>(3,421,000)</b>	<b>758,000</b>
<b>Cash flows from investing activities:</b>			
Issuance of notes receivable	(138,000)	(737,000)	(274,000)
Payments received on notes receivable	585,000	400,000	101,000
Purchases of property and equipment	(764,000)	(332,000)	(347,000)
Purchases of construction-in-progress	(146,000)	(60,000)	-
Proceeds from the sale of property and equipment	27,000	-	3,836,000
Purchases of intangible assets	(135,000)	(33,000)	-
Purchases of debt securities	(17,392,000)	(14,775,000)	(16,673,000)
Sales of debt securities	15,363,000	17,579,000	12,539,000
<b>Net cash provided by (used in) investing activities</b>	<b>(2,600,000)</b>	<b>2,042,000</b>	<b>(818,000)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from notes payable	-	-	2,000,000
Payments on notes payable	-	(750,000)	(638,000)
Borrowings on line-of-credit	512,000	-	-
Payments of dividends	(1,344,000)	(2,202,000)	(818,000)
<b>Net cash provided by (used in) financing activities</b>	<b>(832,000)</b>	<b>(2,952,000)</b>	<b>544,000</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(2,314,000)</b>	<b>(4,331,000)</b>	<b>484,000</b>
Cash, cash equivalents and restricted cash, beginning of year	4,895,000	9,226,000	8,742,000
<b>Cash, cash equivalents and restricted cash, end of year</b>	<b>\$ 2,581,000</b>	<b>\$ 4,895,000</b>	<b>\$ 9,226,000</b>

See accompanying notes to financial statements.

# MERLE NORMAN COSMETICS, INC.

## STATEMENTS OF CASH FLOWS

<b>FOR THE YEARS ENDED DECEMBER 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for states taxes, net	\$ 125,000	\$ 79,000	\$ 48,000
<b>Noncash transactions:</b>			
Capitalized operating right-of-use assets	\$ -	\$ 1,064,000	\$ -
Unrealized (loss) gain on debt securities	\$ 254,000	\$ 69,000	\$ (11,000)
Decrease in minimum pension liability	\$ 1,020,000	\$ 347,000	\$ 2,959,000

*See accompanying notes to financial statements.*

# MERLE NORMAN COSMETICS, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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### 1. ORGANIZATION

**Organization** Merle Norman Cosmetics, Inc. (the “Company”) is in the business of manufacturing and selling proprietary cosmetic products to approximately 870 independently owned studios and through its online e-commerce platform.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The Company maintains its accounting records under the accrual method of accounting in conformity with US GAAP.

**Use of Estimates** The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions include estimates on allowances for accounts and notes receivable, useful lives of long-lived assets, accrued expenses, valuation of last-in, first-out reserve, and valuation of the pension liability. Actual results may differ from those estimates under different assumption or conditions.

**Cash, Cash Equivalents and Restricted Cash** The Company considers cash on hand, deposits in banks, and investments with original maturities of three months or less to be cash and cash equivalents. Restricted cash consists of cash set aside in an account as collateral for the Company’s standby letter of credit obligation (Note 8).

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows:

<b>As of December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 2,580,000	\$ 2,622,000	\$ 6,953,000
Restricted cash	1,000	2,273,000	2,273,000
<b>Total cash, cash equivalents and restricted cash shown in the statements of cash flows</b>	<b>\$ 2,581,000</b>	<b>\$ 4,895,000</b>	<b>\$ 9,226,000</b>

**Concentration of Credit Risk and Business Risk** The Company places its temporary cash investments in a money market mutual fund with high credit quality financial institutions and, by policy, limits the amount of investment exposure to any one financial institution. The Company’s cash and cash equivalents on deposit with financial institutions may exceed the federally insured limits. The Company does not believe significant credit risks exists with respect to this cash and cash equivalents as of December 31, 2023, 2022 and 2021. Investments in debt securities are not insured against the possibility of a total or near complete loss of earnings or principal and are inherently subject to the credit risk related to the continued creditworthiness of the underlying issuer and general credit market risks.

As of December 31, 2023, the Company sells products and extends collateralized and uncollateralized credit to approximately 870 independently owned studios throughout the United States and Canada, reducing the concentration of credit risk. Accounts receivable are generally

## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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diversified due to the geographic dispersion of the Company's customer base. The Company performs ongoing credit evaluations of its customers and maintains an allowance for credit losses based upon factors surrounding the credit risk of specific customers, historical trends and other information. For the years ended December 31, 2023, 2022 and 2021, there was no supplier that accounted for more than 10% of total purchases.

**Recently Adopted Accounting Standards** On January 1, 2023, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326, *Financial Instruments – Credit Losses* ("ASC 326"), which requires companies to estimate and recognize lifetime expected losses, rather than incurred losses, for most financial assets and certain other instruments that are not measured at fair value through net income. Under this standard, the estimate for credit losses reflects the risk of loss due to credit default, even when the risk is remote, and considers available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable expected future economic conditions. Financial assets held by the Company that are subject to the guidance in ASC 326 are accounts receivable, notes receivable, and debt securities. The adoption of ASC 326 did not have a material impact on the Company's financial statements.

**Accounts Receivable and Allowance for Doubtful Accounts** Accounts receivable are customer obligations due under normal trade terms. As a general policy, the Company does not require collateral nor does the Company charge interest on past due balances. Prior to the adoption of ASC 326, management reviewed accounts receivable on a monthly basis to determine if any accounts receivable would potentially be uncollectible based on specific identification of uncollectible amounts and the Company's historical collection experience. The Company included any accounts receivable balances that were determined to be uncollectible in the allowance for doubtful accounts. Under ASC 326, management reassesses credit loss allowances on trade receivables at each reporting date using a model that is based on an historical average loss rate and updates the allowance to reflect any changes in credit risk since the receivable was initially recorded. If necessary, a credit loss adjustment is recognized for the current estimate of expected credit losses, which is classified within general and administrative expenses in the statements of operations. For the year ended December 31, 2023, credit allowances are included within the allowance for doubtful accounts. As of December 31, 2023, 2022 and 2021, the allowance for doubtful accounts amounted to \$307,000, \$391,000 and \$325,000, respectively.

**Notes Receivable** Long-term notes receivable have maturities ranging from 1-6 years, and bear interest primarily at rates ranging from 3.25% - 5.50% per annum. Management regularly reviews the collectability of these notes and records an allowance for doubtful notes, as appropriate. The allowance for doubtful notes receivables amounted to \$75,000, \$200,000 and \$178,000 as of December 31, 2023, 2022 and 2021, respectively.

**Employee Retention Credit** The Company claimed employee retention credits ("ERCs") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020 and subsequently extended through December 31, 2021. Since US GAAP does not contain authoritative accounting guidance for for-profit business entities that receive government assistance that is not in the form of a loan, an income tax credit or revenue from a contract with a customer, the Company accounted for the ERCs by analogy to FASB ASC Topic 958-605, *Not-for-Profit Entities: Revenue Recognition* ("ASC 985-605"). Under the ASC 958-605 model, ERCs are considered nonexchange transactions and recognized in the period the Company determines that the conditions and barriers, such as eligibility requirements, have been substantially met and

# MERLE NORMAN COSMETICS, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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overcome. In accordance with ASC 958-605, employee retention credit income of approximately \$1,226,000 was recognized as other income for the year ended December 31, 2022.

**Inventories** Inventories consisting of cosmetics, accessories and supplies are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is based on standard cost and production variances, which approximates actual cost on the last-in, first-out (“LIFO”) method. Cost components include direct materials, direct labor and direct overhead, as well as in-bound freight. The Company records adjustments to the value of inventory based upon its forecasted plans to sell products included in inventory, as well as planned product discontinuances. The physical condition (e.g., age and quality) of the inventories is also considered in establishing its valuation. These adjustments are estimates, which could vary significantly, either favorably or unfavorably, from the amounts that the Company may ultimately realize upon the disposition of inventories if future economic conditions, customer inventory levels, product discontinuances, sales return levels or competitive conditions differ from the Company’s estimates and expectations.

**Investments in Debt Securities** The Company invests excess funds to maximize investment yield, while maintaining liquidity and minimizing credit risk. Debt securities are carried at fair value and consist primarily of investments in Treasury bonds of the United States. The Company classified its investments in debt securities as available-for-sale with all unrealized gains or losses included as part of other comprehensive income. The Company evaluates its debt securities with unrealized gains or losses at the end of each reporting period. Under ASC 326, expected losses on available-for-sale debt securities are recognized through an allowance for credit losses rather than as reductions in the amortized cost of the securities. As a result of this assessment, the Company did not recognize any credit losses or other-than-temporary impairment losses for the years ended December 31, 2023, 2022 and 2021.

**Property and Equipment** Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or their related lease term, whichever is shorter.

Betterments, renewals, and extraordinary repairs that materially extend the useful life of the asset are capitalized; other repairs and maintenance charges are expensed as incurred. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in operations.

The estimated useful lives for property and equipment are as follows:

<b>Description</b>	<b>Life</b>
Land improvements	15 years
Building and improvements	15–50 years
Machinery, furniture and equipment	3-7 years
Aviation equipment	10 years
Furniture and fixtures	5 years

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## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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**Intangibles and Other Assets** Intangibles and other assets include capitalized software costs of \$1,526,000, \$1,380,000 and \$1,350,000 as of December 31, 2023, 2022 and 2021, respectively. Accumulated amortization of capitalized software costs was \$1,340,000, \$1,314,000 and \$1,100,000 at December 31, 2023, 2022 and 2021, respectively.

**Impairment of Long-Lived Assets** In accordance with FASB ASC 360-10, *Property, Plant and Equipment – Impairment or Disposal of Long Lived Assets*, long-lived assets with estimable useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment losses were recognized for the years ended December 31, 2023, 2022 and 2021.

**Fair Value of Financial Instruments** The Company adopted FASB ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), which defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America and enhances disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

ASC 820 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as the quoted prices for similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The recorded values of accounts receivable and accounts payable approximate their fair values based on their short-term nature. The recorded values of long-term notes receivable, short-term borrowings, and long-term debt approximate fair value, as interest is tied to or approximates market rates.

## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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As of December 31, 2023, the following table summarizes fair value measurements by level for items that are required to be measured at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in debt securities	\$ 15,662,000	\$ 15,662,000	\$ -	\$ -

As of December 31, 2022, the following table summarizes fair value measurements by level for items that are required to be measured at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in debt securities	\$ 12,983,000	\$ 12,983,000	\$ -	\$ -

As of December 31, 2021, the following table summarizes fair value measurements by level for items that are required to be measured at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in debt securities	\$ 15,720,000	\$ 15,720,000	\$ -	\$ -

**CARES Act and Paycheck Protection Program Loans** In March 2021 and April 2020, the Company received two loans pursuant to the Paycheck Protection Program (“PPP”) under the CARES Act, which was enacted on March 27, 2020. The PPP is administered by the U.S. Small Business Administration (the “SBA”). The Company accounted for the loans under the PPP (collectively, the “PPP Loans”) as financial liabilities in accordance with FASB ASC 470, *Debt* (“ASC 470”). The Company did not impute additional interest at market rates even though the stated interest rate under the PPP may be below market. Transactions, where interest rates are prescribed by governmental agencies, are excluded from the scope of FASB ASC 835-30, *Interest – Imputation of Interest*. In accordance with ASC 470, the proceeds from the PPP Loans remained recorded as liabilities until either (1) the loans were, in part or wholly, forgiven and the Company was legally released; or (2) the loans were repaid (Note 9).

**Revenue Recognition** Revenue is recognized in accordance with FASB ASC 606, *Revenue from Contracts with Customers* (“ASC 606”). The underlying principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration that the entity expects that it will be entitled to receive in exchange for those goods or services.

Under ASC 606, revenue is recognized when control of the promised goods or services transfers to the customer as determined by applying a five-step process consisting of:

- Step 1: Identification of the customer contracts
- Step 2: Identification of the performance obligations in the contracts
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price to each of the performance obligations in the contracts
- Step 5: Recognition of revenue when, or as, each of the identified performance obligations is satisfied

Sales are comprised of freight revenue and gross revenues from sales of product less expected discounts, as well as cooperative (“co-op”) advertising revenue. The Company recognizes revenue at a point in time when the respective performance obligations are satisfied. For revenue generated

## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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from the sales to independently owned studios, revenue is recognized when the control of the product is transferred to studios and when the performance obligation is satisfied which typically occurs upon delivery. For e-commerce sales, revenue is recognized when products are sold to retail customers.

The Company recognizes co-op advertising revenue as the Company performs the advertising services. Co-op advertising is considered a distinct service or performance obligation when the Company performs specific services for individual franchisee participants of the co-op advertising program.

The following table presents the Company's revenues disaggregated by type:

<b>For the Years Ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Product sales, net	\$ 54,303,000	\$ 53,127,000	\$ 51,874,000
Co-op advertising revenue	281,000	322,000	351,000
<b>Total net sales</b>	<b>\$ 54,584,000</b>	<b>\$ 53,449,000</b>	<b>\$ 52,225,000</b>

**Contract Assets and Liabilities** The timing of revenue recognition, billings and cash collections results in contract assets and liabilities on the accompanying balance sheets. A contract asset is defined as an entity's right to consideration for goods or services that the entity has transferred to a customer. A contract liability results when the consideration for the sale precedes the entity's performance and represents the entity's obligation to transfer goods or services to a customer. The Company's contract assets consist of accounts receivable. The Company's contract liabilities consist of deferred revenue. For operational simplicity, revenue is recognized when the order is shipped and provided to the common carrier. At year end, an adjustment is made for all orders estimated to be in-transit to customers, resulting in deferred revenue, which is included in accrued liabilities in the accompanying balance sheets.

The beginning and ending balances of contract assets and liabilities are as follows:

<b>For the Years Ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Accounts receivable, net	\$ 2,156,000	\$ 1,954,000	\$ 1,826,000	\$ 1,757,000
Deferred revenue	\$ 98,000	\$ 126,000	\$ 94,000	\$ 207,000

**Shipping Costs** Under ASC 606, shipping and handling costs may be reported as a component of either cost of sales or operating expenses. The Company reports freight collected from customers as revenues when it recognizes product revenue. Shipping and handling are considered fulfillment activities, not a distinct service or a performance obligation. The Company recorded shipping revenue related to the years ended December 31, 2023, 2022 and 2021 in the amount of \$417,000, \$392,000 and \$405,000, respectively. The Company recorded shipping costs as a component of operating expenses related to the years ended December 31, 2023, 2022 and 2021 in the amount of \$5,018,000, \$5,164,000, and \$4,230,000, respectively.

**Sales Taxes** ASC 606 provides for the presentation of taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions (e.g. sales, use and excise taxes) between a seller and a customer on either a gross basis (included in revenues and costs) or on a net basis (excluded from revenues). The Company reports revenues net of sales taxes. The obligation is included in current liabilities until the taxes are remitted to the appropriate taxing authorities.

## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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**Advertising** Advertising costs are expensed as incurred as an operating expense, and for the years ended December 31, 2023, 2022 and 2021 amounted to approximately \$3,397,000, \$3,373,000 and \$3,087,000, respectively.

**Income Taxes** The Company has elected to be taxed as an S Corporation for federal income tax purposes. Accordingly, the Company is treated substantially as a partnership, which results in the shareholders reporting the corporate taxable income on their individual tax return. The Company has also elected to be taxed as an S Corporation for state income tax purposes, which reduces the California, Tennessee, Alabama, Texas and Illinois tax rates to 1.5%, 6.5%, 5.0%, 0.75%, and 4.95%, respectively. The Company receives various state tax credits for its research and development activities. The Company is no longer subject to income tax examinations by the Internal Revenue Service for years prior to 2020. For state jurisdictions, the Company is no longer subject to income tax examinations for years prior to 2019. No examinations are currently pending.

**Retirement Plan** The Company has adopted FASB ASC 715, *Compensation – Retirement Benefits* (“ASC 715”), which requires employers to recognize a net liability or asset and an offsetting adjustment to accumulated other comprehensive loss to report the funded status of defined benefit pension and other postretirement benefit plans. Changes in the funded status of the plan will be recognized as they occur through other comprehensive income.

**Product Research and Development** Product research and development costs are expensed as incurred as an operating expense, and for the years ended December 31, 2023, 2022 and 2021 amounted to \$431,000, \$362,000 and \$407,000, respectively.

**Leases** In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)* (“ASC 842”). ASC 842 establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability, measured on a discounted basis, on the balance sheet for all leases with terms greater than twelve months. The ROU asset and lease liability represent the Company’s right to use an underlying asset for the lease term and the Company’s obligation to make lease payments arising from the lease, respectively. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations.

Effective January 1, 2022, the Company adopted the new lease accounting guidance using the modified retrospective approach and elected the package of practical expedients and transition provisions available for expired or existing contracts permitted under ASC 842. Accordingly, the Company accounted for its existing leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC 842, (b) whether classification of the lease would be different in accordance with ASC 842, or (c) whether the unamortized initial direct costs meet the new definition of initial direct costs under ASC 842. In addition, the Company made other policy elections, including the short-term lease exception policy, permitting the Company to exclude the recognition requirements for leases with terms of 12 months or less from lease inception, and the policy election to use the risk-free discount rate to determine the ROU asset and lease liability related to its leases.

Under ASC 842, the Company determined that all of its leases are operating leases. Lease expense under operating leases are recognized on a straight-line basis over the lease term and are included in operating expenses in the accompanying statements of operations for the years ended December 31, 2023 and 2022. Variable lease payments associated with the Company’s leases are recognized upon occurrence of the event, activity, or circumstance in the lease agreement on which those

## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

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payments are assessed. Variable lease payments are presented in the Company's statements of operations in the same line item as expense arising from fixed lease payments.

During the year ended December 31, 2021, the Company accounted for its lease agreements in accordance with FASB ASC Topic 840, *Leases* ("ASC 840"), which provided guidance for defining lease agreements at their inception as either operating or capital leases depending on certain defined criteria. Costs for operating leases that included payment escalations or incentives, such as rent abatements, were recognized on a straight-line basis over the term of the lease, which resulted in a deferred rent liability.

### 3. INVENTORIES

A summary of inventories is as follows:

<b>As of December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Raw materials	\$ 8,634,000	\$ 9,295,000	\$ 7,124,000
Work in process	750,000	243,000	86,000
Finished goods	8,269,000	9,555,000	7,497,000
Inventories	17,653,000	19,093,000	14,707,000
LIFO reserve	(7,900,000)	(7,601,000)	(7,864,000)
<b>Inventories (LIFO method)</b>	<b>\$ 9,753,000</b>	<b>\$ 11,492,000</b>	<b>\$ 6,843,000</b>

### 4. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

<b>As of December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Land and improvements	\$ 945,000	\$ 945,000	\$ 945,000
Building and improvements	8,246,000	7,881,000	7,881,000
Machinery and equipment	10,198,000	9,495,000	9,252,000
Aviation equipment	4,667,000	4,667,000	4,667,000
Furniture and fixtures	2,353,000	2,347,000	3,754,000
Projects in progress	-	236,000	212,000
	26,409,000	25,571,000	26,711,000
Accumulated depreciation and amortization	(21,454,000)	(20,184,000)	(20,337,000)
<b>Property and equipment, net</b>	<b>\$ 4,955,000</b>	<b>\$ 5,387,000</b>	<b>\$ 6,374,000</b>

During 2023 and 2021, the Company sold property and equipment with a net book value \$0 and \$166,000, respectively, resulting in a net gain of \$27,000 and \$3,596,000, which is included in other income (expense) on the accompanying statements of operations for the years ended December 31, 2023 and 2021, respectively. During 2022, the Company did not sell any property and equipment.

Depreciation expense for the years ended December 31, 2023, 2022 and 2021 amounted to \$1,342,000, \$1,379,000 and \$1,399,000, respectively.

**MERLE NORMAN COSMETICS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
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**5. INTANGIBLES AND OTHER ASSETS**

A summary of intangibles and other assets as follows:

<b>As of December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Computer software	\$ 1,476,000	\$ 1,341,000	\$ 1,311,000
Deposits and other assets	50,000	39,000	39,000
	1,526,000	1,380,000	1,350,000
Accumulated amortization	(1,340,000)	(1,314,000)	(1,100,000)
<b>Intangibles and other assets, net</b>	<b>\$ 186,000</b>	<b>\$ 66,000</b>	<b>\$ 250,000</b>

Amortization expense for the years ended December 31, 2023, 2022 and 2021 amounted to \$26,000, \$217,000 and \$324,000, respectively.

Future annual amortization of current capitalized software costs as of December 31, 2023 is estimated to be as follows:

<b>Years Ending December 31,</b>	<b>Amount</b>
2024	\$ 55,000
2025	52,000
2026	29,000
<b>Total</b>	<b>\$ 136,000</b>

**6. INVESTMENTS IN DEBT SECURITIES**

The following table sets forth amortized cost and fair value of investments in debt securities classified as available-for-sale for the year ended December 31, 2023:

<b>Description</b>	<b>Maturity Date</b>	<b>Unrealized Gain 2023</b>	<b>Amortized Cost 2023</b>	<b>Fair Value 2023</b>
Treasury bills	August 2024	\$ 254,000	\$ 15,649,000	\$ 15,662,000

The following table sets forth amortized cost and fair value of investments in debt securities classified as available-for-sale for the year ended December 31, 2022:

<b>Description</b>	<b>Maturity Date</b>	<b>Unrealized Loss 2022</b>	<b>Amortized Cost 2022</b>	<b>Fair Value 2022</b>
Treasury bills	August 2023	\$ 69,000	\$ 13,100,000	\$ 12,983,000

The following table sets forth amortized cost and fair value of investments in debt securities classified as available-for-sale for the year ended December 31, 2021:

<b>Description</b>	<b>Maturity Date</b>	<b>Unrealized Loss 2021</b>	<b>Amortized Cost 2021</b>	<b>Fair Value 2021</b>
Treasury bills	August 2022	\$ 11,000	\$ 15,733,000	\$ 15,720,000

# MERLE NORMAN COSMETICS, INC.

## NOTES TO FINANCIAL STATEMENTS

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At December 31, 2023, 2022, and 2021, the Company's available-for-sale debt securities are carried at fair value, with the unrealized gain (loss) reported as a component of other comprehensive income.

### 7. ACCRUED LIABILITIES

A summary of accrued liabilities is as follows:

As of December 31,	2023	2022	2021
Accrued sales tax	\$ 105,000	\$ 64,000	\$ 196,000
Accrued studio credits	2,521,000	2,176,000	2,531,000
Accrued vacation	667,000	696,000	777,000
Accrued expenses	941,000	604,000	916,000
Accrued payroll tax deferral	-	-	205,000
Accrued sick pay and attendance	254,000	306,000	222,000
Accrued payroll	327,000	298,000	291,000
Accrued taxes	44,000	142,000	103,000
Accrued liabilities - other	-	-	95,000
<b>Accrued liabilities</b>	<b>\$ 4,859,000</b>	<b>\$ 4,286,000</b>	<b>\$ 5,336,000</b>

### 8. LETTERS OF CREDIT

The Company has commitments that could potentially require its performance in the event of demands by insurance companies under the terms of workers compensation policies. Accordingly, the Company has standby letters of credit totaling \$2,000,000, \$2,207,000 and \$2,222,000 as of December 31, 2023, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the standby letters of credit were collateralized by restricted cash set aside in a specific collateral account. The total restricted cash amounted to \$2,273,000 as of December 31, 2022 and 2021. There have been no claims made against any letters of credit.

### 9. DEBT

**Line-Of-Credit** On March 21, 2023, the Company obtained a secured line of credit for maximum borrowings up to \$4,900,000. The Company may make Fixed Rate Advances (as defined) or Variable Rate Advances (as defined). Fixed Rate Advances will bear interest based on either the Secured Overnight Financing Rate ("SOFR") or the US Treasury Rate depending on the term of the advance. Variable Rate Advances will bear interest based on the SOFR. During the year ended December 31, 2023, the Company used the secured line of credit to obtain a new standby letter of credit totaling \$2,000,000, whereby its previous existing standby letter of credit was cancelled and the restricted cash collateral was released. As of December 31, 2023, the total outstanding variable rate advances totaled \$512,000, classified as current in the accompanying balance sheets.

**Notes Payable** On January 30, 2017, the Company entered into a loan and security agreement with a bank for \$1,263,000. Interest accrued at 3.75% per annum and was payable in monthly installments of \$23,000. The note was collateralized by the Company's equipment (as defined in the loan and security agreement). All outstanding interest and principal was due in full on February 16,

## MERLE NORMAN COSMETICS, INC.

### NOTES TO FINANCIAL STATEMENTS

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2022. As of December 31, 2021, the total outstanding balance amounted to \$46,000, which was classified as current. The loan was fully repaid during the year ended December 31, 2022.

On June 23, 2017, the Company entered into a loan and security agreement with a bank for \$1,800,000. Interest accrued at 4.25% per annum and was payable in monthly installments of \$25,000. The note was collateralized by the Company's aircraft and aviation equipment (as defined in the loan and security agreement). All outstanding interest and principal was due in full on June 15, 2022. As of December 31, 2021, the total outstanding balance amounted to \$704,000, which was classified as current. The loan was fully repaid during the year ended December 31, 2022.

On April 15, 2018, the Company entered into a loan and security agreement with a bank for \$1,084,000. Interest accrued at 5.42% per annum and was payable in monthly installments of \$33,000. The note was collateralized by the Company's aircraft and aviation equipment (as defined in the loan and security agreement). The loan was fully repaid during the year ended December 31, 2021.

**PPP Loans** On April 18, 2020, the Company was informed by its financial institution that the SBA approved the Company's request for a loan under the SBA's PPP. The Company signed a promissory note of \$3,816,000 for a PPP loan ("2020 PPP Loan") and, in accordance with the CARES Act, used the PPP loan proceeds for eligible payroll costs that should result in forgiveness of some, if not all, of the PPP loan. Under the CARES Act, the full principal amount of a loan and any accrued interest can be forgiven if the borrower uses all of the proceeds for forgivable purposes.

In October 2021, the Company received full forgiveness of the 2020 PPP Loan. The Company recorded a \$3,855,000 gain on the forgiveness of the 2020 PPP Loan for the year ended December 31, 2021, which is included in other income (expense) in the accompanying statements of operations.

On March 14, 2021, the Company was informed by its financial institution that the SBA approved the Company's request for a second loan under the SBA's PPP. The Company signed a promissory note of \$2,000,000 for a PPP loan ("2021 PPP Loan") and, in accordance with the CARES Act, used the PPP loan proceeds for eligible payroll costs that should result in forgiveness of some, if not all, of the PPP loan.

In September 2022, the Company received full forgiveness of the 2021 PPP Loan. The Company recorded a \$2,031,000 gain on the forgiveness of the 2021 PPP Loan for the year ended December 31, 2022, which is included in other income (expense) in the accompanying statements of operations.

## 10. RETIREMENT PLANS

The Company has a defined benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are principally based on the employee's years of service, age and compensation during a five-year period as specified in the Plan. The Company contributed \$500,000, \$750,000 and \$1,650,000 to the Plan during 2023, 2022 and 2021, respectively. Contributions are intended to provide not only for benefits attributed to service-to-date but also for those benefits expected to be earned in the future. The measurement date for the Plan is December 31.



**MERLE NORMAN COSMETICS, INC.**

## NOTES TO FINANCIAL STATEMENTS

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The following table sets forth the Plan's funded status and amounts recognized in the Company's balance sheets:

	2023	2022	2021
<b>Change in obligation:</b>			
Benefit obligation—beginning of year	\$ 20,120,000	\$ 25,508,000	\$ 28,546,000
Service cost	277,000	240,000	299,000
Interest cost	882,000	607,000	675,000
Effect of settlement	-	(1,092,000)	(2,280,000)
Assumption changes	53,000	(4,309,000)	(227,000)
Actuarial (gain) loss	614,000	245,000	(572,000)
Benefits paid	(1,150,000)	(1,079,000)	(933,000)
<b>Benefit obligation—end of year</b>	<b>\$ 20,796,000</b>	<b>\$ 20,120,000</b>	<b>\$ 25,508,000</b>
<b>Accumulated benefit obligation—end of year</b>	<b>\$ 20,796,000</b>	<b>\$ 20,120,000</b>	<b>\$ 25,508,000</b>
<b>Change in Plan assets:</b>			
Fair value of Plan assets—beginning of year	\$ 16,547,000	\$ 21,264,000	\$ 20,397,000
Actual return on Plan assets	2,490,000	(3,230,000)	2,490,000
Employer contributions	500,000	750,000	1,650,000
Effect of settlement	-	(1,092,000)	(2,280,000)
Expenses	(50,000)	(66,000)	(60,000)
Benefits paid	(1,150,000)	(1,079,000)	(933,000)
<b>Fair value of Plan assets—end of year</b>	<b>\$ 18,337,000</b>	<b>\$ 16,547,000</b>	<b>\$ 21,264,000</b>
Funded status	\$ (2,459,000)	\$ (3,573,000)	\$ (4,244,000)
<b>Net amount recognized</b>	<b>\$ (2,459,000)</b>	<b>\$ (3,573,000)</b>	<b>\$ (4,244,000)</b>
<b>Components of net amount recognized:</b>			
Noncurrent assets	\$ -	\$ -	\$ -
Noncurrent liability	(2,459,000)	(3,573,000)	(4,244,000)
<b>Net amount recognized</b>	<b>\$ (2,459,000)</b>	<b>\$ (3,573,000)</b>	<b>\$ (4,244,000)</b>
<b>Weighted-average assumptions:</b>			
Discount rate	4.90%	2.57%	2.44%
Expected return on Plan assets	6.50%	4.00%	4.00%
Rate of compensation increase	2.50%	2.50%	2.50%
<b>Components of net periodic benefit cost:</b>			
Service cost	\$ 277,000	\$ 240,000	\$ 299,000
Interest cost	882,000	607,000	675,000
Expected return on Plan assets	(954,000)	(796,000)	(814,000)
Amortization of prior service cost	-	-	(320,000)
Recognized net actuarial loss	201,000	176,000	505,000
ASC 715 settlement expense	-	199,000	357,000
<b>Net periodic benefit cost</b>	<b>\$ 406,000</b>	<b>\$ 426,000</b>	<b>\$ 702,000</b>
<b>Additional information:</b>			
<b>Decrease in minimum liability included in other comprehensive income</b>	<b>\$ 1,020,000</b>	<b>\$ 347,000</b>	<b>\$ 2,959,000</b>

# MERLE NORMAN COSMETICS, INC.

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Expected future benefit payments at December 31, 2023 are as follows:

<b>Years Ending December 31,</b>	<b>Amount</b>
2024	\$ 4,536,000
2025	1,716,000
2026	1,490,000
2027	1,344,000
2028	2,112,000
Thereafter	7,114,000
<b>Total</b>	<b>\$ 18,312,000</b>

As of December 31, 2023, 2022 and 2021, a net accrued retirement liability of approximately \$2,459,000, \$3,573,000 and \$4,244,000, respectively, was recognized on the balance sheets representing the unfunded status of the Company's pension plan, in accordance with ASC 715.

The investment policy of the Plan is to invest in fixed income mutual funds and equity mutual funds. For the years ended December 31, 2023, 2022 and 2021, the investment policy provided for an investment mix of 76%, 77% and 66% in equity mutual funds and 24%, 23% and 34% in fixed income mutual funds. The overall expected return on Plan assets is based on a statistical review of the demographics of Plan participants, and current and expected returns on high quality investment instruments.

In valuing Plan assets, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs in conjunction with guidance provided by ASC 820 (see Note 2 for discussion on level input under ASC 820). The Company calculates the fair value of the Plan's Level 2 instruments based on the exchange traded price of similar or identical instruments where available or based on other observable instruments. These calculations take into consideration the credit risk of the Company. The Company has not changed the Plan's valuation techniques in measuring the fair value of any financial assets and liabilities during the period.

The following table sets forth the Plan's financial assets that are measured at fair value:

<b>As of December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Assets at fair value:			
Bonds and notes	\$ 4,419,000	\$ 3,828,000	\$ 7,153,000
Asset-backed issues	13,919,000	12,719,000	14,111,000
<b>Fair value of assets</b>	<b>\$ 18,338,000</b>	<b>\$ 16,547,000</b>	<b>\$ 21,264,000</b>

In accordance with the Plan, which is a cash balance plan, a participant's account is credited each year with a pay credit of 3% of covered compensation and an interest credit that is linked to a government debt index. Increases and decreases in the value of the Plan's investments do not affect the benefit amounts promised to participants. Thus, the investment risks and rewards on plan assets continue to be borne solely by the Company.

The Company has recorded net periodic benefit cost in earnings totaling approximately \$406,000, \$227,000 and \$345,000 during the years ended December 31, 2023, 2022 and 2021, respectively.

# MERLE NORMAN COSMETICS, INC.

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The Company has adopted a defined contribution 401(k) plan. All full-time employees of the Company are eligible to participate in the 401(k) plan upon or after reaching age 21. Qualifying participants may contribute up to the lesser of 25% or \$18,000 of pre-tax annual compensation plus "catch-up" contributions, as permitted by the 401(k) plan. The Company contributes an amount equal to 10% of the first 3% of base compensation that a participant contributes to the 401(k) plan. Total Company contributions to the 401(k) plan in 2023, 2022 and 2021, were \$29,000, \$28,000 and \$26,000, respectively. The 401(k) plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

### 11. COMMITMENTS AND CONTINGENCIES

**Operating Leases** The Company has lease commitments related to certain office equipment and facilities through the year 2026. The exercise of the renewal options are at the Company's sole discretion. The lease renewal terms were recognized as part of the Company's operating lease right-of-use ("ROU") assets and operating lease liabilities as the options to renew were reasonably certain. As of December 31, 2023, there were no finance leases outstanding.

The following table presents certain information related to lease expense for operating leases:

<b>For the Year Ended December 31,</b>	<b>2023</b>		<b>2022</b>	
Operating leases	\$	252,000	\$	241,000
Variable lease expense	\$	9,000	\$	9,000

A summary of other information relating to the Company's operating leases are as follows:

<b>As of December 31,</b>	<b>2023</b>		<b>2022</b>	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$	253,000	\$	244,000
Weighted-average remaining term:		2.90 years		3.79 years
Weighted-average discount rate:		4.56%		1.77%

Future obligations related to the Company's operating leases as of December 31, 2023 are as follows:

<b>Years Ending December 31,</b>	<b>Operating</b>	
2024	\$	229,000
2025		205,000
2026		205,000
<b>Total undiscounted cash flows</b>		639,000
Less: present value discount		(40,000)
<b>Total lease liability</b>	\$	599,000

During the year ended December 31, 2021, the leases were classified as operating leases under ASC 840, and rent expense for the year ended December 31, 2021 was approximately \$249,000, which is included in general and administrative expenses on the accompanying statements of operations.

**Legal** In general, the Company is subject to potential claims that arise in the normal course of business and are not expected to reoccur. Management does not expect any such claims and legal actions to have a material adverse effect on the Company's financial position, results of operations or liquidity.

**12. RELATED PARTY TRANSACTIONS**

The principal shareholders of the Company are the Chairman and the Vice Chairman of the Board for The Nethercutt Collection (the "Collection"). The Company paid donations to the Collection amounting to \$25,000, \$162,000 and \$151,000 for the years ended December 31, 2023, 2022 and 2021, respectively, which is included in general and administrative expenses on the accompanying statements of operations.

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure in the financial statements as of and for the year ended December 31, 2023.

**EXHIBIT E.1.**

**STUDIO AGREEMENT  
(and addenda required by certain states)**

**MERLE NORMAN COSMETICS STUDIO AGREEMENT**

**BETWEEN**

**MERLE NORMAN COSMETICS, INC.  
(REFERRED TO AS “MNC,” “WE,” “US” OR “OUR”)**

**AND**

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**(REFERRED TO AS “STUDIO OWNER,” “YOU” OR “YOUR”)**

**FOR THE MERLE NORMAN COSMETIC STUDIO LOCATED AT:**

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**(“STUDIO LOCATION”)**

1. **Background.** As the result of the expenditure of time, skill, effort and money, we have developed, and continue to develop, a unique and distinctive system (“MN System”) for the development and operation of retail outlets, including Merle Norman Cosmetic Studios (“Studios”), that feature multiple lines of high quality skin care, color and other cosmetic products (“MN Products”). Studios specialize in the sale of MN Products and offer customers free individualized instruction relating to skin care and the use of MN Products. We identify the Studios and the MN Products by means of certain trademarks, service marks, trade names, signs and logos (collectively “Trademarks”).

2. **Appointment.** We hereby grant you the nonexclusive right to operate a Studio at the Studio Location that will sell MN Products and use the Trademarks and the MN System (“Franchised Studio”), subject to the terms and conditions of this Agreement and your strict compliance with the MN System, including our confidential Studio Resource Guide (“Operations Manual”). If the Franchised Studio is in a location that houses a separate retail business, all references to “Franchised Studio” will mean only that portion of the premises designated for the sale of MN Products and not the other retail business. We will loan the Operations Manual to you and may provide it to you via the Internet and/or an Intranet, in printed or electronic format or by other means as we determine. You must keep the Operations Manual current and up-to-date and at the Franchised Studio. (The “Operations Manual” also includes other publications, materials, drawings, memoranda, videotapes, CDs, DVDs, audio tapes, and electronic media that MNC from time to time may loan to you.) The Operations Manual may be supplemented or amended from time to time to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating a Merle Norman Cosmetic Studio. If we provide you the Operations Manual via the Internet and/or an Intranet, you will ensure that your computer system is capable of receiving the data from us.

We reserve the absolute right to establish, at any location without regard to proximity to your Franchised Studio: (A) other Studios (whether operated by us or by third parties); and (B) any and all other types of retail outlets offering MN Products for sale (whether operated by us or by third parties), including, without limitation, retail outlets that primarily feature non-Merle Norman materials or services and/or are primarily identified by a trademark owned by a third party. We also reserve all rights to use and license the MN System and the Trademarks other than those expressly granted in this Agreement, including, but not limited to, the right to merchandise and distribute MN Products under the Trademarks and/or other proprietary marks through any method or channel of distribution, including the Internet. The rights granted to you by this Agreement are limited and, among other things: (i) you do not have the right to sell MN Products developed by us or use the Trademarks or the MN System at any location other than the Studio Location (other than MNC approved marketing events), except as approved by MNC; (ii) you may not relocate the Franchised Studio without our prior written approval; (iii) you do not have a right of first refusal or similar option with respect to any additional Studios; and (iv) you may only obtain the right to develop and operate additional Studios, following approval by MNC, by signing a new studio agreement for each additional location.

3. **Term.**

A. **Initial Term.** The Initial Term of this Agreement and the rights granted by this Agreement begin on the date MNC signs this Agreement and, unless this Agreement is terminated at an earlier date, end on the 10-year anniversary of the date the Franchised Studio first opened for business. If during the Initial Term, you lose the right to possession of the Studio Location, then the Initial Term will expire as of the date you lose the right of possession.

B. **Renewal Term.** At the end of the Initial Term, you will have the option to remain a studio owner at the Studio Location for a single Renewal Term of 10 years. You must give us written notice of whether or not you intend to exercise your renewal option not less than 3 months, nor more than 6 months, before the end of the Initial Term. If you fail to timely provide us notice, we will assume that you have

Studio Agreement

ected not to remain a studio owner for the Renewal Term and this Agreement will terminate at the end of the Initial Term.

If you want to remain a studio owner for the Renewal Term, you must also satisfy all of the following conditions: **(1)** you may not be in default of this Agreement or any other agreement with us; **(2)** if requested by MNC, you will renovate and update the Franchised Studio so that it reflects the image of the MN System for Studios being developed at that time; **(3)** you and your employees at the Franchised Studio must complete any training required by us; **(4)** you have the right to remain in possession of the Studio Location, or another location acceptable to us, for the Renewal Term; **(5)** during the Initial Term, you consistently operated the Franchised Studio in compliance with the MN System and timely met your financial obligations to your vendors and us; **(6)** you and all guarantors must execute a general release and a covenant not to sue, in the form specified by us, of all claims against MNC and its past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities; and **(7)** you must execute a new studio agreement in the form we are using at that time.

#### **4. Development and Operation of the Franchised Studio.**

**A. Studio Design.** You assume all cost, liability and expense for designing, constructing and equipping the Franchised Studio. All proposed design concept plans for the Franchised Studio (“Plans”) must be approved by us. We will advise you, within 30 days after we receive the Plans, whether the Plans have been approved. (Our approval will not be unreasonably withheld.) You may not make any material changes to the Plans without MNC’s consent, which consent will not be unreasonably withheld. You must develop the Franchised Studio in accordance with the Plans approved by us and you must fully comply with all applicable laws, ordinances, rules and regulations. At all times, you must dedicate a clearly-defined separate area of appropriate size (as determined by MNC) to the MN System and the MN Products.

**B. Furnishings.** All furnishings, furniture, fixtures, floor coverings and signs used in the Franchised Studio must be approved by us for use in Studios. In addition, you must prominently display at the Franchised Studio (both interior and exterior) those signs, emblems, logos and display materials required by us or which we approve in writing. You may not display any handwritten signs at the Franchised Studio and you may only display signs that we have approved. The furnishings, furniture and fixtures purchased from MNC or from MNC preferred suppliers may only display MN Products.

**C. Social Media.** We may establish a policy relating to electronic communications, including Internet web sites, social networking sites, applications or other future technological avenues that enable users to create and share content or to participate in social networking (collectively, “Social Media”), and you must comply with any such Social Media policy, as modified periodically, and any additional policies that we issue. Except as specifically authorized by us, you may not independently advertise on any on-line computer network or in Social Media. You may establish an Internet web site only if done through us. We will own all advertising and promotional materials developed by you that use a Trademark and you will take all actions we specify to vest ownership in us. At all times, you will maintain a business Facebook page exclusively for your Merle Norman business, as well as any other Social Media sites or pages as we periodically specify. We will assign you a Merle Norman email address and we may direct all communications to you to that email address.

**D. MNC Point of Sale (“POS”) System.** You must obtain and install, at your expense, the MNC POS System and other hardware, software, and network connections that we specify periodically. You agree to: **(1)** maintain the POS System in good working order at your own expense; **(2)** transmit data to us in the form and at the times required by us; **(3)** give us unrestricted access to the POS System at all times (including user IDs and passwords, if necessary) to download and transfer data via modem or other connection as we determine; **(4)** install high speed Internet and/or communications connections; **(5)** comply



with the Payment Card Industry Data Security Standard (“PCI DSS”) at all times; and (6) engage any vendor we designate to ensure the security of your data and compliance with the PCI DSS.

**E. Non-Cash Payment Systems.** You must accept debit cards, credit cards, stored value gift cards or other non-cash payment systems specified by us to enable customers to purchase MN Products and must obtain all necessary hardware and/or software used in connection with these non-cash payment systems. You will reimburse us for all costs associated with those non-cash payment systems as they pertain to the Franchised Studio. You agree to process all credit and debit card payments through our credit card processor.

**5. MN Products.** We will make available the MN Products for purchase by you as long as you are not in default of your obligations to us. We have the right to modify and change the MN Products from time to time, including the right to discontinue the sale of certain MN Products and certain colors of MN Products. We also have the right to develop MN Products that are available for purchase by fewer than all Studios. We will set, and we can subsequently change at any time without prior notice, the prices we charge for the MN Products, the wholesale discounts you receive and our credit terms. Unless otherwise specified, all prices for the MN Products are F.O.B. Los Angeles, California. If you fail to make timely payments of all amounts owed to us, in addition to paying the amount owed, you must pay a delinquency fee as required by our payment policies in effect at that time and we may require special arrangements for future amounts owed to us. You may not return any MN Products to us without our prior approval. To the extent the demand for any MN Products exceeds the available supply, we have the right to determine how to allocate the available supply.

**6. Additional Services by MNC.**

**A. Assistance.** During the term of this Agreement, we will provide consultation and advice to you as we deem appropriate in connection with the development and operation of the Franchised Studio. We may delegate some or all of our obligations and duties under this Agreement to third parties, including affiliates, agents and independent contractors.

**B. Inspections.** We have the right at any reasonable time and without prior notice to enter the Studio Location and inspect and record or photograph its operations and the facility, remove samples of any products, interview personnel and customers and inspect and copy any documents relating to the operation of the Franchised Studio. You agree to cooperate fully with these inspections and to take all steps necessary to immediately correct any deficiencies, including but not limited to, stopping the display, use or sale of any unapproved merchandise or services.

**C. Advertising Reimbursement.** MNC will reimburse a portion of your local advertising expenses if the advertising and media are approved by us and the amount spent is, in our judgment, reasonable in light of your sales of MN Products. The details of this program, which we may modify or discontinue at any time, will be provided separately to you.

**D. Modifications of the MN System.** We have the right, in our sole discretion and with 30 days’ notice to you, to modify the MN System, including modifications to the Operations Manual, the design, layout and furnishing of Studios (including the trade dress, décor, visual merchandising props, and color schemes), and the methods of payment of monies owed to us. We also have the right to modify the Trademarks without prior notice to you. You will use or display in the Franchised Studio any such modifications and make those expenditures required to do so.

**E. Sales Aids.** We will periodically make available for purchase by you sales aids such as props, supplies, favors, etc. to assist you in selling and promoting MN Products at the Franchised Studio. You may not sell the sales aids.

F. **Lesson Materials.** We will periodically provide you, at no cost, reasonable quantities of materials to use solely in connection with providing customers free make-up or makeover lessons in your Franchised Studio. You may not sell, or give away, lesson materials.

7. **Training.**

A. **Initial Training.** Before the Franchised Studio opens for business, you (or, if you are any type of a business entity, those of your owners designated by us) or your Studio manager must attend and successfully complete a training program in the operation of a Studio (“Initial Training”). We do not charge tuition, but you must pay all expenses incurred by your Studio manager and you in connection with Initial Training. We may dismiss from Initial Training any person whom we do not believe will perform acceptably in the Franchised Studio and you must provide a suitable replacement within one month of dismissal.

B. **Replacement Manager.** We require that any replacement Studio manager satisfactorily complete the Initial Training within the time period as we specify after being designated as the Studio manager. We may charge a fee for this training as determined by us. You must pay all expenses incurred by your Studio manager in connection with the Initial Training.

C. **Additional Training.** We may require that you, your Studio manager, beauty advisors and other employees attend and complete satisfactorily various training courses that we periodically choose to provide, and attend regional and other meetings that we periodically choose to conduct, at the times and locations that we designate. We may charge a fee as determined by us for these courses and meetings. You must pay all expenses incurred by you, your Studio manager, beauty advisors and other employees in connection with these courses and meetings.

D. **Training by You.** You will use your best efforts to ensure that all of your beauty advisors and sales personnel are fully trained and comply with the MN System. All training materials that we provide to you remain our property.

8. **Standards for Studio Operation.** MN Products, the MN System and the Studios have a reputation for high quality. This reputation has been developed and maintained by MNC and it is important to MNC and all studio owners that this reputation continue to be maintained through high quality service to customers and compliance with the MN System. In order to realize the mutual benefits that come from maintaining this reputation for quality, you will fully comply with all requirements of the MN System including the following requirements:

A. **General Standards and Policies.** You will operate the Franchised Studio, sell all MN Products, provide all services and make all payments due to us as required by our standards and policies as set forth in the Operations Manual or otherwise in writing (and whether in effect now or in the future). You will use your best efforts to ensure that your employees and you maintain a neat and clean appearance, dress in a manner that will not hurt the image and reputation of MNC or the MN System, and provide competent, courteous service to your customers. At all times, you must operate the Franchised Studio in compliance with our merchandising directives.

B. **Best Efforts.** You will purchase an initial inventory of MN Products, as agreed to by MNC and you, and you will continuously use your best efforts to promote the sale of the full line of MN Products. In order to maximize your sale of MN Products, you will employ a sufficient number of employees to operate the Franchised Studio at its maximum capacity during the days and hours regularly maintained by other retail establishments in your neighborhood or area. If the Franchised Studio is in a location that houses a separate retail business, the Franchised Studio will be open for business whenever the separate retail business is open and, at all times, the Franchised Studio will have at least one dedicated employee on duty. In addition, if your purchases of MN Products for the Franchised Studio are in the bottom 10% of similarly

situated Studios in comparably sized markets (which we will determine) for 12 consecutive months, we may place you in default of this Agreement. Notwithstanding the provisions of Section 13, in order to cure that default, you may be required to: **(1)** develop a detailed written business plan (and provide it to us within 30 days) that establishes specific steps for increasing your purchases of MN Products; **(2)** promptly modify the plan as requested by us; **(3)** immediately implement the plan once it has been finalized; and **(4)** increase your purchases of MN Products over an extended period.

**C. Financial Statements.** At MNC's request, you will, at your expense, provide us a profit and loss statement and balance sheet for the Franchised Studio, within 60 days after the end of each fiscal year, which present fairly your financial position and the results of operations during the period covered. You must submit to us those other forms, reports, records, information and data regarding the Franchised Studio when and as we reasonably designate.

**D. Upkeep.** You will constantly maintain (including performing all necessary repairs and maintenance) the Studio Location and continuously operate the Franchised Studio and keep all furniture, fixtures, furnishings, visual merchandising props, floor coverings, interior and exterior signage, the building interior and exterior, and interior and exterior lighting in first-class condition and repair and in accordance with the requirements of the MN System. You will not make any alterations to the Franchised Studio that affect its operations or the image of the MN System without our prior written approval. We may require that you renovate and modernize the Studio once during the Initial Term.

**E. Approved Merchandise and Services.** You agree to focus your efforts at the Franchised Studio on the sale of MN Products and providing free makeover lessons using the lesson materials provided by us. In addition, at the Studio Location:

**(1)** You may not display, sell or offer for sale any merchandise of any other manufacturer which is likely to confuse the public as to the origin or quality of the merchandise or to enable others to trade upon the Trademarks and goodwill of MNC or other studio owners. You may not display non-Merle Norman merchandise in fixtures, furniture or equipment acquired from MNC or an MNC-approved supplier.

**(2)** You may not sell or offer to sell: **(a)** any skin care or color cosmetic products other than MN Products; or **(b)** any merchandise or service which we have determined is inconsistent with the image of MNC or the MN System. In addition, unless MNC does not offer a comparable product, you may not use at the Studio Location any spa grade skin care products purchased by you in bulk other than MN Products.

**(3)** You may only sell other merchandise (in addition to MN Products) and offer other services (in addition to free makeover lessons using the lesson materials provided by MNC) if you first obtain our prior written approval. We will not unreasonably withhold our approval, but our approval may be revoked for reasonable cause on 30 days' notice. We will advise you in writing, within 30 days after we receive notice of your desire to sell additional merchandise or offer additional services at the Franchised Studio, if we have approved the particular merchandise or service. We may condition our approval on, among other things, your placing signs that indicate that these additional products and services are not affiliated with MNC.

**F. Limitation on Channels of Distribution.** You may only sell MN Products to customers who are physically present at the Studio Location and to customers at MNC approved marketing events. Without MNC's prior written approval, you may not sell MN Products in connection with the use of a toll free telephone number or in any wholesale, mail order or e-commerce distribution (including, but not limited to via Social Media), or any channel of distribution other than the retail operation of the Franchised Studio at the Studio Location.

**G. Retail Prices.** We periodically will provide you with suggested retail price lists for the MN Products. You have the right to determine the prices for all non-Merle Norman merchandise and services we have approved in accordance with Section 8.E., but you may not charge customers for makeover lessons when lesson materials provided by MNC are used.

**H. Advertising.** You may conduct local advertising for your Studio using the Trademarks at your expense; however, you may only advertise in your trade area (as defined by us). We will own all advertising and promotional materials developed by you that use any Trademark and you will take all actions we specify to vest ownership in us. You may not use the Trademarks to advertise or promote any merchandise or services other than MN Products regardless of whether the merchandise or services have been approved by MNC in accordance with Section 8.E. You will maintain, at your expense, one or more telephone directory listings for the Franchised Studio as we require from time to time.

Your local advertising and promotional materials must comply with all federal and local laws and regulations and with our guidelines for advertising and promotions and must be submitted to us at least 30 days prior to first use for our approval. If we do not respond within 30 days, we will be considered to have denied approval of that advertising. All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. Your advertising may not contain any statement or material which may be considered: **(1)** in bad taste or offensive to the public or to any group of persons; **(2)** defamatory of any person or an attack on another studio owner or any competitor; **(3)** to infringe upon any other person's copyright, trade name, trademark, service mark, identification or other intellectual property; or **(4)** inconsistent with the image of MNC or the MN System.

**I. Good Business Practices.** You will secure and maintain in force in your name all required licenses, permits and certificates for the Franchised Studio. If requested by us, you must provide us with a copy of your state Resale Certificate/License. You will operate the Franchised Studio in full compliance with all applicable laws, ordinances and regulations, including, but not limited to, all laws or regulations governing immigration and discrimination, occupational hazards, employment laws, the withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with your customers, vendors and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct and you will comply with MNC's return policy on MN Products. You may not engage in any business or advertising practice that could damage the goodwill associated with the Trademarks or the business of MNC.

**J. Ownership of Data.** You agree that all data you collect from customers or others in connection with the Franchised Studio, and all customer lists you compile, are deemed to be owned by us and you will take all actions we specify to vest ownership in us. You have the right to use this data during the Initial Term, but only in accordance with any privacy policy we may establish from time to time.

**K. Customer Complaints.** You must immediately resolve any customer complaints regarding the quality of MN Products, services offered under the MN System, cleanliness of the Franchised Studio or any similar complaints. When any customer complaints cannot be immediately resolved, you must use your best efforts to resolve the customer complaints as soon as practical and, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the MN System or the goodwill associated with the MN System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

**L. Data Protection and Privacy Laws.** You agree and undertake that you will: **(1)** comply with the provisions of all applicable laws, regulations and best practices relating to privacy and data

protection (“Data Protection Laws”) in the use and processing of any personal data, including customer contact information (such as name, telephone numbers, e-mail and postal addresses), and transactional information collected by you from customers and prospective customers of the Franchised Studio (“Customer Personal Data”); (2) refrain from otherwise modifying, amending or altering the contents of the Customer Personal Data or disclosing or permitting the disclosure of any of the Customer Personal Data to any third party unless required by applicable law or specifically authorized in writing by us; (3) implement and maintain throughout the term of this Agreement appropriate technical and organizational measures to protect Customer Personal Data against an unauthorized or unlawful processing, access or use and/or accidental loss, destruction, damage, alteration or disclosure (“Data Breach”); (4) promptly notify us in writing if you suspect there has been a Data Breach, in which event you will do all such acts and things (at your own expense) as we may require in order to remedy or mitigate the effects of the Data Breach; and (5) promptly notify us of any complaint, communication or request relating to the applicable Data Protection Laws.

**9. Trademarks.** The term “Trademarks” refers to all words, symbols, designs, trade names, service marks or combinations used to identify the MN System and the MN Products and services offered under the MN System. We may restrict the use of certain Trademarks to fewer than all Studios. We have the right to change or discontinue any of the Trademarks and to adopt new Trademarks without any liability. We periodically will advise you as to any additions or deletions to the Trademarks; your right to use the Trademarks will be modified by these additions or deletions and you will implement the changes at your expense.

You may use the Trademarks only in connection with the operation of the Franchised Studio at the Studio Location and as expressly provided in this Agreement and the Operations Manual. You may not use any Trademark, any variation of any Trademark or any marks or names confusingly similar to any Trademark in any manner not authorized by us or in the name of your business entity. If local laws or ordinances require that you file an affidavit of doing business under a fictitious name, you will include in the filing an indication that the filing is made “as an authorized studio owner of Merle Norman Cosmetics, Inc., Los Angeles, California.” You will use the symbol ® with all registered Trademarks and the symbol ™ or ℠ with all other Trademarks. You may not use the Trademarks on any Internet domain name, e-mail address or in Social Media without our prior written approval. We may require that any web site be hosted by us and we may designate the form and content of any web site. You must, at all times, comply with our Social Media policy, as modified from time to time, and any additional policies we issue. Any copyright in your sites or pages on any Social Media are owned by us, and you must sign any documents that we reasonably deem necessary to affirm our ownership of the copyright.

You agree that you do not have any right, title or interest in the Trademarks (except the right to use the Trademarks pursuant to this Agreement); that the Trademarks are the sole property of MNC; that you will not directly or indirectly challenge the validity or our ownership of the Trademarks or our right to license the Trademarks; and that all uses of the Trademarks by you and the goodwill that arises from your uses of the Trademarks are for our benefit. Any unauthorized use of the Trademarks by you or attempt by you, directly or indirectly, to register the Trademarks in any jurisdiction will constitute a breach of this Agreement and an infringement of our rights.

## **10. Insurance and Indemnification.**

**A. Insurance.** You will maintain throughout the term of this Agreement, at your cost and expense, that insurance as you deem necessary or desirable, but at least that insurance which is required by your lease. We have the right to specify (and later modify) the types of insurance you must have, including insurance coverage for non-Merle Norman merchandise and services offered at the Studio Location; specify (and later increase) minimum required coverages; and require that your insurers achieve certain ratings by

insurance rating agencies. We must be an additional insured in each insurance policy and you must provide us certificates of insurance.

**B. Indemnification.** You agree to defend, indemnify, and hold harmless us and our past, present and future officers, directors, shareholders, agents, attorneys, consultants and employees against any claims, losses, costs, expenses, liabilities and damages (collectively, “Claims”) arising directly or indirectly from, as a result of, or in connection with your operations at the Studio Location, as well as the costs of defending against such Claims (including, but not limited to, reasonable attorneys’ fees, costs of investigation, settlement costs and interest). You promptly will give us written notice of any litigation, proceeding, or dispute filed or instituted against you that could directly or indirectly affect us or any of the other indemnitees under this Section and, upon request, you will furnish us with copies of any documents from such matters as we may request. Your indemnification obligation does not include claims covered by our product liability insurance.

## **11. Transfers.**

**A. Transfer by MNC.** We have the unrestricted right to transfer or assign all or any part of our interest in this Agreement to any person or legal entity without your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred.

**B. Transfer by You.** Your obligations to MNC under this Agreement are personal to you. We have entered into this Agreement based on your business, marketing and operational skills, financial capacity and personal character. Accordingly, you may not, directly or indirectly, sell, assign, convey or transfer any interest in this Agreement or the Studio Location, in the ownership of the Franchised Studio or in you (if you are a business entity) without our prior written consent. Any attempted transfer without our prior written consent will have no effect on MNC. Before we can consider whether to grant consent, you must provide us a copy of all written agreements relating to the proposed transfer. We will not unreasonably withhold our consent; however, in deciding whether to consent to a transfer, we may condition our consent on, and we may consider, many factors we believe to be relevant, including the following:

(1) All of your monetary obligations to us and all other financial obligations related to the Franchised Studio are paid and you are not in material default of any provision of this Agreement or any other agreement with MNC. We reserve the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations will be satisfied.

(2) You execute a general release and a covenant not to sue, in the form specified by us, of any and all claims against MNC and its past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities.

(3) You provide us written certification that you have not made any representations to the transferee that MNC has granted you any exclusive territory or any right of first refusal or similar option.

(4) The transferee: (a) satisfies our then-current managerial, operational, experience, financial, quality, character and business criteria for new studio owners; (b) executes the form of studio agreement in use at that time for an initial term ending on the expiration of the Initial Term of this Agreement; and (c) completes Initial Training.

(5) The selling price and other proposed terms of the transfer must not, in our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchised Studio.

(6) The transferee makes arrangements to renovate and upgrade the Franchised Studio, at the transferee's expense, so that it reflects the image of the MN System for Studios being developed at that time. We may terminate this Agreement if the transferee fails to complete the modernization and upgrade within 60 days after the effective date of the transfer.

If we consent to a transfer, that consent is not a representation of success and will not create any liability on our part with respect to the financial prospects or performance, or business success or failure, of the transferee before, on or after the transfer. If we refuse to consent to a transfer, that refusal will not create any liability on our part to you, any transferor or the proposed transferee. If we participate in, or provide any input, advice or counsel in connection with, any discussions, deliberations or negotiations of a transfer, we do so without any obligation to consent to the transfer and without any liability to you, any transferor or any proposed transferee.

**C. Transfer Upon Death or Permanent Incapacity.** Upon the death or permanent incapacity of any individual who signs this Agreement or, if you are a business entity, any individual who owns an interest in you, the executor, administrator, personal representative or trustee of that person will have 12 months in which to transfer the affected person's interest. During that period, the Franchised Studio must be operated by a person who has completed Initial Training. MNC's consent to any such transfer must be obtained, as provided in Section 11.B. Failure to timely transfer the interest will be a default of this Agreement.

**D. Ownership Interests.** If you are any type of a business entity, you represent that: (1) the entity is in good standing under the laws of the state of its formation and is qualified to do business in the state in which the Franchised Studio is located; (2) the name, address, ownership interest (whether legal or beneficial) and office held by each person as of the date of this Agreement are listed on Exhibit A (which must be completed by you); and (3) some or all your owners, as requested by MNC, have signed the Guarantee attached to this Agreement.

**12. Termination by You.** You may terminate this Agreement without cause by providing us 10 days' advance written notice of your intent to terminate subject to your compliance with Section 14.

**13. Termination by MNC.**

**A. Termination Without Cure Period.** In addition to the grounds for termination that are stated elsewhere in this Agreement, we may terminate this Agreement, and the rights granted by this Agreement, upon written notice to you without an opportunity to cure if: (1) you sell MN Products through any wholesale, mail order (except as approved by MNC to existing customers) or e-commerce distribution, through Social Media, or through any channel of distribution other than the retail operation of the Franchised Studio at the Studio Location and MNC approved marketing events, except as otherwise approved in writing by MNC; (2) you sell, or give away, lesson materials or you sell sales aids; (3) you close the Franchised Studio for more than 5 consecutive days, unless the closing is due to an act of God, fire or other natural disaster or is approved in writing in advance by us; (4) you (or, if you are any type of a business entity, any of your owners) remain in default beyond the applicable cure period under any other agreement with MNC; (5) you relocate the Franchised Studio or undertake any transfer (as defined in Section 11.B.) without our prior written approval; or (6) your lease for the Franchised Studio expires or is terminated.

**B. Termination Following Expiration of Cure Period.** Except for those items listed in preceding Section 13.A., you will have 30 days (10 days for a monetary default) after your receipt of written notice of default from us in which to remedy the default and provide evidence of that remedy to us. If any such default is not cured in that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. You will be in default under this Section for any failure to materially comply with any of the requirements of this Agreement, the

Operations Manual or the MN System, or to carry out the terms of this Agreement in good faith. If you have received 1 or more notices of default in the previous 12 months, we may send you a notice of termination upon your next default in that 12-month period without providing you an opportunity to remedy the default.

**C. Termination Following Inspection.** We intend to periodically inspect the Franchised Studio to evaluate your compliance with the MN System, the Operations Manual and this Agreement. If, following the inspection, we conclude that you are not materially complying with this Agreement, the Operations Manual or the MN System, we may send you a notice of default and terminate this Agreement if you fail to come into compliance within 30 days after your receipt of the notice of default and fail to remain in compliance for an extended period.

**D. Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a longer notice or cure period, this Agreement will be considered amended to comply with the minimum notice or cure period required by the applicable law or regulation.

**14. Post-Termination Obligations.** Upon the expiration or termination of this Agreement:

**A.** You must immediately stop operating a Merle Norman Cosmetic Studio at the Studio Location; immediately stop selling MN Products; and promptly make those alterations and modifications to the Studio Location to distinguish it from a Studio, including those specific changes we may request.

**B.** You must immediately pay us all monies you owe to us.

**C.** You must promptly return to us, at your cost, the Operations Manual, any copies of the Operations Manual, lesson materials and any other materials provided by MNC to you at no charge and all other materials and information furnished by MNC to you.

**D.** You must immediately discontinue all use of the MN System and the Trademarks; remove the Trademarks from the Studio Location (including all signage) and from items used in the operation of the Franchised Studio; cancel all advertising that contains any Trademarks (including telephone directory listings); and cancel all filings or registrations for the Franchised Studio (including any fictitious business name certificates) that identify you as a Merle Norman Cosmetic Studio or contain any Trademarks. You appoint MNC as your attorney-in-fact to cancel those filings and registrations if you fail to do so.

**E.** Unless you operate another Studio, within 15 days after termination, you must sell to us, and we will buy, all MN Products and any other merchandise and supplies which you purchased from us. You will pay all freight charges incurred in shipping these items to us. If we terminate this Agreement, except as described below, the purchase price for the MN Products, merchandise and supplies will be the price paid by you less 10%. If you terminate this Agreement except as described below, the purchase price for the MN Products, merchandise and supplies will be the price paid by you less: **(1)** 10% if you provided us with written notice of termination 45-90 days before the effective date of termination; or **(2)** 20% if you provided us with less than 45 days' written notice of termination.

We are not obligated to purchase, although we may purchase, those MN Products that we no longer manufacture and/or distribute and those MN Products that are not in saleable and useable condition (as we determine). The purchase price for those MN Products will be separately negotiated. We may deduct from the monies to be paid to you for repurchase of these MN Products, merchandise and supplies all monies that you owe to us and we may hold some or all of the monies to be paid to you for up to 6 months to ensure that no additional monies become owed to us.



**F.** You must cooperate with us in referring inquiries regarding MN Products to the person(s) designated by us.

**G.** We will be free to continue to use any customer data you compiled or provided to us.

**15. Our Relationship.** This Agreement does not create a fiduciary or other special relationship between us. You are an independent contractor who controls the Franchised Studio and its operations, subject only to this Agreement. No agency, employment, joint employer or partnership is created or implied by this Agreement and you are not and may not hold yourself out as an agent, legal representative, partner, subsidiary, joint venturer or employee of MNC. In all public records and relationships with other persons and on stationery, business cards, checks, contracts, receipts, advertising and other business documents and forms, you will indicate the independent ownership of the Franchised Studio and that you are solely a franchisee of MNC. You will post a sign, approved by us, in a conspicuous location in the Franchised Studio, which will contain your name and mailing address and state that the Franchised Studio is operated by you under a studio agreement with MNC.

**16. Notices.** Notices relating to this Agreement must be in writing and must be addressed to: **(A)** if to you, addressed to you at the Studio Location, or, if by email, to your Merle Norman email address; and **(B)** if to MNC, addressed to Merle Norman Cosmetics, Inc. at 9130 Bellanca Avenue, Los Angeles, California 90045 (Attn: Legal Department); current email: [mgahagan@merlenorman.com](mailto:mgahagan@merlenorman.com). Each of us may designate a new address for notices by giving written notice of the new address pursuant to this Section; however, even if you designate a new notice address, we can still send notices to the Studio Location in addition to the new address. Notices will be effective upon receipt or first rejection and may be: **(i)** delivered personally or sent by facsimile with confirmation of receipt; **(ii)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; **(iii)** mailed via national commercial delivery service (e.g., UPS, Federal Express); or **(iv)** sent by email with confirmation of receipt.

**17. General Provisions.**

**A. Entire Agreement.** This Agreement, the Operations Manual, the documents referred to in this Agreement, and the attachments to this Agreement constitute the entire, full and complete agreement between us concerning your appointment as a studio owner and your operation of the Franchised Studio and supersede all other negotiations, discussions, or understandings. Except for MNC's Franchise Disclosure Document, there are no other oral or written promises or agreements between us that relate to the matters covered by this Agreement. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment or change to this Agreement will be binding upon either of us unless in writing and signed by both of us. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in MNC's Franchise Disclosure Document.

**B. Counterparts and Signatures.** This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement may be signed using electronic signatures, and such signatures will have full legal force and effect.

**C. Our Discretion.** Whenever we have a right and/or the discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make that decision or exercise our right and/or discretion on the basis of our judgment of what is in the best interests of the MN System. Our judgment of what is in the best interests of the MN System, at the time our decision is made or our right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; **(2)** our decision or the action taken promotes our financial or other individual interest; **(3)** our decision or the action taken applies

differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or (4) our decision or the action taken is adverse to your interests.

**D. Governing Law and Forum.** This Agreement and the relationship between us will be governed by and construed in accordance with the laws of the state of California. Nothing in this Section is intended, or will be deemed, to make any California law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if that law would not otherwise be applicable. We both agree that, to the extent that any disputes cannot be resolved directly between us, you may file suit against MNC only in the federal or state court having jurisdiction where our principal offices are located at the time the suit is filed. MNC may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Franchised Studio is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

**E. Limitations.** Except for payments owed by one of us to the other, and unless prohibited by applicable law, any legal action brought with respect to any dispute arising from or related to this Agreement or any breach of this Agreement must be brought within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action, whenever discovered. We each waive, to the fullest extent permitted by law: (1) the right to bring, or be a class member in, any class action suits; (2) any right or claim of any punitive or exemplary damages against each other; and (3) the right to trial by jury in any litigation.

**F. Attorneys' Fees.** If either of us brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of attorneys' fees and expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_  
MARIAN GAHAGAN

Date: \_\_\_\_\_

As Its: CORPORATE COUNSEL

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

**ENTITY INFORMATION**

The following must be completed if the party signing the Studio Agreement is a corporation or any other type of business entity:

**1. Name of Entity:** \_\_\_\_\_

**2. Type of Entity:** \_\_\_\_\_

**3. Date Formed:** \_\_\_\_\_

**4. State of Formation:** \_\_\_\_\_

**5. Ownership Information:** As of the date of the Studio Agreement, the following is the name, address, ownership interest and office held by each person with any legal or beneficial ownership interest in the party signing the Studio Agreement:

Name	Address	Ownership	Office Held

**6. Contact Information:** While each person listed above has the authority to act for and legally bind the Studio Owner, notices need only be sent to the following person:

\_\_\_\_\_

**GUARANTEE**

The Guarantors who have signed below: **(1)** have signed a Merle Norman Studio Agreement and desire to transfer the Studio Agreement to a corporation or other business entity in which they are all of the owners; or **(2)** are all of the owners of a corporation or other business entity which is entering into a Merle Norman Studio Agreement with Merle Norman Cosmetics, Inc. to operate a Merle Norman Cosmetic Studio. Merle Norman will be referred to in this Guarantee as "MNC," each of the Guarantors will be referred to as "you," and the business entity that will operate the Studio will be referred to as "Studio Owner."

You personally and unconditionally: **(A)** guarantee to MNC for the term of the Studio Agreement that the Studio Owner will punctually pay and perform each obligation and covenant in the Studio Agreement; **(B)** punctually pay all other monies owed to MNC by Studio Owner; and **(C)** agree to be bound by, and personally liable for, the breach of each provision of the Studio Agreement.

You agree not to protest MNC's enforcement of this Guarantee, and you waive all notices and legal or equitable defenses to which you may be entitled. You consent and agree that: **(i)** you will be responsible for all obligations of the Studio Owner as if you were the only guarantor; **(ii)** you will pay MNC any amount, and perform any action, required under the Studio Agreement immediately upon MNC's request if the Studio Owner fails or refuses to do so punctually; **(iii)** MNC need not enforce or attempt to enforce any remedies against the Studio Owner or any other person before MNC may enforce this Guarantee against you; **(iv)** your liability will not be lessened, forgiven or otherwise affected by MNC's grant of any extension of time, credit or other indulgence to the Studio Owner or to any other person, such as MNC's acceptance of partial payments or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee; **(v)** you waive any and all right to have any legal action under this Guarantee decided by a jury; and **(vi)** Sections 18.D. through 18.F. of the Studio Agreement are incorporated by reference into this Guarantee. Your obligations under this Guarantee are continuing and irrevocable during the term of the Studio Agreement and for so long thereafter as the Studio Owner continues to owe monies or obligations to MNC.

We each understand the terms of this Guarantee and agree to honor its provisions.

**GUARANTOR(S):**

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

## STUDIO AGREEMENT ADDENDUM FOR ILLINOIS

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Illinois; **(B)** you are a resident of the State of Illinois; and/or **(C)** the Franchised Studio will be located or operated in the State of Illinois.

2. The following sentence is added after the first sentence of Section 17.D.:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

3. The following sentence is added to the end of Section 17.D.:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

4. The following sentence is added after the first sentence of Section 17.E.:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.

5. The following Sections 17.G. and 17.H. are added to the end of Section 17:

**G. Waivers Void.** 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 of Illinois is void.

**H. Termination and Nonrenewal.** 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.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.

8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum.

9. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

## STUDIO AGREEMENT ADDENDUM FOR MARYLAND

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Maryland; **(B)** you are a resident of the State of Maryland; and/or **(C)** the Franchised Studio will be located or operated in the State of Maryland.
  
2. The following sentence is added to the end of Sections 3.B.(6) (Renewal Term) and 11.B.(2) (Transfers by You):  
  
Any provision requiring you to sign a general release of claims against MNC does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.
  
3. The following sentence is added after the first sentence of Section 17.E. (Limitations):  
  
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
  
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
  
5. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this Addendum.
  
6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

7. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_



## STUDIO AGREEMENT ADDENDUM FOR MINNESOTA

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Minnesota; **(B)** you are a resident of the State of Minnesota; and/or **(C)** the Franchised Studio will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Sections 3.B.(6) and 11.B.(2):

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

3. The following sentence is added to the end of Section 3.B.:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of franchise agreements.

4. The following sentence is added to the end of Section 9:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Trademark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Trademarks unless the use is in accordance with the requirements of this Agreement and the MNC System.

5. The following sentence is added to the end of Section 13:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of franchise agreements.

6. The following sentences are added to the end of Sections 17.D.:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. The second sentence of Section 17.E. is deleted.
8. The following sentence is added to the end of Section 17.E.:  
  
Minnesota Statute § 80C.17, Subdivision 5, provides that no action may be commenced pursuant to that Section more than three years after the cause of action accrues.
9. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.
10. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
11. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Minnesota Statute are met independently of this Addendum.
12. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

## STUDIO AGREEMENT ADDENDUM FOR NORTH DAKOTA

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of North Dakota; **(B)** you are a resident of the State of North Dakota; and/or **(C)** the Franchised Studio will be located or operated in the State of North Dakota.
2. Section 3.B.(6) is deleted.
3. The following sentence is added to the end of Section 17.D.:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.
4. The second sentence of Section 17.E. is deleted.
5. The following sentence is added after the end of the first sentence of Section 17.E.:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies.
6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently of this Addendum.
9. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

## **STUDIO AGREEMENT ADDENDUM FOR RHODE ISLAND**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Rhode Island; **(B)** you are a resident of the State of Rhode Island; and/or **(C)** the Franchised Studio will be located or operated in the State of Rhode Island.
2. The following language is added to the end of Section 17.D.:  
  
Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
5. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently of this Addendum.
6. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**SIGNATURES ARE ON THE FOLLOWING PAGE**

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

## STUDIO AGREEMENT ADDENDUM FOR WASHINGTON

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

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

2. RCW 19.100.180 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.

3. 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 franchise, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or 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. 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.

7. 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.

8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_



## STUDIO AGREEMENT ADDENDUM FOR WISCONSIN

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

### WISCONSIN LAW MODIFICATIONS

1. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days’ prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Wisconsin law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**SIGNATURES ARE ON THE FOLLOWING PAGE**

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**STUDIO AGREEMENT ADDENDUM FOR CALIFORNIA,  
INDIANA, MICHIGAN, NEW YORK, SOUTH DAKOTA AND VIRGINIA**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in California, Indiana, Michigan, New York, South Dakota or Virginia; **(B)** you are a resident of California, Indiana, Michigan, New York, South Dakota or Virginia; and/or **(C)** the Franchised Studio will be located or operated in California, Indiana, Michigan, New York, South Dakota or Virginia.
  
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.
  
3. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E.2.**  
**GOLD MEDALLION STUDIO ADDENDUM**

**GOLD MEDALLION STUDIO ADDENDUM**

**BETWEEN**

**MERLE NORMAN COSMETICS, INC.**

**(REFERRED TO AS “MNC,” “WE,” “US” OR “OUR”)**

**AND**

---

**(REFERRED TO AS “STUDIO OWNER,” “YOU” OR “YOUR”)**

**FOR THE MERLE NORMAN COSMETIC STUDIO LOCATED AT:**

---

**(“STUDIO LOCATION”)**

1. **Background.** As the result of the expenditure of time, skill, effort and money, we have developed a program, which is known as the “Gold Medallion Program,” to provide internal and external recognition to those Merle Norman Cosmetic Studios offering the highest level of services in a quality environment. We offer additional benefits to Gold Medallion Studios and require that Gold Medallion Studios comply with additional requirements.

You have represented to us that the Merle Norman Cosmetic Studio which you operate (“Franchised Studio”) meets the minimum criteria of the Gold Medallion Program and you have applied to have the Franchised Studio recognized by us as a Gold Medallion Studio. You understand and acknowledge the importance of our high and uniform standards for Gold Medallion Studios and the necessity of operating the Franchised Studio in compliance with this Addendum, the Gold Medallion Program and the Gold Medallion Guidelines.

2. **Appointment.** We have determined, based on the information you provided, that the Franchised Studio meets the minimum criteria of the Gold Medallion Program and we hereby grant you the nonexclusive right to participate in the Gold Medallion Program and to operate a Gold Medallion Studio at the Studio Location, subject to the terms and conditions of this Addendum and your strict compliance with the Gold Medallion Program and the Gold Medallion Guidelines.

We reserve the absolute right to appoint, at any location without regard to proximity to your Franchised Studio: **(A)** other Studios (whether operated by us or by third parties); and **(B)** any and all other types of retail outlets offering MN Products for sale as Gold Medallion Studios (whether operated by us or by third parties), including, without limitation, retail outlets that primarily feature non-Merle Norman materials or services and/or are primarily identified by a trademark owned by a third party. In addition, the rights granted to you by this Addendum are limited and, among other things: **(i)** you may not use the Gold Medallion Program or operate a Gold Medallion Studio at any location other than the Studio Location, including at other Merle Norman Studios you operate, unless MNC and you sign a Gold Medallion Studio Addendum for each additional location; **(ii)** this Addendum will automatically terminate if you relocate the Franchised Studio; you must qualify for the Gold Medallion Program at any new location for the Franchised Studio even if we have approved the new location; and **(iii)** this Addendum will automatically terminate if you sell the Franchised Studio, a majority interest in the Franchised Studio or, if you are a business entity, a majority interest in you; the purchaser must qualify for the Gold Medallion Program.

3. **Term.** The term of this Addendum (and your right to participate in the Gold Medallion Program and to operate a Gold Medallion Studio at the Studio Location) ends on the 3-year anniversary of the date MNC signs this Addendum. You may renew this Addendum and your right to operate a Gold Medallion Studio for successive 3 year periods, provided:

A. Your Studio Agreement for the Studio Location remains in effect.

B. At least 60 days before the end of the term, you demonstrate to our satisfaction that the Franchised Studio and you continue to be in compliance with the then-current Gold Medallion Guidelines. In that regard, we may require, among other things, that you submit photographs of the interior and exterior of the Franchised Studio. We will assume that you have elected to withdraw from the Gold Medallion Program for the Franchised Studio if you fail to timely provide us this information. After we receive your information, we will advise you in writing if we determine that the Franchised Studio does not comply with the Gold Medallion Guidelines in effect at that time and we will give you 30 days to bring the Franchised Studio into compliance. If you fail to do so, this Addendum will expire at the end of the 3-year term or at the end of the 30 day period, whichever is later.

C. If requested by us, you must sign a new Gold Medallion Studio Addendum in the form we are using at the time or a similar document demonstrating the renewal of your rights.

**4. The Gold Medallion Program and Guidelines.** You have received on loan from us the current Gold Medallion Guidelines. We may periodically supplement or amend the Guidelines to reflect changes in the Gold Medallion Program. You must keep your copy of the Gold Medallion Guidelines at the Franchised Studio and keep it current and up-to-date with all modifications provided by us, not reproduce the Gold Medallion Guidelines or any part of them and treat the Gold Medallion Guidelines as confidential. As long as the Franchised Studio is a Gold Medallion Studio, you will be entitled to receive the additional services and benefits that are only available to Gold Medallion Studios. You must, however, maintain the quality of service and image and standards of excellence of a Gold Medallion Studio. Accordingly, at all times you must operate the Franchised Studio in strict compliance with the Gold Medallion Program and the Gold Medallion Guidelines, which includes complying with the following requirements:

**A. Returns.** You must comply with our recommended return policy and prominently display the Gold Medallion Satisfaction Guaranteed policy in the Studio. If return privileges on non-Merle Norman products are limited, you must display a sign informing customers of the applicable return policy.

**B. Non-Merle Norman Products and Services.** Any products not purchased from us and all services offered at the Studio Location must comply with the requirements of your Studio Agreement, as well as with the following requirements: **(1)** the products and services must be compatible with Merle Norman products and MNC's quality image, they must not compete with Merle Norman products and they must clearly be identified as non-Merle Norman products or services; **(2)** the products must be merchandised, and the services must be offered, in a separate, defined area apart from where the MN products are merchandised; and **(3)** you must display a sign (in the form we specify) that states that the Franchised Studio is independently owned and operated and that you are solely responsible for all non-Merle Norman products and services.

**C. Gift Certificates.** You must participate in our gift certificate program by honoring Merle Norman gift certificates (but only for the purchase of Merle Norman products) issued by other Studios. If you offer your own gift certificates, they must comply with all applicable laws and clearly state that they are redeemable only at the Franchised Studio.

**5. Gold Medallion Marks.** The term "Gold Medallion Marks" refers to all words, symbols, designs, trade names, service marks or combinations used to identify the Gold Medallion Program and Gold Medallion Studios. We have the right to change or discontinue any of the Gold Medallion Marks and to adopt new Gold Medallion Marks without any liability. We periodically will advise you as to any additions or deletions to the Gold Medallion Marks and your right to use the Gold Medallion Marks will be modified by these additions or deletions and you will implement the changes at your expense.

You may use the Gold Medallion Marks only in connection with the operation of the Franchised Studio at the Studio Location and as expressly provided in this Addendum and the Gold Medallion Guidelines. You may not use any Gold Medallion Mark, any variation of any Gold Medallion Mark or any marks or names confusingly similar to any Gold Medallion Mark in any manner not authorized by us or in the name of your business entity. You will use the symbol ® with all registered Gold Medallion Marks and the symbol ™ or ℠ with all other Gold Medallion Marks. You may not use the Gold Medallion Marks on any Internet domain name, e-mail address or in Social Media without our prior written approval. We may require that any web site be hosted by us and we may designate the form and content of any web site. You must, at all times, comply with our Social Media policy, as modified from time to time, and any additional policies we issue. Any copyright in your sites or pages on any Social Media are owned by us, and you must sign any documents that we reasonably deem necessary to affirm our ownership of the copyright.

You agree that you do not have any right, title or interest in the Gold Medallion Marks (except the right to use the Gold Medallion Marks pursuant to this Addendum); that the Gold Medallion Marks are the sole property of MNC; that you will not directly or indirectly challenge the validity or our ownership of the Gold Medallion Marks or our right to license the Gold Medallion Marks; and that all uses of the Gold

Medallion Marks by you and the goodwill that arises from your uses of the Gold Medallion Marks are for our benefit. Any unauthorized use of the Gold Medallion Marks by you or attempt by you, directly or indirectly, to register the Gold Medallion Marks in any jurisdiction will constitute a breach of this Addendum and an infringement of our rights.

**6. Termination.**

**A. Automatic Termination.** This Addendum will automatically terminate without notice if: **(1)** your Studio Agreement is terminated; **(2)** you relocate the Franchised Studio; **(3)** you sell the Franchised Studio, or a majority interest in the Franchised Studio, to a third party; or **(4)** if you are any type of business entity, you sell a majority interest in you.

**B. Termination by You.** You may terminate this Addendum without cause by providing us 30 days' advance written notice of your intent to terminate.

**C. Termination by MNC.**

**(1)** We may terminate this Addendum (and the termination will be effective upon your receipt of notice of termination) if: **(A)** you fail to comply with any of the requirements of this Addendum, the Gold Medallion Program or the Gold Medallion Guidelines and you fail to come into compliance within 60 days after your receipt of a written notice of default and fail to remain in compliance for an extended period; or **(B)** we, in our reasonable business judgment, decide to cancel the Gold Medallion Program and provide you 60 days' advance written notice of cancellation.

**(2)** We intend to periodically inspect the Studio Location to evaluate your compliance with the Gold Medallion Program, the Gold Medallion Guidelines and this Addendum. If, following the inspection, we conclude that you are not materially complying with this Addendum, the Gold Medallion Guidelines or the Gold Medallion Program, we may send you a written notice of default and terminate this Addendum if you fail to come into compliance within 60 days after your receipt of a written notice of default and fail to remain in compliance for an extended period.

**(3)** If you have received 2 or more notices of default of this Addendum within the previous 12 months, we may send you a notice of termination upon your next default of this Addendum within that 12 month period without providing you an opportunity to remedy the default.

**D. Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Addendum requires a longer notice or cure period, this Addendum will be considered amended to comply with the minimum notice or cure period required by the applicable law or regulation.

**7. Post-Termination Obligations.** Upon the expiration or termination of this Addendum:

**A.** You will no longer be authorized to participate in the Gold Medallion Program at the Franchised Studio or operate the Franchised Studio as a Gold Medallion Studio. This will require you to cease all use of the Gold Medallion Marks, to cancel all advertising for the Franchised Studio that contains any Gold Medallion Mark (including telephone directory listings) and to stop identifying the Franchised Studio as a Gold Medallion Studio. You will, however, be entitled to sell any Gold Medallion products remaining in the Franchised Studio.

**B.** You must immediately return to us at your cost the Gold Medallion Guidelines, any copies of the Guidelines and all other Gold Medallion materials provided by MNC to you at no charge.



C. Your Studio Agreement will continue to govern your relationship with us (unless it also has been terminated) and you will continue to operate the Franchised Studio under the terms of that Agreement.

Except to the extent your Studio Agreement is expressly amended by this Addendum, that Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E.3.**

**ECOMMERCE ADDENDUM TO  
MERLE NORMAN COSMETICS STUDIO AGREEMENT**

**ECOMMERCE ADDENDUM TO  
MERLE NORMAN COSMETICS STUDIO AGREEMENT**

**THIS ECOMMERCE ADDENDUM** (“Addendum”) to the Merle Norman Cosmetics Studio Agreement dated as of \_\_\_\_\_ (“Studio Agreement”) is entered into as of \_\_\_\_\_ (“Effective Date”) between Merle Norman Cosmetics, Inc. (“MNC,” “we” or “us”) and \_\_\_\_\_ (“Studio Owner,” “you” or “your”).

**RECITALS**

The Studio Agreement granted you the right to operate the Franchised Studio at the Studio Location ("Studio") and to sell MN Products only to customers who are physically present at the Studio Location, to your customers via mail order or to customers at MNC approved marketing events.

We retained the right under the Studio Agreement to sell MN Products through any method or channel of distribution, including the Internet (“Online Sales”), and to retain the revenue from the Online Sales.

Notwithstanding the foregoing, we have established a program where we will allocate a portion of the revenue from certain Online Sales to qualifying Studio Owners (“Program”).

We and you are entering into this Addendum to provide for your participation in the Program.

**NOW, THEREFORE**, the parties agree as follows:

1. **Incorporation of Recitals.** The parties acknowledge and agree that the above recitals are true and correct and are incorporated into this Agreement for all purposes.
2. **Term.** The term of this Addendum begins on the Effective Date, and unless terminated pursuant to Section 7 of this Addendum, ends upon the expiration or earlier termination of the Studio Agreement. This Addendum will automatically terminate if you sell the Franchised Studio, a majority interest in the Franchised Studio or, if you are a business entity, a majority interest in you.
3. **Participation Requirements.** In order to participate in the Program, you must meet the following criteria: **(a)** the form of Studio Agreement under which you operate must be the 2005 or later version; **(b)** you must remain current on all obligations to us; **(c)** you must process all credit and debit card payments at the Studio Location through MNC’s credit card processor; and **(d)** you must join our Social Media Management service offered through SOCi. If you fail to satisfy the minimum criteria for participation, this Addendum will terminate pursuant to Section 7.
4. **Revenue Allocation and Payment.** Unless modified by us, for each Qualifying Transaction (as defined below) under the Program, your Studio Account will be credited the wholesale cost of the MN Products from the Online Sale. We will post the credit to your Studio Account within 30 days after the date of the Online Sale, less product returns. If any of the MN Products are returned, we will debit your Studio Account the amount of the return within 30 days after the date of the return. A “Qualifying Transaction” includes an online order of MN Products placed by a customer on MNC’s online shopping portal where the customer selects your Studio as part of the Online Sale or, where the customer does not select a Studio, your Studio is the closest Studio within 20 miles from the online customer's mailing address. If the customer does not select a Studio, and there is no Studio within a 20 mile radius of the customer, MNC will retain the revenue from the sale.
5. **Customer Information.** If, during a Qualifying Transaction, an online customer agrees to receive information from us, we will share the email address of the online customer with you.

6. **Program Modification.** We reserve the right to modify the Program at any time following notice to you.

7. **Termination.**

**A. Termination by You.** You may terminate this Addendum, and your participation in the Program, without cause by providing us 30 days' advance written notice of your intent to terminate.

**B. Termination by MNC.** We may terminate this Addendum (and the termination will be effective upon your receipt of notice of termination) if: **(i)** you fail to comply with any of the requirements of this Addendum or the Program and you fail to come into compliance within 30 days after your receipt of a written notice of default and fail to remain in compliance for an extended period; or **(ii)** we, in our reasonable business judgment, decide to cancel the Program and provide you 60 days' advance written notice of cancellation.

**C. Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Addendum requires a longer notice or cure period, this Addendum will be considered amended to comply with the minimum notice or cure period required by the applicable law or regulation.

8. **General Release.** You (if an individual, on behalf of yourself and your heirs, or if a business entity, on behalf of itself and its respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities) (collectively, "Releasors") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "claims"), that any Releasor now owns, has or claims to have or holds, or may in the future own or hold, or at any prior time owned, held, had or claimed to have, based on, arising out of or relating to, in whole or in part any fact, event, conduct or omission occurring on or before the date of this Addendum, including. You (on behalf of the Releasors) expressly agree that fair consideration has been given by us for this release, and you fully understand that this is a negotiated, complete and final release of all claims. You also expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived. That Section reads 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."

9. **Miscellaneous.**

**A. Capitalized Terms.** Any capitalized term that is not defined in this Addendum will have the meaning given it in the Studio Agreement.

**B. Captions.** All captions in this Addendum are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Addendum.

**C. Counterparts.** This Addendum may be executed in counterparts, and each copy so executed and delivered will be deemed to be an original. This Addendum may be signed using electronic signatures, and such signatures will have full legal force and effect.

**D. Limited Modification.** Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties have duly executed this Addendum on the day and year first above written.

**STUDIO OWNER**

**MERLE NORMAN COSMETICS, INC.**

\_\_\_\_\_

By: \_\_\_\_\_

Marian Gahagan

Date: \_\_\_\_\_

As Its: Corporate Counsel

Date: \_\_\_\_\_

**EXHIBIT E.4.**  
**CREDIT CARD AGREEMENT**

## EDC AGREEMENT

THIS is an agreement dated as of \_\_\_\_\_ between MERLE NORMAN COSMETICS, INC., a California corporation (“Merle Norman”), and \_\_\_\_\_ (“Studio”).

### 1. **Introduction**

- 1.1 From time to time Merle Norman may enter into agreements with banks or other processors of credit card charges (each a “Processor”) that allow Merle Norman Cosmetic Studios (including Studio) to submit charges from credit cards bearing the symbols of VISA USA, Inc., Visa International (collectively, “Visa”), MasterCard International, Inc. (“MasterCard”), American Express Company (“American Express”), Discover Card Services, Inc. (“Discover”), Diners Club International (“Diners”), Carte Blanche International (“Carte Blanche”) and JCB cards (“JCB”), for processing by the Processor. Until directed otherwise by Merle Norman, Studio agrees to permit holders of valid cards bearing the symbols of VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB to charge purchases of goods and services from Studio. For each charge, Merle Norman will cause a Processor to purchase the resulting debt if the transaction complies with this Agreement and is actually a sale of goods or services. The Processors may credit any or all charges to a bank account maintained by Merle Norman and report any and all charges solely to Merle Norman. Merle Norman shall apply any credits received from the Processors to the account of the proper Merle Norman Cosmetic Studio (including Studio) and provide a monthly report.
- 1.2 From time to time, Merle Norman may provide Studio with a credit card authorization terminal. Merle Norman will not charge Studio for such terminal and Studio shall use the terminal solely for the purpose of processing transactions of holders of credit cards bearing the symbols of VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB through a Processor named by Merle Norman.
- 1.3 The Processor will not be required to transmit any transactions of Studio to any person other than Merle Norman. Studio will only submit charges that arise out of a charge by a cardholder with Studio.
- 1.4 Studio may submit charges related to mail orders and or telephone orders but may be assessed an additional handling fee if charged by a Processor to Merle Norman.

2. **Procedures.** Upon receipt of information from the Processor, Merle Norman will credit or charge (where Processor reverses a previously allowed item or otherwise charges an amount to Merle Norman that relates to Studio) Studio’s account for the gross amount of each transaction less all applicable processing fees which processing fees shall be indicated (as may be changed) from time to time by Merle Norman to Studio. Studio agrees to follow any agreement that it has with the Processor or directions given to it by the Processor and to be bound by the operating regulations of VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB in effect from time to time.

- 2.1 Studio agrees to balance and settle a minimum of every forty-eight (48) hours, (preferably every twenty-four (24) hours if they have one or more transactions in forty-eight (48) hours). In the event Studio does not balance and settle a minimum of once every forty-eight (48) hours, Studio may be assessed an additional service charge.
3. **Marketing.** Studio shall clearly display the VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB service marks and other promotional materials supplied to it by the Processor or Merle Norman. Studio's right to use or display the VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB service marks shall continue as long as this Agreement remains in effect or until Studio is notified to cease their use and display.
4. **Financial Information.** Studio agrees to retain the "Bank Copy" of all paper sales slips, electronic sales slips and credit slips for as long as requested by Merle Norman or the Processor. If Studio is requested to provide a Processor with the original or a copy of a sales draft and cannot, the Processor may charge the item back to Merle Norman and Merle Norman will charge it back to Studio.
5. **Equipment and Supplies.**
- 5.1 Merle Norman will provide the terminal and credit card imprinters (collectively, "Terminal") at no cost to Studio. Merle Norman or the Processor will provide Studio with instructions for the installation and use of the Terminal and Studio will use and operate the terminal only as directed.
- 5.2 All sales drafts, credit drafts, decals and other supplies shall be supplied at no cost to Studio.
- 5.3 The Terminal shall only be used by Studio to process transactions through a Processor to Merle Norman. Studio is prohibited from using the Terminal to process transactions directly to or from VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE, JCB, or some other third party processor.
- 5.4 Studio may, at its option, use the Terminal in connection with a check guarantee system. Studio must arrange for the check guarantee system to be installed and pay any related fees.
- 5.5 Studio will promptly notify Merle Norman or the Processor of any equipment malfunction, failure or other incident resulting in the loss of use of the Terminal or need for repair or maintenance. Merle Norman or the Processor will arrange for repair or replacement of the Terminal. Merle Norman or the Processor may advance the charges, if any, for replacement or repair of the Terminal. Studio's account will be charged for any amounts advanced on its behalf, including shipping costs.
- 5.6 Studio agrees to protect the Terminal from loss, theft, damage or any legal encumbrance. If the Terminal is lost, destroyed or stolen, or is rendered inoperative as a result of any negligence or willful conduct of Studio, its agents or employees, Studio will be liable for the replacement cost of the Terminal. The replacement cost for the Terminal will not exceed Five Hundred and No/100 Dollars (\$500.00), which will be charged to Studio's account.



6. **Return of Equipment.** In the event of the closure of the Studio, or in the event this Agreement is terminated for any reason, Studio will immediately return the Terminal to Merle Norman to facilitate the transfer of the unit to another studio, unless Merle Norman gives its advance written consent to Studio's retention thereof. If Studio fails to return the Terminal to Merle Norman within ten (10) days, after the closure or termination, Studio will be liable for the replacement cost of the Terminal.
7. **Transferability.** Studio may not assign its rights under this Agreement or transfer ownership of the Terminal without the consent of Merle Norman.
8. **Term and Termination.**
  - 8.1 The term of this Agreement begins on the date Merle Norman signs this Agreement and, unless this Agreement is terminated at an earlier date, ends on the earlier of 10 years or termination of the Studio Agreement between Merle Norman and Studio.
  - 8.2 Merle Norman may terminate its obligations under this Agreement if: (a) Studio fails to perform its obligations under this Agreement; or (b) Studio fails to follow the rules and regulations of the Processor or any operating rule or regulation of an applicable credit card association; or (c) Studio makes, or Merle Norman discovers that the Studio has made, any false statement or misrepresentation (including failing to report matters that are material to Merle Norman); or (d) Studio fails in any respect to perform its obligations under its Studio Agreement with Merle Norman.
  - 8.3 Even if this Agreement is terminated, Studio's obligations under this Agreement shall remain in force in connection with any charges processed before such termination, including but not limited to chargebacks, items presented for collection, unpaid but accrued fees, processing fees and service fees.
9. **No Liability of Merle Norman.** Studio acknowledges that Merle Norman has no responsibility for the services to be so provided by the Processor used by Studio.
10. **Amendments.** Studio acknowledges that it has been informed that Processors may change their rules and regulations from time to time, and may also make other changes to this Agreement as required by a credit card association. Merle Norman or the Processor will promptly notify Studio of any material change or material amendments required by a credit card association and such amendment or change shall become effective no earlier than the date specified by the applicable credit card association. Such amendment shall be binding upon Studio on the effective date of such amendment and Studio hereby agrees to abide by such amendments.
11. **Indemnity.** Studio agrees to satisfy any claim or complaint arising in connection with any purchase directly with the cardholder. Under no circumstances shall Merle Norman be liable to Studio or to any third person for losses, claims, reimbursements, chargebacks or damages arising out of any transaction between a cardholder, a Processor or any third party, whether or not Merle Norman is an intermediary or otherwise involved in the transaction. Studio agrees to indemnify and hold Merle Norman harmless from and against any and all liabilities, losses, claims, damages, disputes, offsets, claims or counterclaims made by a cardholder or other party with regard to charges processed by Studio through a Processor or any other service provided, except for claims arising out of the negligence or willful misconduct of Merle Norman.

12. **Third Party Beneficiary.** Studio agrees that a Processor may have rights, as a third party beneficiary, and may be permitted to enforce any of the obligations of this Agreement.
13. **Governing Law.** The form, execution, validity and construction of this Agreement shall be determined in accordance with the laws of the State of California.
14. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior discussions, negotiations and agreements, whether oral or written.

“MERLE NORMAN”

MERLE NORMAN COSMETICS, INC.

By: \_\_\_\_\_  
Its: Chief Financial Officer

“STUDIO”  
(If Incorporated or Partnership)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

“STUDIO”  
(If not incorporated)

\_\_\_\_\_

**EXHIBIT E.5.**

**PROMISSORY NOTE – MN POS & HARDWARE**

## PROMISSORY NOTE

Amount: \$ \_\_\_\_\_, 2\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ and \_\_\_\_\_ (collectively “Maker”), with a mailing address of \_\_\_\_\_, hereby promise to pay to the order of Merle Norman Cosmetics, Inc. (“Lender”) at 9130 Bellanca Avenue, Los Angeles, California 90045, \$ \_\_\_\_\_ (the “Principal Amount”) plus interest on the outstanding Principal Amount at the applicable Interest Rate (as defined below) compounded monthly until paid, and all other applicable fees, costs and charges, if any, not yet paid.

**1. Interest.** Interest on the outstanding Principal Amount of this Note will accrue beginning on \_\_\_\_\_ at a rate equal to 10% per annum (the “Interest Rate”). The Interest Rate shall remain constant throughout the term of this Note. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. In the event of a Default (as defined below), this Note shall bear interest at a rate per annum equal to the lesser of 18% or the highest rate permitted by applicable law. Following a permitted cure or waiver of a Default, this Note shall again bear interest at the Interest Rate.

### **2. Payment.**

**(a) Payment Schedule.** Commencing on the \_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ and on the first day of each month thereafter for \_\_\_\_\_ consecutive months, Maker shall pay monthly installments of principal and interest in the amount set forth in the Amortization Schedule attached hereto as Schedule 1 and incorporated herein by reference.

**(b) Prepayment/Late Fees.** This Note may be prepaid at the option of Maker, in whole or in part, without penalty. Any such prepayment shall be applied first to interest, fees and other charges and then to the Principal Amount. Maker agrees not to send Lender payments marked “paid in full,” “without recourse,” or similar language. If Maker sends such a payment, Lender may accept it without losing any of Lender’s rights under this Note, and Maker will remain obligated to pay any further amount owed to Lender. If Maker is late in paying in full any scheduled installment payment, final or balloon payment or other amounts owed to Lender under this Note, on or before its applicable due date (notwithstanding any grace or notice period), Maker shall pay Lender a late fee equal to 5% of the amount of such installment or other payment.

### **3. Default.**

**(a) Events of Default.** Any of the following events shall constitute an event of default (“Default”):

**(i)** Maker fails to make any payment of principal, interest, late fees or other amounts owing under this Note when due, which is not fully corrected within 5 days after a notice of Default is received by Maker from Lender;

**(ii)** The breach of any representation or warranty by or obligation of Maker contained herein, which is not fully corrected within 30 days after a notice of Default is received by Maker from Lender;

**(iii)** The occurrence of a default by Maker under any other agreement between Maker and Lender (“Related Agreement”), including without limitation the Studio Agreement between Maker and Lender, which default has not been cured within the applicable cure period, if any; or

**(iv)** The death, dissolution, termination or cessation of Maker’s existence as a going business, or the appointment of a trustee or receiver for Maker or for all or a substantial portion of the assets of Maker, or Maker makes a general assignment for the benefit of Maker’s creditors, or Maker files for bankruptcy, or an involuntary bankruptcy petition is filed against Maker, or any change occurs in the ownership of Maker without Lender’s prior written consent.

**(b) Remedies.** Upon the occurrence of any Default, Lender may, at its option and in addition to any right, power, or remedy permitted by law or equity, declare the entire unpaid Principal Amount of this Note due and payable in its entirety together with accrued interest thereon. No waiver by Lender of any Default(s) shall operate as a waiver of any other Default or the same Default on a future occasion. If this Note is not paid in accordance with its provisions, Maker

hereby agrees to pay, in addition to the unpaid balance of the Note, all expenses, including but not limited to legal expenses, court costs, reasonable attorneys' fees, and any other costs, incurred by Lender in endeavoring to collect indebtedness owed pursuant to this Note, or any part thereof, and in enforcing its rights under this Note or any Related Agreement. Maker acknowledges that a Default under the terms of this Note shall constitute a default under each of the Related Agreements.

**4. Notices.** Any notice required to be given under this Note shall be given in writing, and shall be effective when received (or first refused) if hand delivered, sent via a nationally recognized overnight courier or mailed first class, certified, or registered mail, postage prepaid, and directed to the addresses shown near the beginning of this Note. Any party may change its notice address under this Note by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. If there is more than one Maker, any notice given by Lender to any Maker is deemed to be notice given to all Makers.

**5. Miscellaneous.** If Maker has signed a Security Agreement with Lender, this Note shall be subject to the provisions of that Security Agreement. This Note is personal to Maker and is not assignable by Maker. This Note is assignable by Lender. The terms of this Note shall be binding upon Maker, and upon Maker's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns. If signed by more than one person or entity, the obligations hereunder shall be joint and several as to each signatory. Maker acknowledges that its obligations under this Note are unconditional and are separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Maker and Lender, and that this Note contains the entire agreement of Maker and Lender with respect to the subject matter hereof. Maker hereby waives presentment and demand for payment, notice of non-payment, notice of dishonor, protest of dishonor, and notice of protest.

**PRIOR TO SIGNING THIS NOTE, EACH MAKER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS ALL OF THE PROVISIONS OF THIS NOTE AND AGREES TO THE TERMS OF THIS NOTE.**

**IN WITNESS WHEREOF**, the undersigned Maker has affixed its signature, under seal, as of the date first written above.

**MAKER:**

**MAKER:**

\_\_\_\_\_ (seal)

\_\_\_\_\_ (seal)

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**GUARANTEE**

The undersigned Guarantors are owners of a corporation or a limited liability company that signed the foregoing Promissory Note in favor of Merle Norman Cosmetics, Inc. as "Maker." Merle Norman will be referred to in this Guarantee as "MNC" and each of the Guarantors will be referred to as "you".

You personally and unconditionally: **(1)** guarantee to MNC that Maker shall punctually pay and perform each obligation in the Promissory Note; and **(2)** agree personally to be liable for any Default of the Promissory Note (as defined in the Promissory Note).

You consent and agree that: **(A)** you will be responsible for all obligations of Maker as if you were the only guarantor; **(B)** you will pay MNC any amount required under the Promissory Note immediately upon MNC's request if Maker fails or refuses to do so punctually; **(C)** MNC need not enforce or attempt to enforce any remedies against Maker or any other person before MNC may enforce this Guarantee against you; and **(D)** your liability will not be lessened, forgiven or otherwise affected by MNC's grant of any extension of time, credit or other indulgence to Maker or to any other person, such as MNC's acceptance of partial payments or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee. Your obligations under this Guarantee are continuing and irrevocable for so long as Maker owes MNC any monies under the Promissory Note.

The undersigned understand the terms of this Guarantee and agree to honor its provisions.

**GUARANTOR(S):**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E.6.**  
**P.O.S. PURCHASE AGREEMENT**

**Merle Norman Cosmetics, Inc.**  
**P.O.S. Purchase Agreement**

THIS AGREEMENT is entered into between MERLE NORMAN COSMETICS, INC., a California corporation (“MNC”), and the Merle Norman Cosmetic Studio Owner (“OWNER”) upon installation of Merle Norman Software.

The items of equipment and computer software to be provided to OWNER under this Agreement (the “Hardware” and the “Software” respectively), and the duration and conditions of the maintenance and support to be provided, are those items designated below. The terms and conditions on which they are being provided to OWNER are set forth herein.

**TERMS AND CONDITIONS**

MNC has obtained certain perpetual exclusive rights to an inventory control point of sale system (known as “*MN POS*™”) and desires to license the software for this system (the “*MN POS* Software”) to OWNER.

Concurrently with the execution of this Agreement, OWNER accepts a Software License Agreement with MNC under the terms of which OWNER will purchase support for the *MN POS* Software (the “Software License Agreement”).

In consideration of the mutual promises and covenants set forth herein, the parties hereto hereby agree as follows:

1. **Maintenance of Hardware.** OWNER acknowledges that MNC has arranged to make the hardware available to OWNER as an accommodation to OWNER. The manufacturer of the Hardware offers certain maintenance services, which have been explained to OWNER. Accordingly, OWNER understands and agrees that MNC shall have no responsibility for the maintenance or operation of the Hardware. Further, OWNER has expressly agreed, as set forth in Section 1.2 below, that MNC has no liability for the Hardware, its operation, or its fitness for use.

1.1 If any part of the purchase price of the Hardware is financed by MNC, OWNER agrees to purchase service and repair for the Hardware from the manufacturer for so long as any part of the purchase price remains unpaid.

1.2 Owner acknowledges that MNC has arranged for OWNER’s purchase of the Hardware as an accommodation to OWNER and agrees that: MNC MAKES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE TO OWNER. UNDER NO CIRCUMSTANCES SHALL MNC BE LIABLE FOR ANY MALFUNCTION, FAILURE, DEFECT IN THE OPERATION OF THE HARDWARE DUE TO ANY REASON WHATSOEVER. MNC SHALL IN NO WAY BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED BY OWNER, EVEN IF MNC IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

2. **Agreement for License of Software.** MNC grants to OWNER a non-exclusive license to use the *MN POS* Software including the related programs, instructional guides and documentation only at the Merle Norman Cosmetic Studio address for which it was purchased. “Use” shall constitute:

- (a) the copying of the *MN POS* Software program into the Hardware for processing;
- (b) the copying of the *MN POS* Software for backup purposes only; and



(c) the utilization of *MN POS* in machine-readable form. OWNER of the fees set forth below grants this license in consideration for payment.

2.1 The *MN POS* Software, instructional guide and all related materials are proprietary information, trade secrets and the property of MNC. OWNER agrees to keep such proprietary information confidential and not publish, disclose or otherwise make available the *MN POS* Software to any person for any reason whatsoever, except employees of OWNER who need such information to utilize the *MN POS* Software. OWNER agrees to use reasonable controls to protect the confidential nature of all *MN POS* Software and related materials furnished hereunder and inform every employee thereof. OWNER agrees that the materials may not be used or reproduced, except as specified by this agreement.

2.2 The original property of MNC original *MN POS* Software must be destroyed or returned to MNC no later than one (1) month after the cancellation or termination of this Agreement.

2.3 OWNER acknowledges and agrees that it is responsible to backup all *MN POS* Software sales data files and all customer inventory files and other files, as OWNER may determine is necessary or desirable. The *MN POS* Software instructional guide makes certain recommendations as to backup, but OWNER recognizes that it is OWNER's responsibility to establish appropriate procedures for its use of the *MN POS* Software and preservation of the data in the system and MNC shall not be responsible for any lost data files.

2.4 OWNER shall not modify the *MN POS* Software, MNC is not responsible for any modifications made by OWNER or any third party, and has no obligation to warrant or to maintain the *MN POS* Software if any such modification has been made to the program. Notwithstanding the foregoing, if OWNER shall modify the *MN POS* Software, the obligations of OWNER shall continue as to the program as so modified.

3. **Maintenance and Warranties of the MN POS Software.** MNC will provide training for the MN POS System as set forth in section 6 of this Agreement. Owner agrees to operate the MN POS System in accordance with such training and all user manuals or related documents provided.

3.1 OWNER will promptly notify MNC of any *MN POS* Software malfunction, failure or other incident resulting in the loss of the use of the software or the need for correction. MNC will use its best efforts to correct any *MN POS* Software program defects as soon as practicable.

3.2 MNC warrants that:

(a) it has the right to license the *MN POS* Software; and

(b) the *MN POS* Software shall substantially conform to its software specifications at such time as it is delivered to OWNER. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

3.3 MNC agrees to replace a *MN POS* Program or manual if found defective in manufacture, provided such defective product is returned to MNC within ninety (90) days of receipt by OWNER.

3.4 MNC DOES NOT WARRANT THAT THE OPERATION OF THE *MN POS* SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE, OR THAT ALL PROGRAMMING

ERRORS WILL BE CORRECTED. NOR DOES MNC WARRANT THAT THE FUNCTIONS CONTAINED IN THE *MN POS* SOFTWARE WILL OPERATE IN THE COMBINATION WHICH MAY BE SELECTED FOR USE BY OWNER OR WILL MEET OWNER'S REQUIREMENTS. MNC SHALL IN NO WAY BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED BY OWNER, EVEN IF MNC ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

3.5 In the event of any breach of the warranty contained in section 3.3, MNC's sole responsibility shall be to use its reasonable efforts to correct the *MN POS* Software so that it conforms with its specifications in such a manner as will minimize any delays or inconvenience resulting therefrom, or at MNC's option, to repay to OWNER the purchase price for the *MN POS* Software, such payment to be in cash or credit to OWNER's Merle Norman Cosmetic Studio account with MNC or by cancellation of OWNER's indebtedness to MNC for the unpaid portion (if any) of the purchase price.

4. **Support for *MN POS* Software.** As a condition to licensing the *MN POS* Software, OWNER is required and agrees to purchase software support for a period of not less than one (1) year from the date on which OWNER receives the *MN POS* software. MNC will provide support to OWNER for OWNER's use of the *MN POS* Software, on the terms set forth in the Software License Agreement, the terms and conditions of which are incorporated in this Agreement. If any part of the purchase price of the *MN POS* System is financed by MNC, OWNER agrees to purchase *MN POS* Software support for the entire length of the Note.

5. **Payment Terms.** The total price to be paid by owner for the Hardware and the use of the *MN POS* Software (collectively, the "*MN POS* System") shall be the amount set forth in the current U.S Equipment and Software Price List and Canada Equipment and Software Price List.

6. **Training.** OWNER is required to complete before taking delivery of the *MN POS* System an on-line tutorial program for POS software training consisting of two 4 ½ hour sessions on webx.com.

7. **No Assignment By OWNER.** The rights of OWNER under this Agreement may not be assigned to any other person without the prior written consent of MNC.

8. **Term and Termination.**

8.1 The term of this Agreement begins on the date of installation of the Merle Norman Software and, unless this Agreement is terminated at an earlier date, ends on the termination of the Studio Agreement between MNC and OWNER.

8.2 MNC may terminate its obligations under this Agreement as to OWNER upon:

(a) Any default by OWNER in performing its obligation under this Agreement, including its obligation to pay the Note, or any other deferred amount;

(b) Any misrepresentation by OWNER;

(c) OWNER's ceasing, for any reason, to be a Merle Norman Cosmetic Studio OWNER.

9. **Sales Taxes.** OWNER shall pay all sales taxes arising in connection with the purchase of the *MN POS* System, where applicable.

10. **Law.** The form, execution, validity and construction of this Agreement shall be determined in accordance with the laws of the State of California.

11. **Parties In Interest.** This Agreement shall insure to the benefit of, and be binding upon, the parties named herein and their respective heirs, successors, assigns and legal representatives.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E.7.**  
**SECURITY AGREEMENT**

## SECURITY AGREEMENT

\_\_\_\_\_, \_\_\_\_\_ (“Borrower”), for valuable consideration, receipt whereof is hereby acknowledged, hereby grants to Merle Norman Cosmetics, Inc., 9130 Bellanca Avenue, Los Angeles, California (“Secured Party”), a security interest in the property described in Exhibit “A” attached hereto and by this reference made a part hereof, together with any and all additions and accessions thereto (the “Collateral”), to secure payment of \$\_\_\_\_\_ as evidenced hereby and by Borrower’s Promissory Note(s) dated \_\_\_\_\_ (the “Debt”) and also any and all liabilities, direct or indirect, absolute or contingent including without limitation indebtedness incurred to purchase inventory on open account, now existing or hereafter arising, of Borrower to Secured Party (all hereinafter collectively referred to as “the Obligations”).

Borrower agrees to pay the Debt in the manner and at the rate of interest as provided in the Promissory Note(s).

### **Default**

Any of the following events or conditions shall constitute an event of default (“Default”) under this Security Agreement:

- (1) The failure to pay any of the Obligations or to perform any covenant referred to herein or in any Promissory Note evidencing any of the Obligations which is not fully corrected within 5 days after a notice of Default is received by Borrower from Secured Party;
- (2) The making of any warranty, representation or statement by Borrower in connection with this Security Agreement which was untrue when made;
- (3) The occurrence of any default under any other agreement between Borrower and Secured Party (“Related Agreement”), including without limitation the Studio Agreement between Borrower and Secured Party, which default is not fully corrected within the applicable cure period, if any;
- (4) The loss, theft, substantial damage, sale or encumbrance to or of any of the Collateral; or
- (5) Borrower’s death, dissolution, termination of existence, insolvency or business failure, or the appointment of a receiver of any of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against Borrower, or the commencement of any foreclosure or forfeiture proceedings against Borrower.

In the event of any Default, the Secured Party may at any time thereafter declare all of the Obligations to be immediately due and payable and shall then have the remedies of a secured party under the Uniform Commercial Code of the State of \_\_\_\_\_ or other applicable law, including without limitation the right to take possession of the Collateral and the right to realize the cost of retaking, holding, preparing for sale and selling the Collateral and reasonable attorneys’ fees and legal expenses pursuant thereto. Borrower waives all requirements of presentment, protest, demand and notice of dishonor or non-payment to Borrower or any other party to the Obligations or the Collateral. Borrower acknowledges that a Default under the terms of this Security Agreement shall constitute a default under each of the Related Agreements.

### **Further Warranties and Covenants**

Borrower hereby further warrants and covenants that:

- (1) The Collateral will be kept at Borrower’s place of business which is located at the place and address indicated above.
- (2) Except for the security interest granted hereby, Borrower is the owner of the Collateral free from any prior security interest or encumbrance and will defend the Collateral against all claims and demands of all persons claiming the same or any interest therein.
- (3) Borrower will not sell, transfer or encumber the Collateral or any interest therein, except for sales of inventory in the ordinary course of business.

(4) Borrower has concurrently executed and delivered to Secured Party such financing statements and other papers as are necessary or appropriate to establish, perfect and maintain in Secured Party a valid security interest, subject to no prior liens or encumbrances, securing payment of the Obligations. Borrower agrees to execute such further financing statements and to take whatever other actions are requested by Secured Party to perfect and continue Secured Party's security interest in the Collateral. Borrower hereby appoints Secured Party as Borrower's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Security Agreement. Secured Party may at any time, and without further authorization from Borrower, file a carbon, photographic or other reproduction of any financing statement, or of this Security Agreement, for use as a financing statement.

(5) Borrower will keep the Collateral at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as Secured Party may reasonable require, all in such amounts, upon such terms, for such periods and written by such companies as Secured Party may approve, losses in all cases to be payable to Secured Party and Borrower as their interests may appear. All policies of insurance shall provide for at least 10 days' prior written notice of cancellation to Secured Party and Borrower shall furnish Secured Party with evidence as to compliance with the provisions of this paragraph.

(6) Borrower will keep the Collateral in good order and repair and will not waste or destroy the Collateral.

(7) Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation. Borrower further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with, the Collateral.

(8) Borrower has the full right, power and authority to enter into this Security Agreement and to pledge the Collateral to Secured Party. The execution and delivery of this Security Agreement will not violate any law or agreement governing Borrower or to which Borrower is a party and, if Borrower is a business entity, its organizational documents do not prohibit any term or condition of this Security Agreement.

**Further Provisions**

This Security Agreement and the security interest in the Collateral created hereby shall terminate when the Obligations have been paid in full.

No waiver by Secured Party of any Default shall be effective unless in writing nor operate as a waiver of any other Default. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Borrower shall bind the heirs, legal representatives, successors and assigns of Borrower.

**IN WITNESS WHEREOF**, Borrower has executed this Agreement as of this \_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_

Secured Party:

MERLE NORMAN COSMETICS, INC.

By: \_\_\_\_\_

## EXHIBIT "A" TO THE SECURITY AGREEMENT

The Collateral which is the subject of the Security Agreement of which this Exhibit "A" is a part is described as follows:

- (a) All Goods, consisting of Equipment, Inventory, or Fixtures of the Borrower, now owned or hereafter acquired, or in which Borrower now has or hereafter acquires an interest, all or part of which is or will be installed in, affixed to or attached to the real property located at the following location(s): \_\_\_\_\_  
\_\_\_\_\_;
- (b) All Contract Rights of the Borrower, now existing or hereafter arising, or in which Borrower now has or hereafter acquires an interest;
- (c) All Accounts of the Borrower, now existing or hereafter arising or in which Borrower now has or hereafter acquires an interest;
- (d) All General Intangibles of Borrower, now existing or hereafter arising or in which Borrower now has or hereafter acquires an interest;
- (e) All Goods, Instruments, Documents of Title, Policies and Certificates of Insurance, Securities, Chattel Paper, Deposits, Cash or other property owned by the Borrower, hereafter acquired or in which it has or hereafter acquires an interest;
- (f) All accessions, attachments, accessories, tools, parts, supplies, replacements and additions to any of the Collateral, whether added now or later;
- (g) Proceeds (including insurance proceeds) and Products of all the foregoing; and
- (h) All records and data relating to any of the Collateral, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Borrower's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**EXHIBIT E.8.**  
**SOFTWARE LICENSE AGREEMENT**



**Merle Norman Cosmetics, Inc.**  
**Software License Agreement – Monthly Fee**

THIS AGREEMENT is entered into on the software installation date between MERLE NORMAN COSMETICS, INC., a California Corporation (“MNC”), and the MERLE NORMAN Cosmetics Studio Owner named above (“OWNER”).

MNC and OWNER have entered into a Software License Agreement (“Software License”) under which OWNER has obtained certain non-exclusive rights to use the software of an inventory control point of sale system (to be known as “*MN POS*™”) to be used in a Merle Norman Cosmetic Studio (“Studio”).

In consideration of the mutual promises and covenants set forth herein, the parties hereto hereby agree as follows:

**1. Maintenance and Support for *MN POS* Software.** Effective the first date of the month following training, OWNER will begin a monthly service (“Support”). Support shall include:

1.1 Telephone support. MNC will provide up to ten (10) hours of telephone support per year to OWNER for the software for *MN POS* (the “*MN POS* Software”) during the hours of 7:00 A.M. through 5:00 P.M. Pacific Standard Time Monday through Friday. Any telephone support in addition to the ten- (10) hours per year provided hereunder will be charged to OWNER by MNC at its then current hourly rate for service and support.

1.2 Software updates. MNC will provide OWNER with periodic *MN POS* Software updates and releases. Such updates and releases (including all related software and documentation) shall be subject to the terms and conditions of the Software License under which the *MN POS* Software is licensed by MNC to Owner. There is no express or implied representation or warranty regarding the frequency of such updates or releases or the extent and nature of enhancement to be incorporated into such updates or releases.

1.3 Inventory updates. MNC will provide a bulletin board listing of the then available inventory items available from MNC. OWNER may update its inventory by dialing into the bulletin board. There is no express or implied representation or warranty regarding the frequency of such updates or the extent and nature of updates to be incorporated into such updates or releases.

1.4 Notwithstanding anything to the contrary, the following services are not provided under this agreement: (a) any custom programming; (b) training (c) file recovery services; (d) assistance or support required due to OWNER’s failure to meet its obligations under this Agreement or the Software License; (e) assistance for the *MN POS* Software if it is modified by any party except MNC or its authorized representative; (f) assistance or support for any custom software other than *MN POS* Software; (g) assistance or support for any source codes; (h) assistance or support required due to any malfunction, defect or aberration of any hardware not purchased through MNC; and (i) assistance and support for data conversion.

**2. Maintenance and Procedures for the *MN POS* Software.** MNC will provide initial training for the *MN POS* Software as set forth in the Software License. OWNER agrees to operate the *MN POS* Software in accordance with such training and Instructional Guide or related documents provided.

2.1 OWNER agrees to comply with the following procedure: (a) run the *MN POS* Software at the then current recommended *MN POS* release and update levels for both the operating system and the *MN POS* Software; (b) maintain operating personnel who are competent and capable of maintaining the *MN POS* System and understanding the total operation of the system, including hardware, system software and *MN POS* Software; and (c) follow all procedures provided for database maintenance and diagnostic and recovery procedures.

2.2 OWNER acknowledges and agrees that it is responsible to backup all *MN POS* Software sales data files and all customer and inventory files and all other files, as OWNER may determine is necessary or desirable. The *MN POS* Software Instructional Guide makes certain recommendations as to backup, but OWNER recognizes that it is OWNER's responsibility to establish procedures suitable for operation in OWNER's Studio and MNC will not be responsible for any lost data files.

2.3 Prior to requesting support or assistance for *MN POS* Software, OWNER must have completed the initial training as established in the Software License and read all the user's manual and related materials.

**3. Support Services Fees.** For support services for the *MN POS* Software as set forth in this agreement, OWNER shall pay a monthly fee of \$25.00 U.S., \$35 Canadian. All fees shall be paid in cash by OWNER to MNC upon the execution of this Agreement or charged to OWNER's Merle Norman Cosmetics Studio Account.

3.1 **Reactivation Charge.** Should OWNER cancel Software Support for any reason, OWNER will be charged a reactivation fee to reactivate Software Support of one-year pre-paid Software Support coverage. The current reactivation fee is U.S., \$300, Canada, \$420. This fee may change with 30 days written notice by MNC.

**4. Disclaimer of Warranty and Limitations of Liability.** MNC DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND OR NATURE, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF RESULTS, QUALITY, COMMERCIAL, PRACTICALITY, PERFORMANCE, AND IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING ANYTHING TO THE CONTRARY, MNC SHALL HAVE NO LIABILITY FOR DAMAGES OR INDEMNITY IN ANY AMOUNT EXCEEDING THE CHARGES PAID BY OWNER DURING THE TERM OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES SHALL MNC BE LIABLE FOR ANY INCIDENTAL DAMAGES, DAMAGES ARISING OUT OF DELAY, CONSEQUENTIAL DAMAGES, OR LOST PROFITS INCURRED BY OWNER, EVEN IF MNC IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

## **5. Term and Termination.**

5.1 The term of this Agreement begins on the software installation date and, unless this Agreement is terminated at an earlier date, ends on the termination of the Studio Agreement between MNC and OWNER.

5.2 MNC may terminate its obligations under this Agreement as to OWNER upon: (a) the default of OWNER in performing its obligations under this agreement; (b) any misrepresentation by OWNER; (c) the default by OWNER under performing its obligations under the Software License; or (d) termination of the Software License for any reason.

**6. Force Majeure.** Dates or times by which any party is required to make performance under this agreement shall be postponed automatically to the extent that such party is prevented from meeting its obligations due to cause beyond their reasonable control such as acts of GOD, labor shortages or acts of third parties.

**7. Law.** The form, execution, validity and constructions of the Agreement shall be determined in accordance with the laws of the State of California.

**8. No assignment by OWNER.** The rights of OWNER under this Agreement may not be assigned to any other person without written consent of MNC.

9. **Parties in Interest.** This Agreement shall inure to the benefit of, and be binding upon, the parties named herein and their respective heirs, successors, assigns and legal representatives.

10. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior discussions, negotiations and agreements, whether oral or written.

**MERLE NORMAN COSMETICS, INC.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT F.1.**  
**LIST OF ACTIVE STUDIOS**

MERLE NORMAN COSMETICS, INC.  
ACTIVE STUDIOS  
JANUARY 1, 2023 - DECEMBER 31, 2023

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
GLITZ & GOWNS, INC	224 Kent Stone Blvd, Ste 200	Alabaster	AL	35007	205-358-8127
BETH ROSSON & RICKEY ROSSON	7036 Hwy 431	Albertville	AL	35950-1870	(256)878-1301
SUE B WALKER	11 Main Street	Alexander City	AL	35010-1903	(256)329-8852
MELINDA MARTIN & ANN MOORE	1835-B E. Three Notch St.	Andalusia	AL	36421-2438	(334)222-8779
ANGELA MUSSELMAN	2115 Us Hwy 78 E Ste 3	Anniston	AL	36207	(256)835-0358
LYPS, LLC	117 N. Main St	Arab	AL	35016-1094	(256)586-4176
SELINA'S COSMETICS & GIFTS, INC	600 S Jefferson St Ste H	Athens	AL	35611	(256)771-0544
MICHELLE'S STUDIO #5, LLC	140 Inverness Plaza	Birmingham	AL	35242	(205)995-2442
GLAMOUR SCOTTS, INC.	1717 Montgomery Hwy STE 101	Birmingham	AL	35244	(205)987-8244
DONNA S FULLER	226 South Hamburg Avenue	Butler	AL	36904-2514	(205)459-3499
KELLY A. MYER	151 W Main Street	Centre	AL	35960-1323	(256)927-3213
MICHELLE'S STUDIO #5, LLC	90 Chelsea Corners , Ste 104	Chelsea	AL	35043	(205)678-5944
CLASSY TOUCH, LLC	648 Clanton Marketplace	Clanton	AL	35045-2246	(205)755-0100
CHARLENE BROCK, INC.	1203 Loring Street N.W.	Cullman	AL	35055-2422	(256)734-2191
THE FRENCHDOOR SALON/SPA, INC	2216 Kookan Ave Sw	Decatur	AL	35601-0000	(256)355-4806
SOUTHERN BLESSINGS BOUTIQUE, LLC	401 Us Highway 80 East	Demopolis	AL	36732	(334)659-3396
JC&B MNC, INC.	104 Rock Bridge Road Suite #42	Dothan	AL	36303-2188	(334)793-7422
COPPAGE ENTERPRISES, INC.	949 Al Hwy 203	Elba	AL	36323-4228	(334)897-8928
SOUTHERN REFLECTIONS, LLC	111 N Main St	Enterprise	AL	36330-2536	(334)417-0111
SLEEK AND CHIC LADIES LLC	42 1/2 S Section St	Fairhope	AL	36532	(251)517-7289
ULTIMATE FITNESS, LLC	311 Palafox St	Flomaton	AL	36441	(251)280-0105
MAKEUP IS ART LLC	8725a Hwy 59	Foley	AL	36535	(251)943-8587
Angela Musselman	2106-B Rainbow Dr	Gadsden	AL	35901-5510	(256)459-5156
MARGUERITE CRAFT, INC.	439 Fieldstown Road	Gardendale	AL	35071-2491	(205)631-4133
COLLABORATED MARKETING, LLC	522 S Commerce St	Geneva	AL	36340-2421	(334)684-3114
SUSAN PERRY/NANCY LIEDERBACH	380 Gunter Avenue	Guntersville	AL	35976-0000	(256)582-6493
MELISSA RABURN	1217 21st St	Haleyville	AL	35565-1812	(205)486-5467
CLARA P ROACH	606 Ross St.	Heflin	AL	36264-1342	(256)463-5638
THE RUSTY ROSE, LLC	1904 College Ave	Jackson	AL	36545-2415	(251)769-4248

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
P & A COSMETICS LLC	1516 Pelham Rd S	Jacksonville	AL	36265-3309	(256)435-7999
JUDY KIRK ENTERPRISES INC.	916 Highway 78 East	Jasper	AL	35501-3957	(205)221-5233
CAITLYN RENEE'S LLC	3990-B Government Blvd	Mobile	AL	36693	(251)408-9252
T & D BEAUTY SUPPLY LLC	720-B Schillinger Rd Ste 12	Mobile	AL	36695-8981	(251)633-3512
CAMPBELL ENTERPRISES, LLC	7032 Eastchase Pkwy	Montgomery	AL	36117-0000	(334)409-2345
NELL MAXINE GILLESPIE	726 Main Street	Moulton	AL	35650-1537	(256)974-1593
THE PRINTING BEAS LIMITED LIABILITY COMPANY	100 Alabama Ave	Muscle Shoals	AL	35661	(256)383-3390
STACIE EDGAR	105 E Covington Ave	Opp	AL	36467-2122	(334)493-6012
Southern Reflections LLC	122 West Court Square	Ozark	AL	36360-0402	(334)774-8309
TLC, LLC	2635 Pelham Pkwy	Pelham	AL	35124	(205)663-6194
JIMMY E. HOWARD	1915a Cogswell Ave.	Pell City	AL	35125-1650	(205)338-2625
MNS OF PHENIX CITY, LLC	1912 Opelika Rd Suite H	Phenix City	AL	36867	(334)321-9950
AMELIA OWEN FAULK	984 South Memorial Drive	Prattville	AL	36067-5730	(334)365-5141
DESLYNE B. AND RONALD D. WAITS	82 E. Main Street	Rainsville	AL	35986-4560	(256)638-7789
JOSEPH & CARRIE GERVAIS	1614 Lee Street	Rogersville	AL	35652-7600	(256)247-0810
EDDINS & EDDINS, INC.	1102a Shelton Beach Rd Ste B	Saraland	AL	36571	(251)675-2199
J & T HOWELL, INC.	30500 State Hwy 181 Ste 111	Spanish Fort	AL	36527-5806	(251)625-6250
MRS BETTY CROSBY	55297 Hwy. 17	Sulligent	AL	35586-0000	(205)698-9944
LINDA S HARDY	125 North Broadway	Sylacauga	AL	35150-2523	(256)249-4008
CTM COSMETICS LLC	109 Johnson Ave	Talladega	AL	35160-2478	(256)362-3232
JANET P. HILL	109 Wilson Ave.	Thomasville	AL	36784-2023	(334)636-2560
CAPTIVATING, LLC	1259 Us Hwy 231 South	Troy	AL	36081-3054	(334)566-7433
L.S.M., INC.	2601 Mcfarland Blvd East	Tuscaloosa	AL	35405-1803	(205)345-1101
LABELLA E'VITA PROF STUDIO LLC	3 Chambers Square	Valley	AL	36854-2800	(334)768-3393
KIMBERLY EADY	672 Montgomery Hwy.	Vestavia Hills	AL	35216-1810	(205)822-7660
CAMILLE INC.	1715 W De Witt Henry Dr Ste C	Beebe	AR	72012-0000	(501)882-2374
Joanie Burton & Andrea Jacobsen	1402 Se Shane Ln Ste 8	Bentonville	AR	72712	(479)273-2577
ME & MY SISTER, LLC	321 West Main Street	Blytheville	AR	72315-3317	(870)763-2924
CHANGING FACES, LLC	3108 Horizon Drive Ste 3	Bryant	AR	72022-9137	(501)847-1111
STEINMETZ CABOT, INC	194 Dakota Dr Ste E	Cabot	AR	72023	(501)605-0333
LINDSEY LU'S LLC	227 Garden Oaks Dr Sw	Camden	AR	71701-3733	(870)454-4347
22 GOLDEN CLOTHING LLC	146 W Main St	Clarksville	AR	72830	(479)754-4023
STEINMETZ CONWAY, INC.	567 Elsinger Blvd	Conway	AR	72032-4717	(501)932-3159
EMMA JEAN COOPER	805c Main Street	Crossett	AR	71635-3423	(870)364-7116
DELBERT AND LAURIE MINTON	117 S Main Street	England	AR	72046-1851	(501)842-3622

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
SHARON & VICTOR LEE	66 W Joyce Blvd Ste 2	Fayetteville	AR	72703-6211	(479)443-3221
TRI DOC, INC	312 North 1st Street	Glenwood	AR	71943-9204	(870)356-3310
MAURINE MILLER	1424-D Airport Road	Hot Springs	AR	71913-7995	(501)767-8616
TIFFANY STORY	242 Cornerstone Blvd.	Hot Springs	AR	71913-6564	(501)525-3084
STEINMETZ JONESBORO, INC	1121 S Caraway Road	Jonesboro	AR	72401-4570	(870)277-4036
STEINMETZ PLEASANT RIDGE, INC.	11525 Cantrell Rd Ste 701	Little Rock	AR	72212	(501)907-8025
RTH VENTURES, INC	25255 Highway 5 Ste H	Lonsdale	AR	72087-9519	(501)922-1913
HERITAGE HOUSE GIFTS, LLC	111 S Court Sq	Magnolia	AR	71753-3511	(870)234-4438
ANNA KATHRYN'S BOUTIQUE WITH MERLE NORMAN LLC	311 S Main St	Malvern	AR	72104	(501)732-5377
STEINMETZ MAUMELLE, INC	115 Audubon Drive Ste 7	Maumelle	AR	72113-7408	(501)851-9977
JANSSEN AVE. FLORIST AND GIFTS LLC	800 Janssen Ave	Mena	AR	71953	(479)394-8019
BLSC, INC.	106 S Moose Street	Morrilton	AR	72110-3401	(501)354-8092
SUSAN BERRUQUIN	102 S Main Street	Nashville	AR	71852-2406	(870)845-3777
STEINMETZ COSMETICS, INC.	4639 Jfk Blvd	North Little Rock	AR	72116-7310	(501)753-6679
WANDA MORRIS	221 West Main Street	Piggott	AR	72454-2039	(870)598-2203
JOANIE R. BURTON	323 N. 2nd Street	Rogers	AR	72756-6646	(479)631-6375
MB HARRIS PROPERTIES, LLC	407 North Arkansas Ave Ste 4	Russellville	AR	72801-3928	(479)968-6690
KATHY NORTON	3133 E. Race Street	Searcy	AR	72143-4815	(501)268-6318
I BELIEVE IN ME LLC	2308 Fayetteville Rd 1100	Van Buren	AR	72956	(479)474-9661
THE MANE EVENT OF WARREN, LLC	610 N Martin St	Warren	AR	71671-1904	(870)226-6900
MN COSMETICS OF PB LLC	7106 Dollarway Rd. Ste 110	White Hall	AR	71602	(870)534-2182
SEW SISTERS BOUTQE & MORE LLC	707 Eldridge Ave East	Wynne	AR	72396-7512	(870)238-3786
NORIK, LLC	7171 E Cave Creek Rd	Cave Creek	AZ	85331	(480)488-3208
MERLE NORMAN COSMETICS, INC.	3355 W Chandler Blvd Ste 8	Chandler	AZ	85226-5096	(480)782-8331
BLISSFUL, LLC	150 S Hwy 69 Ste 11	Dewey	AZ	86327-9502	(928)445-4141
MERLE NORMAN COSMETICS, INC.	6555 E Southern Ave Ste 1322	Mesa	AZ	85206-3722	(480)830-6265
EGLANTINA J. LOOMIS	7000 E Mayo Blvd Ste 1044	Phoenix	AZ	85054-6151	(480)563-2599
C & R COSMETICS, INC.	4855 Warner Rd Ste 17	Phoenix	AZ	85044	(480)893-6947
K & J MNC LLC	1965 S Frontage Rd Ste1	Sierra Vista	AZ	85635	(520)678-1627
LESTER ENTERPRISES, INC	10001 W Bell Rd Ste 145	Sun City	AZ	85351	(623)972-8533
GJDA, LLC.	6061 E Broadway Blvd Ste 106	Tucson	AZ	85711	(520)790-1539
TRI & TRIS, INC	1419 Park St Ste E	Alameda	CA	94501	(510)523-8442
P & N BEAUTY, LLC	630 S Brawley Ave Ste 8	Brawley	CA	92227-3107	(760)351-1951

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
V. (JO) WYATT	1600 Mangrove Ave Ste150	Chico	CA	95926	(530)895-0958
JOSEPHINE LOPEZ-COX	550 Broadway East	El Cajon	CA	92021-5423	(619)442-3031
ROSEANNE & STEPHANIE ITALIA	1911 Foothill Blvd	La Verne	CA	91750-3511	(909)596-5551
KRIS KLINE & KIM KELLY	2341 Honolulu Avenue	Montrose	CA	91020-1821	(818)249-1743
LAURIE JACKSON & ALLISON JACKSON	944 East Lincoln Ave	Orange	CA	92865-1905	(714)998-0381
MCJ COSMETICS PD LLC	44-491 Town Center Way 5d	Palm Desert	CA	92260	(760)346-3533
BARBARA LEWIN & LORI ALPERT	538 12 Street/The Blenders	Paso Robles	CA	93446-2201	(805)238-5554
Georgina & Genaro Martinez	16765 Bernardo Center Dr Ste 02	San Diego	CA	92128	(858)674-6544
MERIDIAN BUSINESS GROUP, INC.	1535 Meridian Ave Ste 20	San Jose	CA	95125	(408)978-7488
SHANNON LAIRD	1914 East Front Street	Selma	CA	93662-3501	(559)896-7772
DONNA VINCENT	142 Lincoln Center	Stockton	CA	95207-2610	(209)474-0314
TRENDSETTER COLLECTIONS, LLC	27520 Ynez Road, Ste D3	Temecula	CA	92591-4650	(951)506-7472
FOXBEAUTY MN (DA), INC	24329 Crenshaw Blvd Ste D	Torrance	CA	90505-5338	(310)891-6988
FOXBEAUTY MN (HB) INC.	2917 El Camino Real	Tustin	CA	92782-8909	(714)832-8636
DEEMING AND KOHLMAIER	368 Merchant Street	Vacaville	CA	95688-4508	(707)448-4646
APRIL GONZALEZ	12370 Hesperia Rd Suite 16	Victorville	CA	92395	(760)245-3633
MISSKTBEAUTY, LLC	2067 Westminster Mall	Westminster	CA	92683-4947	(714)893-1397
COLORADO FACES, INC.	6868 S. University Blvd.	Centennial	CO	80122-1515	(303)795-5037
TRACEY'S MERLE NORMAN COSMETICS	7862 N Academy Blvd	Colorado Springs	CO	80920	(719)599-0282
NATURAL ESSENTIALS, LLC	175 Main Street C102	Edwards	CO	81632-8116	(970)926-7995
COLORADO FACES, INC.	4020 S. College Ave Ste B-5	Fort Collins	CO	80525-3064	(970)282-6916
ANGELA MARIE CAMPBELL	111 West Beech	Lamar	CO	81052-2731	(719)336-5770
COLORADO FACES, INC.	8500 West Crestline Ave Ste G9	Littleton	CO	80123-2222	(303)979-3100
LS COSMETICS LLC	265 F East 29th St	Loveland	CO	80538	(970)669-6777
RICHARD AND LORI WEBB	4 Sns MI 16367 S Townsend Ste 11	Montrose	CO	81401-5451	(970)240-4300
LAURA CATHERINE WAGNER	9 West Main Street	Clinton	CT	06413-2029	(860)664-1946
LA-ROB ENTERPRISES, LLC	775 Main St S Ste 140	Southbury	CT	06488	(203)262-8707
INCREASE PARTNERS, LLC	1030 Forrest Ave	Dover	DE	19904	(302)736-1961
KATHIE, INC.	931 N Sr 434 Ste 1315	Altamonte Springs	FL	32714-7048	(407)862-6008
SALON 71, INC.	17451 Main St N	Blountstown	FL	32424	(850)674-9191
RALPH HARRIS	101 N Waukesha St	Bonifay	FL	32425-2352	(850)547-2531
3MC, INC.	930 Congress Ave Ste 210	Boynton Beach	FL	33426	(561)740-1257
BOOZERS MNC, LLC	5244 State Rd 64 East	Bradenton	FL	34208-0000	(941)746-5515



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KC OF BRANDON, INC.	212 Oakfield Drive	Brandon	FL	33511-5707	(813)689-7646
CHRISTYS COS & SPEC SPA LLC	2469 N Young Blvd	Chiefland	FL	32626-9181	(352)490-5333
LASSITER, LLC	1370 N Railroad Ave	Chipley	FL	32428-1456	(850)263-0995
AJ BLACKBURN, LLC	2532 State Route 580, Ste K	Clearwater	FL	33761-2906	(727)797-0206
NANCY A BASS	311 North Main St.	Crestview	FL	32536-3541	(850)682-6655
NICKIE J. BROWN	441 Se Kings Bay Dr	Crystal River	FL	34429	(352)795-9542
5 OAKS MERCANTILE, LLC	37 S 10th St	Defuniak Springs	FL	32435	(850)892-3011
THE SALTY BLONDE STUDIO,LLC	2149 Sadler Rd Unit 1	Fernandina Beach	FL	32034	(904)624-7472
DREAM CHASER101 LLC	4430 Hendricks Ave	Jacksonville	FL	32207	(904)739-1361
CRAZY LADIES & MORE, INC	6001 Argyle Forest Blvd Ste 22	Jacksonville	FL	32244-6127	(904)771-6888
FRIENDS SALON CENTRAL, INC.	1617 E Vine St	Kissimmee	FL	34744	(407)847-8855
CATHERINE GERRITS	1050 Bichara Blvd	Lady Lake	FL	32159-7715	(352)750-2222
GLAMOUR BY DESIGN, LLC	1297 Sw State Road 47	Lake City	FL	32025	(386)752-3411
L. HOPE AND CO. LLC	1403 Ohio Ave N	Live Oak	FL	32064	(386)364-1186
GIN-S INC.	4451 Lafayette St.	Marianna	FL	32446-3407	(850)482-2294
JUSTICE COSMETICS, LLC	1700 W New Haven Ave Ste 517	Melbourne	FL	32904-3928	(321)727-1333
L & E FORD, LLC	1070 N Courtenay Pkwy	Merritt Island	FL	32953	(321)452-5770
J S LEW, INC	13617 S Dixie Hwy Ste 124	Miami	FL	33176-7259	(305)233-4772
EUPHORIA VENTURES, INC.	2355 Vanderbilt Beach Rd 121	Naples	FL	34109-2653	(239)513-1005
DEZ & COMPANY, LLC	1125 E. John Sims Parkway	Niceville	FL	32578-2752	(850)678-6758
SOUTHERN SPIRITS, LLC	4281 Woodbine Road	Pace	FL	32571-8704	(850)995-6001
D & J ENT. OF PENSACOLA, INC.	6024 N 9th Ave Ste 4	Pensacola	FL	32504	(850)476-8044
HOLLIE'S ENTERPRISES, INC.	1514 S Alexander St Ste101	Plant City	FL	33563-8417	(813)752-4718
LEEN ENTERPRISES, INC.	1665 Dunlawton Ave #108	Port Orange	FL	32127	(386)898-0737
WETAPPO ENTERPRISES, LLC	208 Reid Ave	Port St Joe	FL	32456-1821	(850)229-1111
BSMNC LLC	247 Us Hwy 27 N	Sebring	FL	33870	(863)451-5047
PERINA ENTERPRISES, LLC	11125 Park Blvd N Ste 109	Seminole	FL	33772	(727)392-6993
LASSITER RETAIL LLC	3425 Thomasville Rd Ste 9	Tallahassee	FL	32309	(850)656-1513
PMC COSMETICS, INC	1846 S Tamiami Trail Ste 9	Venice	FL	34293	(941)497-1392
SERENDIPITY BOUTIQUE/SPA, INC.	1122 Old Dixie Hwy Ste B-1	Vero Beach	FL	32960	(772)299-9744
PENNI'S NEST, LLC	138 South Parrish Ave	Adel	GA	31620-2642	(229)896-1263
MERLENE OF ALBANY, INC.	2726 Ledo Rd	Albany	GA	31707	(229)435-3505
CHRISTA KIRKSEY	335 W 12th St	Alma	GA	31510-2225	(912)632-7143
MWM ENTERPRISES LLC	110 N Jackson St	Americus	GA	31709	(229)924-5967

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STEPHANIE S FELL ENT INC	2701 Washington Rd Ste 19	Augusta	GA	30909-2222	(706)736-6611
NICKEE G. WILKINSON	300 E Water Street	Bainbridge	GA	39817-3738	(229)246-8878
DAWN & WANDA CARTER	24 Glendale Ave Ste B	Baxley	GA	31513-0244	(912)367-2027
BETSY STRICKLAND DAVIS	3345 Us Hwy 84 East Ste 103	Blackshear	GA	31516-2100	(912)807-1035
LAURIE W. SPENCE	12277 Columbia St.	Blakely	GA	39823-2538	(229)308-0189
PSA RETAIL, INC.	114 City Hall Avenue	Bowdon	GA	30108-1503	(770)258-0198
AMANDA ROBINSON INMAN, LLC	521 Pacific Ave Ste A	Bremen	GA	30110-2137	(770)537-2449
Smith-Strickland Holdings, LLC	250 Golden Isles Plaza Ste 108	Brunswick	GA	31520	(912)262-1481
S&S COSMETICS, INC	110 Wc Bryant Parkway	Calhoun	GA	30701-2624	(706)629-8182
PSA RETAIL, INC.	103 Newnan Street	Carrollton	GA	30117-3225	(770)832-8268
JAMAR, INC.	278 Nelson St	Cartersville	GA	30120-2862	(770)382-5941
PEGGY BURGESS & ANNA B. WILSON	230 Main Street	Cedartown	GA	30125-3047	(770)748-1514
DSW, ENJOY THE JOURNEY, LLC	100 N Houston Lake Blvd Ste W	Centerville	GA	31028	(478)953-5365
TAMMIE POLSTON	1815 Parker Rd Se	Conyers	GA	30094	(770)483-4900
SHIRLEY CARTER/GERALDINE MANN	619 A MID TOWN PLAZA 16th Ave E	Cordele	GA	31015	(229)273-8686
S. STRATTON & M. JENKINS	107 Midway Drive Unit D	Cornelia	GA	30531-1111	(706)778-2589
TAMMIE POLSTON	1110 College Ave Se	Covington	GA	30014-2803	(678)625-0052
AUDREY & DAVID FISHER	100 W Walnut Ave Ste140	Dalton	GA	30720-8411	(706)278-8815
ROBERTS PHARMACY, INC	803 N Wiley Avenue	Donalsonville	GA	39845-1121	(229)524-2313
GARY & PAMELA TURNER	301 S. Peterson Avenue	Douglas	GA	31533-5200	(912)384-7842
CD EVERLY MERLE NORMAN LLC	1801 Rice Ave Ste. D	Dublin	GA	31021	(478)272-2970
Stephens & Stephens	3036 Yukon Road	Ellijay	GA	30536-6130	(706)635-2671
MARY JANE MINTON BROOK	840 So. Glynn St Ste 358	Fayetteville	GA	30214-2004	(770)460-1282
MITCHELL AND ROSE, LLC	125 E Pine St	Fitzgerald	GA	31750-2906	(229)423-3322
MELISSA SKATES	701 Battlefield Pkwy.	Fort Oglethorpe	GA	30742-3923	(706)866-6020
CELESTE JOHNSON LLC	950 Washington St Nw Ste C	Gainesville	GA	30501-3542	(770)532-7800
GAIL & SHARON ROGERS	705 N Veterans Blvd	Glennville	GA	30427	(912)654-3031
MARY & DARNELL STONE	117 South Tallahassee	Hazlehurst	GA	31539-6419	(912)375-5209
MOLLY MAXINE ENTERPRISES LLC	122 S Main Street	Hinesville	GA	31313-3218	(912)369-0160
PA'AR COSMETICS, INC.	4109 Jimmy Lee Smith Pkwy Ste D	Hiram	GA	30141-2643	(770)943-6447
AMBROSE SKY, LLC	17 East Plant Ave	Homerville	GA	31634-2402	(912)487-2454
SHAWN AND BRIANA STANLEY	134 South Macon Street	Jesup	GA	31545-1116	(912)427-6119
JULIE'S JEWELS, INC.	840 Ernest Barrett Pky Ste 220	Kennesaw	GA	30144-4975	(770)499-8423

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LaRae James Enterprise LLC	111 Vernon St	Lagrange	GA	30240	(706)884-8630
RITA TOMSITS/JULIUS TOMSITS	860 Duluth Hwy Ste 146	Lawrenceville	GA	30043-5336	(678)985-1778
MN DAY SPA LLC	5437 Bowman Rd	Macon	GA	31210	(478)477-3613
ALL OVER BEAUTY, LLC	2400 N Columbia St Ste A-38	Milledgeville	GA	31061	(478)452-2013
K & T TURNER ENTERPRISE, LLC	12 S Main St	Moultrie	GA	31768	(229)668-1200
FRANZACH, INC.	272-A Bullsboro Drive	Newnan	GA	30263-5819	(770)683-6375
TINA J. COLLINS INC.	132b Brazell Street	Reidsville	GA	30453-4448	(912)557-1102
LOUISE, INC.	163 Commercial Dr	Rincon	GA	31326-5469	(912)826-1101
DEBRA FORSYTH	826 W. Elm Street	Rockmart	GA	30153-1727	(678)757-1600
PJH ENTERPRISES, LLC	4 Central Plaza	Rome	GA	30161-3233	(706)291-6444
ALL OVER BEAUTY, LLC	622 S Harris St	Sandersville	GA	31082	(478)552-8422
T1 PARTNERS, LLC	7805 Abercorn St Ste 25	Savannah	GA	31406	(912)355-0810
MNC & SALON, LLC	26 West Main Street	Statesboro	GA	30458-5366	(912)764-3870
GINGER WOFFORD	10042 Commerce Street	Summerville	GA	30747-1318	(706)857-3741
CHANGES SALON LLC	872 Old Wadley Rd / Changes Salon	Swainsboro	GA	30401	(478)237-9686
KATHY SPURLIN & ANITA MCKENZIE	108 N. Isabella St.	Sylvester	GA	31791-2158	(229)776-0023
MERLEY GIRLY, LLC	1428 Remington Ave Ste 8	Thomasville	GA	31792	(229)227-9780
REGINA HARPER	131 East 3rd Street	Tifton	GA	31794-4841	(229)382-6024
HARDIN COSMETICS SALON OF VALDOSTA LLC	116 N Patterson St	Valdosta	GA	31601	(229)232-4307
SHERRI STONE	906 East First St Bbt Bank Sq	Vidalia	GA	30474-4246	(912)537-9542
PSA RETAIL, INC.	104 S. Carroll St Ste B	Villa Rica	GA	30180-2728	(770)459-3060
CHRISTA KIRKSEY	2 S Main St Unit 106	Watkinsville	GA	30677	(706)543-6565
AMBROSE SKY, LLC	2540 Memorial Dr	Waycross	GA	31503-0910	(912)283-3388
DENISE GRANDGENETT	319 East Call Street	Algona	IA	50511-2455	(515)295-7673
THE DUNWOODY GROUP LLC	511 8th St SE	Altoona	IA	50009	(515)967-4213
COSMETICS 86 INC.	207 Ne Delaware Ave Ste 22	Ankeny	IA	50021	(515)963-0628
COSMETICS OF THE QUAD CITIES, LLC	791 Middle Road	Bettendorf	IA	52722-4168	(563)441-5731
Donna Renteria	2750 Mt Pleasant St Ste 100	Burlington	IA	52601	(319)753-2290
A FUN TOP AND JEANS, L.L.C.	509 N Adams St	Carroll	IA	51401	(712)792-5248
NANCY SCHMUECKER	81-16th Ave Sw	Cedar Rapids	IA	52404-5948	(319)363-1154
REVELATION, INC	111 East Water St	Decorah	IA	52101-1801	(563)382-6212
MATS INC	806 Wacker Dr Ste 138	Dubuque	IA	52002	(563)583-3161
DANIEL PHARMACY, INC.	1108 Central Ave	Fort Dodge	IA	50501-4004	(515)573-3431
SARAH'S BRIDAL GALLERY LTD	120 S Main St	Mt Pleasant	IA	52641	(319)219-2016

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T'S WELLSRING, L.L.C.	2134 Idaho Dr	Pella	IA	50219	(641)628-8558
THIRD GENERATION, LTD	3624 Kimball Avenue	Waterloo	IA	50702-5731	(319)235-9574
THE DUNWOODY GROUP, LLC	2900 University Ave Ste 120	West Des Moines	IA	50266-1215	(515)226-8737
COSMETICS SOLUTION INC.	6305 Mills Civic Pkwy Ste 3107	West Des Moines	IA	50266	(515)224-5853
MCJ COSMETICS BOISE LLC	350 N Milwaukee #1121	Boise	ID	83704	(208)375-1266
BKC ENTERPRISES, INC.	200 West Hanley Space 1300	Coeur D Alene	ID	83815-6703	(208)772-3777
RC FRIESZ, LLC	2091 E. 17th Street	Idaho Falls	ID	83404-6480	(208)523-7351
EXITOSO, INC	110 W 3rd St	Alton	IL	62002	(618)462-6455
NORMA JEAN ENTERPRISES, INC	406 Lake Street	Antioch	IL	60002-1406	(224)788-8820
SHELTON STUDIO, INC.	2500 Fox Valley Center # B-15a	Aurora	IL	60504	(630)851-2233
A. STEFANIK, INC.	120 Krispy Kreme Dr Ste1	Bloomington	IL	61704-3703	(309)663-4733
U.S.M.N. LIMITED	555 Main N W	Bourbonnais	IL	60914-2305	(815)933-9009
NORMA JEAN ENTERPRISES, INC	1153 Weiland Rd	Buffalo Grove	IL	60089	(847)279-3243
J H COSMETICS & BOUTIQUE, LLC	325 East Main Street	Carmi	IL	62821-1810	(618)382-4922
JUDITH MAIER	215 E 3rd St	Centralia	IL	62801-3901	618-791-0413
MARILYN TINCHER	706 W Marketview Dr Ste B	Champaign	IL	61822	(217)359-8100
LEEANN AND DAN INCORPORATED	14-16 West North	Danville	IL	61832-5729	(217)442-7666
MARILYN F. TINCHER	148 East Main Street	Decatur	IL	62523-1238	(217)422-1991
2 GEMINI CHICKS, INC.	1901 S 4th St #13	Effingham	IL	62401	(217)347-0831
L'ISABETH LLC	251 N York Street	Elmhurst	IL	60126-2726	(630)279-4774
LISA AND KEITH BAHLER	113 W Walnut St Ste C	Fairbury	IL	61739-1557	(815)692-3777
MISTY TITZER	105 East Main Street	Fairfield	IL	62837-2027	(618)842-2345
TRINITY AND ASSOCIATES, INC.	525 Lincoln Hwy Ste 6	Fairview Heights	IL	62208	(618)624-3223
JILL LEWIS	521 1/2 W North Ave	Flora	IL	62839	(618)662-1207
SHARON PONDER & TONI PONDER	138 E Main Street	Galesburg	IL	61401-4609	(309)342-9449
CNS COSMETICS, LLC	4219 State Route-159 Ste 2	Glen Carbon	IL	62034	(618)288-2438
LAURIE CUMMINS WHEELER	1920 Us Hwy 45 N Ste 20	Harrisburg	IL	62946-4810	(618)252-7120
S JONES, G TONELLATO & E LAMB	1122 Veterans Dr.	Jacksonville	IL	62650-4010	(217)245-1299
THAT PLACE, INC.	608 Broadway	Lincoln	IL	62656-2722	(217)732-6406
VIVIAN & SAM JOHNSON	902 W. Dufour Avenue Ste A	Marion	IL	62959-1698	(618)997-6181
2 GEMINI CHICKS, INC.	1520 Broadway Ave	Mattoon	IL	61938-3918	(217)234-4277
KATHY J. WITHERS	2622 Broadway	Mount Vernon	IL	62864-2922	(618)242-4494
REMEMBERED IMAGE LTD	7323 Harlem Avenue	Niles	IL	60714-4252	(847)600-3000
DENA'S SKIN & COSMETIC STORE LLC	2976 Court St	Pekin	IL	61554	(309)346-6874

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
ROMANCY, INC.	4700 N University St #44	Peoria	IL	61614-5849	(309)688-0487
Stella's Heaven LLC	4005 Progress Blvd	Peru	IL	61354	(815)223-3607
B. JOYCE GOEHL	Quincy Mall 3266	Quincy	IL	62301-4641	(217)222-0867
2 GEMINI CHICKS, INC.	107 Court St	Robinson	IL	62454	(618)544-7275
ELMA RINCKER	144 East Main Street	Shelbyville	IL	62565-1654	(217)774-4233
BAIETTO BELLA, LLC	2912 Plaza Dr	Springfield	IL	62704	(217)698-1200
CE COSMETICS, LLC	313 1st Ave	Sterling	IL	61081	(815)632-3362
LAURA LONG	115 S. Washington Street	Taylorville	IL	62568-2241	(217)824-4874
THAT PERFECT LOOK, INC	1237 Peoria St	Washington	IL	61571	(309)444-2633
MERLE GIRL, INC.	742 N Market St Ste F	Waterloo	IL	62298	(618)939-9199
SHELTON STUDIO OF WHEATON, INC	123 N Main Street	Wheaton	IL	60187-5326	(630)668-6685
SLB COSMETIC STUDIO, INC.	5213 Columbus Ave	Anderson	IN	46013-5140	(765)642-2021
WIG WAM BOUTIQUE LLC	1721 W 3rd St	Bloomington	IN	47404	(812)332-4914
POLAND II, LLC	600 W. Northfield Drive Ste 2090	Brownsburg	IN	46112-9199	(317)858-5110
BERGREN'S, INC	686 Broadway	Chesterton	IN	46304-2258	(219)926-1688
WIG WAM BOUTIQUE LLC	2485 Beam Rd	Columbus	IN	47203-3406	(812)603-9396
BETTY L MUNRO	122 W Main St	Crawfordsville	IN	47933	(765)362-0448
FLOURISH SKIN & COS STUDIO INC	802 North Main Street	Crown Point	IN	46307-3238	(219)662-8237
N&K BEAUTY BOUTIQUE, LLC	507 N Green River Rd	Evansville	IN	47715-2471	(812)476-0657
JPH ENTERPRISES, INC	805 E Park St	Fort Branch	IN	47648-1121	(812)753-3595
DOUBLETREE COSMETICS, LTD.	6410 W Jefferson Blvd Ste 6	Fort Wayne	IN	46804	(260)432-9315
KAREN AND ERNEST PLETCHER JR.	125 South Main Street	Goshen	IN	46526-3701	(574)534-2780
POLAND II, LLC	455 S. Greenwood Park Drive Ste C	Greenwood	IN	46142	(317)881-8187
FLOURISH SKIN & COS STUDIO INC	2132 45th Street	Highland	IN	46322-3742	(219)924-1555
POLAND II, LLC	4901 E 82nd St Ste # 500	Indianapolis	IN	46250	(317)849-4853
DANA M BERGER LLC	607 Main St	Jasper	IN	47546-3040	(812)482-3635
DIALYN, INC.	3540 State Road 38 E. Ste. 504	Lafayette	IN	47905-5198	(765)446-1063
STACYANN, INC.	116 N Lebanon	Lebanon	IN	46052	(765)482-3442
GARNER AND STOPCZYNSKI	5672 Grape Road	Mishawaka	IN	46545-1246	(574)272-5385
HEALTHY TIMELINES LLC	130 N Main St	Monticello	IN	47960	(574)240-1099
BRENDA JO WRIGHT	204 East Mcgalliard	Muncie	IN	47303-2009	(765)289-4585
REBECCA L DEWEES	190 West Becks Mill Road Ste A	Salem	IN	47167-6942	(812)883-4141
ELEGANT L LLC	117 S Harrison Street	Shelbyville	IN	46176-1343	(317)392-3017
THE TUCKER TEAM, INC	3410 South Us Highway 41	Terre Haute	IN	47802	(812)241-2295
M J BEAUTY VISIONS LLC	451 - A Lincolnway	Valparaiso	IN	46385	(219)286-6241

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
BRENDA MADDOX	1015 Hart Street	Vincennes	IN	47591-3040	(812)882-9230
DIXIE AND DANNA BREADING	116 E. Center St.	Warsaw	IN	46580-2840	(574)267-5306
KSD SALON & BOUTIQUE, L.L.C.	111 E Main St	Chanute	KS	66720-1844	(620)431-4486
JO BREEDING / DONITA DERSTEIN	2600 Central Gibson Mall	Dodge City	KS	67801-6211	(620)225-3767
HEARTLAND CRAFTS & GIFTS, LLC	2412 Vine Street	Hays	KS	67601-3617	(785)628-6199
CAROL/LISA HOCKENBERRY	12038 W 95th St	Lenexa	KS	66215-3803	(913)888-5371
URBAN STUDIOS, LLC	820 Commons Place	Manhattan	KS	66503-3001	(785)539-4400
MARRMIL STUDIOS, LLC	613 N Broadway St	Pittsburg	KS	66762	(620)231-2760
SHIRLEY BURBANK COSMETICS INC	5337 S W 22nd Place	Topeka	KS	66614-1500	(785)272-0774
Marlene A. & Charles A. Glover	6112 W. Central	Wichita	KS	67212-2844	(316)945-2223
THE PERFECT FACE, LLC	346 15th St	Ashland	KY	41101	(606)324-5996
JUSTJANE LLC	107 West Flaget Street	Bardstown	KY	40004-1422	(502)348-1057
NORA BOWIE ENTERPRISES, INC	130 Walton Avenue Ste 103	Bowling Green	KY	42104-6361	(270)746-6499
PPR OF CAMPBELLSVILLE, INC	125 East Main Street	Campbellsville	KY	42718-2237	(270)789-1743
PAMELA & LAMAR HAMILTON	14892 N Us Hwy 25 E Ste 8	Corbin	KY	40701-2591	(606)528-4212
SOCIALITE LLC	578 Buttermilk Pike	Crescent Springs	KY	41017	(859)344-0500
MACIA BROOKE ALLEN	274 Jane Trail	Danville	KY	40422-9448	(859)239-8981
BELINDA ROGERS	107 W Main Street	Eddyville	KY	42038-7762	(270)388-4653
L&S CREEK BOUTIQUE, LLC	111 Westridge Drive Ste C	Frankfort	KY	40601-4448	(502)352-2463
VAL'S BEAUTY BOUTIQUE, INC.	105 Lawson Dr Ste 1	Georgetown	KY	40324-9696	(502)863-5757
JORDAN'S SALON, INC.	216 Reynolds Road	Glasgow	KY	42141-1177	(270)579-3723
DELORES J HARDISON	109 South Main Street	Greenville	KY	42345-1539	(270)338-5121
RHONDA S HOWARD	140 Village Center	Harlan	KY	40831-1777	(606)573-0078
D & DOUBLE B TRUCKING, INC.	224 Village Ln Hazard Vlg	Hazard	KY	41701	(606)436-3100
The Perfect Face, LLC	3101 Clay Mill Rd Ste 104	Lexington	KY	40503-2761	(859)271-2679
REFLECTIVE IMAGE, LLC	132 London Shopping Center	London	KY	40741-3015	(606)864-7634
TUNIES MERLE NORMAN LLC	1201 Herr Ln Ste 150	Louisville	KY	40222-4385	(502)653-7750
TABOR & CHILDERS, INC.	3955 Taylorsville Road	Louisville	KY	40220-1455	(502)458-6702
TINA WOODCOCK	140 S Main St Ste 104	Madisonville	KY	42431	(270)821-4519
AMY DUDLEY AND LINDA HELTON	37 West 2nd Street	Maysville	KY	41056-1101	(606)564-4693
I STYLE SALON LLC	420 E Wilkinson Blvd Ste B	Morehead	KY	40351-1481	(606)780-0667
JUDITH BLACK & LISA LITTON	445 Christy Creek	Morehead	KY	40351-9400	(606)784-8661



STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
BEAUTIFULLY BLUSHED LIMITED LIABILITY COMPANY	110 W Main St	Mt Sterling	KY	40353	(859)520-3543
PATRICIA KNOTT/CHARLES E KNOTT	908 S 12th St	Murray	KY	42071-2949	(270)753-6926
TLT COSMETICS LLC	115 Quinn Dr	Nicholasville	KY	40356-1370	(859)881-0041
ETERNAL BEAUTY, LLC	2785 Veach Road Suite C	Owensboro	KY	42303	(270)685-2259
KERI DAVIS & AMANDA CANTER	2929 James Sanders Blvd.	Paducah	KY	42001-9158	(270)443-4443
JANE ANN'S, INC.	313 North Mayo Trail	Paintsville	KY	41240-1805	(606)789-9991
HOPE COSMETICS LLC	4169 N Mayo Trail	Pikeville	KY	41501	(606)433-9729
SYDLARK, LLC	2008 Merchant Dr Ste 9	Richmond	KY	40475-8189	859-624-9825
OPTIONS, INC.	370 South Highway 27 Ste 7	Somerset	KY	42501	(606)679-4511
YOUTH FASHIONS, INC.	329 North Main Street	Tompkinsville	KY	42167-1510	(270)487-5691
DONNA WATTS	106 Whitesburg Plaza	Whitesburg	KY	41858-7502	(606)633-7237
CHARLES AND CATHI LYKINS	142 Hubbard Road	Winchester	KY	40391-2412	(859)745-2937
ANNE ELEAZAR	119 North Jefferson Street	Abbeville	LA	70510-4644	(337)893-8463
GREGORIO, INC.	1707 Metro Dr Ste D	Alexandria	LA	71301	(318)445-3754
JNAMI L.L.C.	14409 Wax Rd Ste D	Baton Rouge	LA	70818	225-262-8776
COSMETICS AND LOTS MORE, INC.	8312 Jefferson Hwy Ste 1	Baton Rouge	LA	70809	(225)928-4066
R J AND C, L.L.C.	530 Louisiana Avenue	Bogalusa	LA	70427-3325	(985)735-5912
GAT 2, INC	2501 Beene Blvd Ste 400	Bossier City	LA	71111	(318)550-5856
CAROL CAMP	842 Collins Blvd Ste G	Covington	LA	70433-2759	(985)809-8990
BARBARA B'S, L.L.C.	2352 S Range Ave	Denham Springs	LA	70726-5216	(225)665-7614
NORMA RUSSELL GASS	1118 L North Pine	Deridder	LA	70634-2830	(337)463-8267
HAHN AND PHILLIPS, INC.	402 Railroad Avenue	Donaldsonville	LA	70346-3332	(225)473-1402
KIM L FONTENOT, LLC	1701 W Laurel Ave Ste E	Eunice	LA	70535	(337)546-6776
MAIN STREET MERLE, L.L.C.	818 Main St	Franklin	LA	70538	(337)828-0490
DANA KELLEHER LLC	625 South Burnside Ave Ste 4	Gonzales	LA	70737-3400	(225)647-5127
ANNA ROMERO & J. ROMERO CARTER	919 N Lake Arthur Ave Ste C	Jennings	LA	70546-4629	(337)824-0528
Elizabeth Todd	2100 Verot School Rd Ste 8	Lafayette	LA	70508	(337)573-5820
DIANE L. WEBRE	2831 Johnston Street	Lafayette	LA	70503-3243	(337)236-3162
JERRY L. KEY	271 N Hwy 171 Ste 400	Lake Charles	LA	70611-5367	(337)217-3055
BOBBIE MCFATTER COSMETICS, INC	3129 Ernest Street	Lake Charles	LA	70601-8414	(337)478-0420
BEAUTIFUL FACES, LLC	13418 W Main Street	Larose	LA	70373-2504	(985)798-7766
LA FEMME CLASSIQUE, LTD.	1878 B N Causeway Blvd.	Mandeville	LA	70471-3112	(985)674-5911
BEAUTY CONCPPTS&GFTS BY C&E LLC	3200 Severn Ave Ste 104	Metairie	LA	70002	(504)454-6193

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SKYCAST LLC	409 Meadowview Dr	Minden	LA	71055-3522	(318)377-6463
ADE BRIGHT EYES LLC	2122 Forsythe Ave	Monroe	LA	71201	(318)322-1382
MELISSA DUMESNIL LLC	603 Jefferson Terrace Blvd Ste B	New Iberia	LA	70560	(337)364-5535
SUESUE'S CORNER, LLC	501 New Roads Street	New Roads	LA	70760-3121	(225)618-6243
LINDA K. PARKER	300 E Main St	Oak Grove	LA	71263	(318)428-4293
AMA GLAM LLC	17424 Airline Hwy Ste 1	Prairieville	LA	70769	(225)744-2656
MADISON WENTWORTH	4826c Line Ave	Shreveport	LA	71106	(318)868-7288
AHEARN & AHEARN, INC	6535 Youree Dr Ste 403	Shreveport	LA	71105-4643	(318)798-7786
KINGSTON COSMETICS, INC	860 Town Center Pkwy/Exit 16 Boutique	Slidell	LA	70458	(985)646-2455
JUDITH WILLIAMSON	125 North Main Street	Springhill	LA	71075-2661	(318)539-4570
JERRY L. KEY	819 Willow Avenue	Sulphur	LA	70663-3420	(337)528-9099
BOUTIQUE BELLE LLC	892 Bayou Road	Thibodaux	LA	70301-2352	(985)446-5706
BRIDGET ARDOIN	1086 Tate Cove Rd	Ville Platte	LA	70586	(337)363-4797
PATRICIA D GOSS	310 South Pine	Vivian	LA	71082-3149	(318)375-5463
Shelly McManus	4900 Cypress St Ste 4	West Monroe	LA	71291	(318)397-0277
ASHLEY ORTEGO	905 Savoy Rd Ste 3	Youngsville	LA	70592	(337)837-8009
TRAI VAN DANG	715 Massachusetts Ave	Arlington	MA	02476-4902	(781)643-5454
LISAKEN STUDIO, INC	42 Turnpike Rd Route 9	Southborough	MA	01772-2101	(508)879-6202
JSST SERVICES, LLC	839 S Main Street	Bel Air	MD	21014-4148	(410)803-0005
MRS ANGELA JONES	18534 Office Park Drive	Gaithersburg	MD	20886-0586	(301)921-0120
TARRAH DAWN HAIR SALON, INC.	1066 National Hwy	Lavale	MD	21502	(301)729-1925
JAG RETAIL, INC	3120 Olney Sandy Spring Rd	Olney	MD	20832-1408	(301)774-1122
DONNA NEPHEW	822 Washington Ave Ste B	Bay City	MI	48708-5781	(989)892-8053
ROBIN'S SONG COSMETICS, INC.	23348 Farmington Road	Farmington	MI	48336-3102	(248)477-3033
GLITZ AND GIGGLES, LLC	212 East Main Street	Flushing	MI	48433-2026	(810)659-5550
MISSY'S DREAM LLC	6236 S Saginaw St	Grand Blanc	MI	48439	(810)695-1392
Belle Visage Limited Liability Company	4234 29th St SE	Grand Rapids	MI	49512-1688	(616)949-2690
J & M COSMETICS INC	29 West 8th St Ste 150	Holland	MI	49423-3185	(616)392-3603
ADMIN SERVICES, INC	1110 Carpenter Avenue	Iron Mountain	MI	49801-4722	(906)774-6506
CHARMING, INC.	1348 Michigan Ave.	Marysville	MI	48040-2207	(810)364-9478
TSR COSMETICS, LLC	595 Forest Ave Ste 8a	Plymouth	MI	48170	(734)414-4089
CA-DAN INC	6749 S Westnedge Ave Ste A	Portage	MI	49002	(269)327-2702
LAUREL L. ROAT	49 S. Livernois Rd	Rochester Hills	MI	48307-1836	(248)650-9110
STEPHEN FLECK & JASON RICE	3210 Crooks Road	Royal Oak	MI	48073-3219	(248)288-3434
FBTMN, LLC	128 West Maple	Troy	MI	48084-5434	(248)269-9877
D. BORGARO & C. SWEENEY	2314 Mountain Shadow Drive	Duluth	MN	55811-3809	(218)727-7100



STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
REFLECTIONS INC/CABALLERO	12905 Ridgedale Drive	Minnetonka	MN	55305-1806	(952)933-1647
FABRE ENTERPRISES, INC	17 5th St South, Ste B	Moorhead	MN	56560	(218)233-1718
KACY COSMETICS, INC.	2100 Snelling Av N	Roseville	MN	55113-6000	(651)636-1866
Team Lutes Enterprises LLC	627-C Nw Mock Ave	Blue Springs	MO	64014	(816)220-1248
OLSON SIGNATURE SALON LLC	1015 Hwy 248 Ste E	Branson	MO	65616-8002	(417)334-2184
TINA JACKSON	2136 William St Ste 168	Cape Girardeau	MO	63703	(573)334-5833
PEGGY AND ELVIN NOEL	608 Washington Street	Chillicothe	MO	64601-2251	(660)646-3960
JEANNE BUCKMAN COSM ACCESS LLC	2300 Bernadette Dr Ste 603	Columbia	MO	65203-7519	(573)445-1886
N-STYLE GALLERIA, LLC	102 East Stoddard Street	Dexter	MO	63841-1764	(573)624-3126
Randall & Karen Huff	434 N Washington St	Farmington	MO	63640-1754	(573)701-9482
CAROLYN MC DOWELL	316 Jefferson Street	Jefferson City	MO	65101-2908	(573)635-6634
MILMARR STUDIOS, L.L.C.	2905 E 4th St	Joplin	MO	64801-1625	(417)553-0676
NORTHLAND BEAUTY, LLC	8115 N Oak Trafficway	Kansas City	MO	64118	(816)436-4948
JAMES & DEBORAH SPALDING	119a W Washington St	Kirksville	MO	63501-2873	(660)665-9813
BEAUTY BY D, LLC	Deer Brook Plz 1175 Ne Rice Rd	Lees Summit	MO	64086-6788	(816)246-7900
G & J BOUTIQUE, LLC	115 Baxter Shops	Manchester	MO	63011	(636)394-3945
MN GIFT GALLERY, L.L.C.	120 West Jackson	Mexico	MO	65265-2710	(573)581-1576
MORGAN'S MN COSMETICS LLC	313 W Reed St	Moberly	MO	65270	(660)269-9919
JSHEL, Inc	1949 E Independence St	Springfield	MO	65804-3751	(417)881-6820
CAROL'S ON SUNSHINE, L.L.C.	1601-A West Sunshine	Springfield	MO	65807-2208	(417)862-9747
JB MILBOURNE COSMETICS, LLC	2335 N Belt Hwy Ste F	St Joseph	MO	64506-3020	(816)279-3132
HOPE M. SIMMONS, INC.	601 Hwy 278 E	Amory	MS	38821	(662)256-4723
JESSICA GAMBLE	207 N. 1st Street	Booneville	MS	38829-2735	(662)720-1176
MOLLYMERLE, INC.	118 Service Dr Suite 4	Brandon	MS	39042	(601)591-7208
CASTLES LADIES APPAREL	534 Brookway Blvd.	Brookhaven	MS	39601-3267	(601)835-2323
S.K. STRINGER, INC.	120 Byram Business Center	Byram	MS	39272-9363	(601)346-9099
DEANA S. FERGUSON	112 Town Square	Calhoun City	MS	38916-0000	(662)628-8997
ELISA MAYFIELD BOYD	600 Hwy 16 East	Carthage	MS	39051-4212	(601)267-4865
PW COSMETICS, LLC	500 S Fir Ave	Collins	MS	39428	(601)837-5040
TINA DAVIS MAY	710 Main Street	Columbia	MS	39429-2938	(601)736-7401
LeRue's Boutique LLC	703 Wick St	Corinth	MS	38834	(662)872-3045
KINGSTON COSMETICS, INC.	4405 Aloha East Drive Ste 2	Diamondhead	MS	39525-3380	(228)255-0507
TKP, LLC	200 Dogwood Blvd	Flowood	MS	39232	(769)572-7085
LIZZY AND LACE BOUTIQUE LLC	320 S Main St	Forest	MS	39074	(601)287-8129
TONI & BUFORD TUBBS	220 Howard Street	Greenwood	MS	38930-4334	(662)392-1398

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
STYLES ON SUNSET, LLC	1321 Sunset Drive Ste L	Grenada	MS	38901-4006	(662)226-0605
SONJA & DAVID HOPPER	163 Turtle Creek Dr Ste 40	Hattiesburg	MS	39402	(601)336-4411
DEBRA L. HORTON	2342 Mcingvale Road	Hernando	MS	38632-8755	(662)449-5525
JOYCE F & DWIGHT K PARK	1309 Battleground Dr Ste A	Iuka	MS	38852-1042	(662)423-9855
PAM DEWBERRY	706 North Rutherford Drive	Kilmichael	MS	39747-9495	(662)262-4320
Jordan & Cruise, LLC	319 N Magnolia St	Laurel	MS	39440	(601)651-6489
MANDY L. GOFF	5171 Main Street	Lucedale	MS	39452-6543	(601)947-1212
HOPPER STUDIO 3,LLC	111 Colony Crossing Way Ste 320	Madison	MS	39110-6370	(601)427-5920
STEPHENS OF MENDENHALL, INC	210 North Main St	Mendenhall	MS	39114-3437	(601)847-1922
R.A. CAPLES & SONS, LLC	103 South Frontage Space #214	Meridian	MS	39301-6131	(601)482-1266
SHERRI & DUANE BULLARD	118 West Bankhead Street	New Albany	MS	38652-3313	(662)534-3515
JUDITH ANN GOLLOTT	1066 Thorn Avenue	Ocean Springs	MS	39564-3046	(228)872-3041
A & F SIMMONS LLC	5338 Goodman Rd Ste 119	Olive Branch	MS	38654-0000	(662)874-5263
KB LANSDALE INC	100 Eastbrook Dr	Petal	MS	39465	(601)544-6259
FLY BOUTIQUE, LLC	1703 Hwy 11 North Ste B	Picayune	MS	39466-2069	(601)799-1399
PREWETT ENTERPRISES, INC.	11 S Main	Pontotoc	MS	38863-2811	(662)489-3523
SHERRI&NATALIE BLAIR BULLARD	1204 N City Avenue	Ripley	MS	38663-1417	(662)837-8344
LUNA BELLA, LLC	500 Russell St Ste 5	Starkville	MS	39759	(662)323-5255
JOYCE WADDLE	4015 North Gloster	Tupelo	MS	38804-0938	(662)680-9390
SHARON R BISHOP	1221 Washington Street	Vicksburg	MS	39183-2961	(601)634-1129
BASS HARDY & DAVIS	1117 North Main	Water Valley	MS	38965-1818	(662)473-2811
LISA GOLSON	6696 Hwy 45 Alt 5	West Point	MS	39773-2710	(662)494-6654
BETTY AND TOM WILKINS	2000 South Avenue	Missoula	MT	59801-6506	(406)728-0547
SB BOUTIQUE LLC	120 N 2nd St	Albemarle	NC	28001	(704)983-7462
NU U, INC.	800 Fairview Rd Ste A1	Asheville	NC	28803-1280	(828)299-7403
LOU ELLA SOUTH	1180 Blowing Rock Rd Ste A5	Boone	NC	28607	(828)264-8977
SHELTON WKS ENTERPRISES, INC.	309 Huffman Mill Rd Ste 530	Burlington	NC	27215	(336)584-8824
Mary Robbins	208 Lisbon St	Clinton	NC	28328	(910)592-6305
EDIE'S IDEAS, LLC	1044 Copperfield Blvd Ste 111	Concord	NC	28025	(704)786-3008
CELEBRITY LOOK, INC	21030 Catawba Ave	Cornelius	NC	28031	(704)896-8222
NC CHARM, INC.	4011 Durham-Chapel Hill Blvd Ste 100	Durham	NC	27707-2516	(919)286-3836
DASYN, LLC	406 S. Griffin St, Ste A-4	Elizabeth City	NC	27909-6958	(252)335-5021
ELIZABETHTOWN FLORIST, INC.	122 Broad St	Elizabethtown	NC	28337-8999	(910)862-4471
HEIDE FIELDS	137 Highlands Road	Franklin	NC	28734-2709	(828)369-6465

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
ALL THINGS GIRLY, INC.	208 South Main Street	Fuquay Varina	NC	27526-2223	(919)552-3751
TENN PALMS, INC	524 South New Hope Road	Gastonia	NC	28054-4039	(704)864-7858
Mary Robbins	413 N Spence Ave	Goldsboro	NC	27534	(919)778-4357
FIELDCOE ENTERPRISES, INC	3741 Ste E Battleground Ave	Greensboro	NC	27410-0000	(336)288-8011
DEBBI'S, INC.	608 East Arlington Blvd.	Greenville	NC	27858-5837	(252)756-8404
CETE, INC.	2124 Us Hwy 70 Se Valley Crossing	Hickory	NC	28602	(828)327-0611
BARBARA GOODWIN	144 Westchester Dr Ste 105	High Point	NC	27262-7850	(336)882-6253
MERLE 'N MORE, INC.	346 Oak Avenue Mall	Kannapolis	NC	28081-4340	(704)933-0216
TENN PALMS, INC	22 W 2nd Ave	Lexington	NC	27292-3350	(336)243-2119
SPRING HOLLOW, INC	1202 E Main Street	Lincolnton	NC	28092-3840	(704)240-8999
M C W-NC, LTD	10420 E Independence Blvd Ste 870	Matthews	NC	28105	(704)847-6292
M C W-NC, LTD	2409-E W. Roosevelt Blvd.	Monroe	NC	28110-0417	(704)283-2425
EDIE'S IDEAS, LLC	402h W Fleming Dr	Morganton	NC	28655-3958	(828)433-1262
THE SASSY BOUTIQUE, INC	3601 Trent Rd Ste 8	New Bern	NC	28562	(252)638-3665
Mansfield Enterprises, Inc	4325 Glenwood Ave Ste 2082	Raleigh	NC	27612-3386	(919)781-2661
DREAMWORX ENTERPRISES, LLC	1305 E Broad Ave Ste 29	Rockingham	NC	28379	(910)997-4005
MARY ROBBINS	1623 Thomas A Betts Pkwy	Rocky Mount	NC	27804-2265	(252)937-1972
MIA WINSTEAD-PRICE	809 N Madison Blvd	Roxboro	NC	27573	(336)647-4725
MERLE 'N MORE INC	119 South Main St	Salisbury	NC	28144	(704)870-8194
TRANQUILITY BASE OF NC, LLC	1945 Jake Alexander W Ste 6	Salisbury	NC	28147-1124	(704)633-5772
TONYA SYKES	4530 Main Street	Shalotte	NC	28740	(910)754-7960
OMNI ONE INC.	205 W Broad St	Statesville	NC	28677-5259	(704)873-0405
LINDA WILLIAMS	613 Washington Square Mall	Washington	NC	27889-5700	(252)975-6670
MB COSMETICS LLC	2302 Nash St N Ste. C	Wilson	NC	27896	(252)291-1366
CHRIS ANTHONY COMPANY	12201 N. State Hwy 150 Ste 4	Winston-Salem	NC	27127	(336)594-8009
MEL'S MERLE AND MORE, INC.	3320 Silas Creek Pkwy 540	Winston-Salem	NC	27103	(336)760-1664
F.D.K., INC	3902 13th Ave SW Ste 216	Fargo	ND	58103-3357	(701)282-2268
Dawn Sich	3304 W Capital Ave	Grand Island	NE	68803	(308)381-7691
CATHY RICHARDSON	104 West 24th Street	Kearney	NE	68847-5342	(308)234-9718
BARBARA & THOMAS ROLFES	1405 N Cotner Blvd Ste 302	Lincoln	NE	68505-1625	(402)464-0515
MARIA E. PETERS	4966 Dodge St	Omaha	NE	68132-2918	(402)553-1034
SANDY'S COSMETICS INC	10000 Calif St Westroads S/C	Omaha	NE	68114-2312	(402)397-6463
KRISTINE L. TVRS	935 10th Avenue	Sidney	NE	69162-1609	(308)254-7811
GIA SANTOSUOSSO	20 Mary E Clark Dr Unit 6b	Hampstead	NH	03841	(603)329-7800

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
KFH INC	3 Walter E Foran Blvd Ste 318	Flemington	NJ	08822	(908)782-3220
REIMAGE LLC	556 Middlesex Ave	Metuchen	NJ	08840	(848)229-2742
KAREN G., INC.	1212 Third Avenue	Spring Lake	NJ	07762-1331	(732)449-8711
MN COSMETICS LLC	119 Haddon Ave	Westmont	NJ	08108-2711	(856)854-0609
PATTY CAKE INCORPORATED	2661 Louisiana Ne	Albuquerque	NM	87110-3603	(505)881-1616
THRESHOLD, LLC	1401 N Turner St Ste B3	Hobbs	NM	88240	(575)391-0454
SYLRINA, LLC	76 W Horizon Ridge Pkwy Ste #145	Henderson	NV	89012-5331	(702)796-5200
MCJ COSMETICS, LLC	8751 W Charleston Blvd Ste 120 Nb8	Las Vegas	NV	89117	(702)257-2269
A BEAUTIFUL NEW YOU, INC	48 S Main St Suite 109	Churchville	NY	14428	(585)571-4444
SWAN LAN INC	9374 Transit Rd	East Amherst	NY	14051-1494	(716)634-5040
SARAH WILSON	1032 Routes 5 And 20	Geneva	NY	14456-9543	(315)789-9562
MN MAKEUP INC.	3 Grandview Ave	Nanuet	NY	10954-2510	(845)623-2491
MRS. TERRI GUERIN	70c Beekman Street	Saratoga Springs	NY	12866-4040	(518)584-5642
S.P. COSMETICS, LTD.	41 Popham Road	Scarsdale	NY	10583-4135	(914)725-7130
ELIZABETH ROUNDS, INC.	4777 Vestal Parkway East	Vestal	NY	13850-3772	(607)724-9430
NOW OR NEVER, LLC	4655 Whipple Ave Nw	Canton	OH	44718-2615	(330)493-9101
MOHAN BEAUTY PRODUCTS, LLC	963 S Main Street	Centerville	OH	45458-5801	(937)949-7677
LOOKS UNLTD HAIR DESIGN, INC.	1655 Northbridge St	Chillicothe	OH	45601-4106	(740)775-4450
CAG COSMETICS, LLC	13393 Smith Rd	Cleveland	OH	44130-7810	(440)845-2224
THE EDGE FASHION	121 West Main Street	Coldwater	OH	45828-1702	(419)678-2477
MNC ENTERPRISES, INC.	8659 Sancus Blvd	Columbus	OH	43240-2134	(614)436-4214
CLAUDIA LAMANCUSA	55 Shiawassee Ave Ste 6a	Fairlawn	OH	44333-3793	(330)867-3888
JOY BABE LTD.	1047 Tiffin Avenue	Findlay	OH	45840-6203	(419)425-0009
PAM SHARP, LLC	309 South Broadway	Greenville	OH	45331-1906	(937)459-5030
ROSEMARY COX	3383 Mcdowell Road	Grove City	OH	43123-2907	(614)277-0440
ASMA DURRANI	1289 Edison St Nw Booth236	Hartville	OH	44632-8942	(330)587-4080
RACHELLE TREFZ	123 South High Street	Hillsboro	OH	45133-1442	(937)840-0701
E. D. WAGGONER, INC.	221 S 3rd Street	Ironton	OH	45638-1628	(740)533-1183
JULIE DENNEY	261 Main Street	Jackson	OH	45640-1744	(740)286-5286
TUCKER COSMETICS, LLC	893 Park Ave West	Mansfield	OH	44906	(419)282-0630
BEAUTYWORKS, INC.	6 Tiber Way	Marietta	OH	45750	(740)373-8519
MARY SHEA & PATRICIA SHEA	454 Lake Avenue Ne	Massillon	OH	44646-4352	(330)833-3957
LADIES' COSMETICS & MORE, LLC	211 Rivers Edge Dr	Milford	OH	45150	(513)947-1800
VICTOR ANGELO, LTD., LLC	2160 Preston Parkway	Perrysburg	OH	43551-7254	(419)931-9929

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REGINAS GLAMOUR BAR, LLC	2971 Derr Rd	Springfield	OH	45503	(937)390-9970
BECKY DAVIS & JOHN DAVIS	201 North Front Street	St Marys	OH	45885-2123	(419)394-2484
FRANCES COMMAROTA	Ft Steuben Mall Mall Dr	Steubenville	OH	43952-3092	(740)264-7742
SHANNON SCHWANBECK	6626 Monroe St	Sylvania	OH	43560-1959	(419)882-7815
VICTOR ANGELO, LTD., LLC	5248 Monroe St Ste B	Toledo	OH	43623-3196	(419)841-4027
HAYLEY ANTHONY, LLC	1444 W Main Street	Troy	OH	45373-2551	(937)335-1147
VALERIE JO BENFER	17 East Pearl Street	Willard	OH	44890-1409	(419)935-4247
BEAUTYWORKS, INC.	1224 Brandywine Blvd.	Zanesville	OH	43701-1085	(740)453-2358
JJ JOHNSON LLC	708 East Main	Ada	OK	74820-5628	(580)436-3540
RDE STUDIOS LLC	2400 N.Commerce Ste 106	Ardmore	OK	73401	(580)226-4350
FOWLER COSMETICS LLC	3730 S Elm Pl	Broken Arrow	OK	74011	(918)455-3838
ANN AND JULIE LOFTISS	108 E Main	Cordell	OK	73632-4824	(580)832-5515
SEHI INVENTMENTS LLC	114 S 2nd Ave	Durant	OK	74701	(580)924-1099
MY FAVORITE THINGS, LLC	3248 S Broadway Ste 190	Edmond	OK	73013-4069	(405)657-2322
WILDFLOWER BEAUTY CO LLC	1910 E 2nd St	Edmond	OK	73034	(405)341-0465
SEASON MAYFIELD	109 W 5th St	Elk City	OK	73644	(580)225-2624
RONDA PURVINES	419 North Main	Guymon	OK	73942-4315	(580)338-3020
TENNA S. CARLISLE	106 S Central Ave	Idabel	OK	74745-4848	(580)286-4826
MELKAY, LLC	3801 Nw Cache Rd Ste 24	Lawton	OK	73505	(580)353-1764
JAMJET 321, LLC	113 E Choctaw Ave	Mcalester	OK	74501-5022	(918)558-5705
LMP ENTERPRISES, INC	1326 South York St	Muskogee	OK	74403-7650	(918)687-5330
ROBIN KELLEY	916 Nw 32nd St	Newcastle	OK	73065-0000	(405)387-2801
S&W ARTISTRY, LLP	210 36th Ave SW Ste 1-E	Norman	OK	73072	(405)360-3848
BEALLA HOPE BOUTIQUE INCORPORATED	7101 Northwest Expy Ste 605	Oklahoma City	OK	73132	(405)721-1751
PAWNEE BILL'S OLD TOWN LTD CO	621 Harrison Street	Pawnee	OK	74058-2520	(918)762-1040
VERONA & GLEN MAIR	301 East Grand	Ponca City	OK	74601-4526	(580)765-3143
PHYLLIS' COSMETICS, INC.	200 East Dewey	Sapulpa	OK	74066-4206	(918)224-6912
SWBK ENTERPRISE, INC.	3717 North Harrison	Shawnee	OK	74804-2223	(405)275-1861
SHINE COSMETICS & BOUTIQUE LLC	205 S Perkins Rd	Stillwater	OK	74074	(405)564-5019
GINGER CORNELL & KENNA CORNELL	1806 West Broadway	Sulphur	OK	73086-4246	(580)622-4110
SANTINE/BUTLER	101 N. Muskogee Ave.	Tahlequah	OK	74464-3621	(918)456-6242
HALEY'S COMET INC	4308 South Peoria Avenue	Tulsa	OK	74105-3924	(918)712-7546
IMAGE MAKERS, INC.	1751 Garth Brooks Blvd Ste 104	Yukon	OK	73099-6388	(405)354-3700
BEAUTY QUEST, INC.	3205 Sw Cedar Hills Blvd Ste 36	Beaverton	OR	97005-1374	(503)469-0884
SENSENBACH ENTERPRISES, INC	2680 Ne Hwy 20 Ste 370	Bend	OR	97701	(541)383-8085

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
PECK, INC	922 Nw Circle Blvd Ste 170	Corvallis	OR	97330-1483	(541)753-1484
GW COSMETICS LLC	48 Oakway Center	Eugene	OR	97401	(541)342-4483
PERFECT COLOR, LLC	1314 Center Dr Unit C	Medford	OR	97501-7943	(541)245-4747
DORINDA KAYE HARDING	302 East Third Street	The Dalles	OR	97058-2204	(541)296-3344
AQUALUXE, LLC	127 South Main Street	Chambersburg	PA	17201-2501	(717)264-1791
KAY ROTH	498 Mill St	Danville	PA	17821	(570)284-4153
OUTER IMAGES INC.	22 South Brady Street	Du Bois	PA	15801-2149	(814)375-0559
MAKEUP MY DAY LLC	2618 W 8th St	Erie	PA	16505	(814)833-8370
CARLYNN K. CLISHAM	6065 Allentown Blvd	Harrisburg	PA	17112-2672	(717)540-5818
SHAYLYNN, LLC	1617 Manheim Pike	Lancaster	PA	17601-3027	(717)393-2393
SANDRA OR SARAH BOTTONE	23 Old Clairton Road	Pittsburgh	PA	15236-3912	(412)653-6140
J.M. WICKI, L.L.C.	77 S Main St	Pittston	PA	18640-3108	(570)655-6528
JANE L CAMPBELL	334 East State Street	Sharon	PA	16146-1819	(724)342-7590
OliviaGrace & Co.	300 Corbet St Ste C	Tarentum	PA	15084	(724)335-9001
CHRISTINA MARIE SHENK	406 Penn Avenue	West Reading	PA	19611-1130	(610)374-5991
PERSONAL APPEARANCE, INC.	528 Washington Blvd	Williamsport	PA	17701-5221	(570)322-3954
MARIA FRANCIS	1395 Atwood Ave Ste 204	Johnston	RI	02919	(401)943-3443
LEIGH 77 LLC	501 N Main St	Anderson	SC	29621	(864)224-3131
GLENN & CINDY LANCASTER	243 Main Street	Barnwell	SC	29812-1849	(803)259-7961
MN3 LLC	70 Pennington Dr Ste 21	Bluffton	SC	29910	(843)815-5412
SUSAN HELEN MILLS	130 Amicks Ferry Rd Ste C	Chapin	SC	29036	(803)298-5213
SHIRLEY INFINGER	1688 Old Towne Road	Charleston	SC	29407-5045	(843)556-4255
KAILIA AND JUSTIN BYRD	889 Chesterfield Hwy	Cheraw	SC	29520-5794	(843)253-5279
JONI'S BOUTIQUE & GIFTS LLC	7011 St Andrews Road Unit A-8	Columbia	SC	29212-1176	(803)542-7422
ETHEL DAVIS	1805 Park View Road	Conway	SC	29526-3566	(843)248-4168
BUCK MGMT OF S.CAROLINA, INC	84 Public Square	Darlington	SC	29532-3216	(843)395-2252
ALEXIS REID HAIR SALON, LLC	221 E Main St	Dillon	SC	29536-3434	(843)774-9243
GIGI, LLC	5051 Calhoun Memorial Hwy Ste L	Easley	SC	29640	(864)850-7700
M N COSMETICS & MORE, INC	2151-K West Evans St.	Florence	SC	29501-4085	(843)662-0971
EVERYDAY ELLE LLC	835 Front St	Georgetown	SC	29440	(843)833-8364
WICKED PEARLS, LLC	101 Verdae Blvd Ste 100	Greenville	SC	29607	(864)297-1753
TLA STUDIO 68 LLC	2537 N Pleasantburg Dr	Greenville	SC	29609	(864)232-4553
LEE-FREE, INC.	201-B Hampton Street	Greenwood	SC	29646-2271	(864)229-3322
CHERYL SMITH & HEATHER SMITH	806 W Wade Hampton Blvd Ste A	Greer	SC	29650	(864)877-6121
BEAUTY & GRACE LLC	311 E Greer St	Honea Path	SC	29654	(864)369-7173



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L. MATTHEWS & V. MATTHEWS	117 West Main Street	Lake City	SC	29560-2425	(843)394-1494
LTD ASSOCIATES, LLC	949 North Main St	Lancaster	SC	29720-2183	(803)285-1313
TERA INDUSTRIES, INC.	427 Columbia Ave Vllge Sq Sc	Lexington	SC	29072-2615	(803)359-7755
TONYA SYKES	4118 Rail Road Avenue	Loris	SC	29569-0000	(843)756-8134
CG'S MN STUDIO, LLC	9618 N. Kings Highway	Myrtle Beach	SC	29572-4006	(843) 449-8600
CREATIVE STYLING, INC.	2825 Main Street	Newberry	SC	29108-2200	(803)276-7300
GWEN'S SALON & BEAUTY LLC	202 S Pine St	Pageland	SC	29728	(843)672-6218
T & JC LLC	335 Herlong Ave Ste 203	Rock Hill	SC	29732	(803)327-3505
WINSTON RIVERS, LLC	750 Bass Dr	Santee	SC	29142	(803)883-2148
331 MARKET BOUTIQUE LLC.	331 Market St	Seneca	SC	29678-0926	(864)882-3336
C.C. 2 ENTERPRISES, INC.	655 Fairview Rd Ste N	Simpsonville	SC	29680	(864)962-1767
APRIL'S MADEMOISELLE LLC	540 Bultman Dr Ste 1a	Sumter	SC	29150-2578	(803)778-2479
JANICE K BARTELL	218 S. Congress Street	Winnsboro	SC	29180-1106	(803)635-2922
SUSAN AND ROBERT CAMERON	351 Dakota Ave South	Huron	SD	57350-2410	(605)352-6553
AIDA ASSAM	3400 W 49th St STE 116	Sioux Falls	SD	57106-2316	(605)362-1014
HALEY JONES & PHYLLIS BUSHART	157 S Bells St	Alamo	TN	38001-1785	(731)696-2606
S. CAROL & COMPANY, LLC	11664 Highway 51 South	Atoka	TN	38004-0000	(901)482-5879
IVY L. WILLIAMSON	221 South Main St Ste 4	Bolivar	TN	38008-2705	(731)658-2951
SONJA LAZARZ	330 Franklin Rd Ste 220-B	Brentwood	TN	37027-3280	(615)309-1946
BOUNDLESS VENTURES LLC	2333 Madison St	Clarksville	TN	37043	(931)553-1313
Dandelions Medical Spalon & Boutique LLC	211 1st St NE	Cleveland	TN	37311	(423)790-0818
MICHELE G. COLLINS	289 S. Charles Seivers Blvd	Clinton	TN	37716-3928	(865)457-3624
Stevie's MN Studio and Spa of Collierville LLC	102 Mulberry Street	Collierville	TN	38017	(901)850-9105
SKYLAR VASQUEZ	1121 Trotwood Ave Ste 8	Columbia	TN	38401-1803	(931)388-7233
CYNTHIA & GARY STRONG	601 Vickers Place	Cookeville	TN	38501-3948	(931)526-6576
S.CAROL & COMPANY, LLC	120 W Pleasant Ave	Covington	TN	38019	(901)617-2210
M.R.K CORPORATION	957 West Ave Ste 105	Crossville	TN	38555-4396	(931)484-6530
JACKSON & WEST, LLC	1925 Dechard Blvd	Dechard	TN	37324-3831	(931)967-0387
PRAGMA LLC	490 Highway 51 Bypass W Ste B	Dyersburg	TN	38024	(731)285-8441
MICHELLE & ANDREA'S M.N., INC.	541 East Elk Avenue	Elizabethton	TN	37643-3312	(423)542-2691
David Banning	106 Main Ave N	Fayetteville	TN	37334	(931)433-5775
SARA GARRETT	7730 Poplar Ave Ste 4	Germantown	TN	38138-3948	(901)754-0398
TAMARA WILCOX/LINDA HARTMAN	819 Tusculum Blvd	Greeneville	TN	37745-4001	(423)639-9612
ANNETTE FRYE	101 W. Main St.	Henderson	TN	38340-2211	(731)989-7540

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GENJI PRATER	19763 East Main St	Huntingdon	TN	38344-3824	(731)986-9123
Envy Boutique of Jackson	180 W University Pkwy Ste F	Jackson	TN	38305-1612	(731)868-2938
WILLIAMS/WILLIAMS	211 North Smith Street	Jamestown	TN	38556-3504	(931)879-8515
DIANNE & MICHAEL BRITT	2011 N Roan St Upper Level	Johnson City	TN	37601	(423)282-3100
DON OSBORNE	1880 N Eastman Rd Ste 300	Kingsport	TN	37664-2312	(423)378-4966
FARROW & FARROW	2541 Maple Dr #A	Knoxville	TN	37918-2332	(865)687-6631
EDITH JACKSON	7240 Kingston Pike Ste 120	Knoxville	TN	37919	(865)525-9595
8-3-1, INC.	11019 Parkside Drive	Knoxville	TN	37934-1953	(865)966-1112
Georgia Brumfield & Lisa Castleman	5224 Murfreesboro Rd	La Vergne	TN	37086	(615)793-7015
GLORIA & WILLIAM JOHNSON	204 Public Square	Lafayette	TN	37083-1238	(615)666-2144
DEBORAH D. HAGAN	909 N Locust Ave Ste 104	Lawrenceburg	TN	38464-2871	(931)766-4009
Anastasiya Bryant	220 W Church St	Lexington	TN	38351-2104	(731)249-9404
DALYN & BERT PATTERSON	111 North Walnut Street	Linden	TN	37096-3363	(931)589-3364
JACKSON & WEST, LLC	1909 Mcarthur Street	Manchester	TN	37355-2623	(931)728-0440
PARKER SALES & CO., LLC	100 Frederick St	Martin	TN	38237-2109	(731)588-5090
YVONNE & GARY BUTLER/M HAYES	2602 Us Hwy 411 S Ste 104	Maryville	TN	37801-8709	(865)982-2990
JENNIFER MORTON	1100 Smithville Hwy #125	Mc Minnville	TN	37110-1666	(931)473-5227
A & F Simmons LLC	4730 Spottswood Ave	Memphis	TN	38117-4817	(901)683-5314
TAMARA HARTMAN WILCOX/LINDA HARTMAN	215 W Main St	Morristown	TN	37814	(423)581-5764
AUDIBLE DREAMS, LLC	3384 N Mt Juliet Rd Ste 600	Mt Juliet	TN	37122-0007	(615)773-4424
RM MUDD ENTERPRISES, LLC	7108 Hwy 70 S Ste D2	Nashville	TN	37221	(615)646-2801
GINA AND STEVE PHILLIPS	19102 Alberta St	Oneida	TN	37841-6003	(423)569-5130
KARRI A BARNES	102 N Market Street	Paris	TN	38242-1705	(731)641-1390
LAYLA ROBERTS	810 Tennessee Ave South / Parsons	Parsons	TN	38363-4623	(731)847-3501
REGINA HUTCHERSON	333 Cleveland Street	Ripley	TN	38063-1205	(731)635-4168
CHARLOTTE CALVERT	405 Main Street	Savannah	TN	38372-2062	(731)926-4024
DEBBIE REAGAN	209 Forks Of The River Pkwy Ste 2	Sevierville	TN	37862	(865)453-4445
A SEIBERS LLC	105 South Side Square	Shelbyville	TN	37160	(931)684-8728
JOYCE CONRAD & MISTY THOMPSON	530 S Main Street	Sweetwater	TN	37874-2705	(423)337-7003
Jamie Money-Hill and Joshua Hill	115 Nw Atlantic St	Tullahoma	TN	37388	(931)563-7128
LEAH M TURNBOW	206 E Reelfoot Avenue Ste 21	Union City	TN	38261-5743	(731)885-9625
MISTY D. PINA	1613 Hwy 411	Vonore	TN	37885	(423)884-3285
RENEE BELL	119 Waverly Plz Ste C	Waverly	TN	37185-1531	(931)296-1220
SHERRY RICH	112 Public Sq N	Waynesboro	TN	38485-1008	(931)722-9212



STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
MEA ENTERTAINMENT LLC	3301 S 14th St B-20	Abilene	TX	79605	(325)704-2217
JOLENE B. & JOHN II VANOVER	517 Flournoy Road	Alice	TX	78332-4001	(361)664-7722
MOORE BEAUTY BOUTIQUE LLC	541 W Mcdermott Dr Ste B	Allen	TX	75013-8033	(972)396-1979
B&I COSMETICS LLC	3440 Bell St #106	Amarillo	TX	79109	(806)352-1022
EVELYN VANDEVENTER	2812 Soncy Rd.	Amarillo	TX	79124-2000	(806)355-2302
MICHELLE LABRIER	2628 Wolfli Ave	Amarillo	TX	79109-1826	(806)352-8881
TINA L. GOE	116 S Velasco St Ste B (City Anex)	Angleton	TX	77515	(979)946-4066
SUE PEARSON/ HANNAH HALL	1020 Commercial Ave	Anson	TX	79501-4309	(325)823-2321
MRS PATRICIA I GILDEN	432 S. Commercial	Aransas Pass	TX	78336-1808	(361)758-5533
BJF ENTERPRISES, LLC	607 E Tyler St Ste 107-5	Athens	TX	75751	(903)675-5377
BECKY WILBANKS	119 East Main Street	Atlanta	TX	75551-2633	(903)796-2451
KATHYSMN INC.	407 W Baker Rd Ste J	Baytown	TX	77521-2349	(281)421-2314
KAY BEARD	6346 Phelan Blvd	Beaumont	TX	77706-6150	(409)866-6846
LONE STAR COSMETICS STUDIO INC	1420 Airport Fwy Ste I	Bedford	TX	76022	(817)283-3979
SOUTHERN BLUSH, LLC	1203 Scurry St	Big Spring	TX	79720	(432)517-4723
DELIA AMARO	318 Pecan Street	Blanco	TX	78606	(830)833-4343
BAKER & BAKER VENTURES, LLC	123 Pecan Street	Boerne	TX	78006-2341	(830)331-8445
EDGERLY'S LLC	1145 Texas Ave Ste F	Bridge City	TX	77611	(409)735-5829
ALDANI, INC.	850 W Price Rd	Brownsville	TX	78520	(956)546-1638
KKG CLOTHING AND MAKE UP, LLC	707 Coggin Ave	Brownwood	TX	76801-3503	(325)646-4816
MORGAN FITZGERALD CORPORATION	3800 S. Texas Ave	Bryan	TX	77802-3712	(979)268-0608
DOUBLE K BOUTIQUE LLC	437a Sw Wilshire Blvd	Burleson	TX	76028	(817)295-1902
JADE 1st STREET PROPERTIES, LLC	309 E Polk St	Burnet	TX	78611	(512)234-8147
SHARON WOOD	301 E Hwy 243 Ste 103	Canton	TX	75103	(903)567-4112
LONE STAR COSMETICS STUDIO INC	2662 N Josey Ln Ste 221	Carrollton	TX	75007-5506	(972)242-4665
CALACORD ENTERPRISES, LLC	1015 Hwy 90 W Ste 4	Castroville	TX	78009-3817	(830)355-2118
TERRI FLOYD	208 S Kearney	Clarendon	TX	79226-0000	(806)874-3335
BEVERLY & CLIFF HOLDEN	132 S Ridgeway Dr	Cleburne	TX	76033-4612	(817)558-0276
J. JONES, J. PAGE & J. PRICER	306 Commercial Ave	Coleman	TX	76834-4214	(325)625-2381
SLOAN ENTERPRISES II, INC.	2212 Interstate 45 N	Conroe	TX	77301	(936)756-6543
DAWN MCJENNETT	212-A E Hwy 190	Copperas Cove	TX	76522-2958	(254)547-2422
LYDIA C. ORTA	745 Everhart Rd Ste D	Corpus Christi	TX	78411	(361)993-7131
GINGER PERSILVER	201 N Beaton St	Corsicana	TX	75110	(903)874-5022
HAUTE SUBURBAN MESS LLC	25712 Highway 290 Suite 1	Cypress	TX	77429-1046	281-304-4000

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
ANGIE GRIFFIN	6456 E. Mockingbird Lane	Dallas	TX	75214-7025	(214)823-6649
RAIRE TREASURES, LLC	2205 Veterans Blvd Ste G5a	Del Rio	TX	78840-3120	(830)488-6256
ANGELA GREEN	2430 S Interstate 35 E Ste 154	Denton	TX	76205	(940)891-0624
NKS DELESANDRI LLC	3505 Gulf Fwy	Dickinson	TX	77539	(281)337-2023
BRADBERRY BUILDERS SUPPLY, INC	120 E Blackjack Street	Dublin	TX	76446	(254)445-3333
AMY REED	937 E. Main	Eastland	TX	76448-3014	(254)629-3533
SCHUMANN'S INC	309 West Blanchard	Eden	TX	76837-0247	(325)869-6801
RADEN COSMETICS, L.L.C.	1900 W University Dr Ste 5	Edinburg	TX	78539	(956)383-4511
FABIANA & JESSE R. LICON	4601 Hondo Pass Rd Ste D	El Paso	TX	79904-1457	(915)755-4522
AMY SIMS	108 W Ennis Ave Ste B	Ennis	TX	75119	(469)881-1217
BISHOPS COSMETICS&BOUTIQUE LLC	207 W Broad St	Forney	TX	75126-9161	(972)552-2270
TINK ENTERPRISES, LLC	1722 Mall Cir	Fort Worth	TX	76116-1537	(817)732-7575
LONI ARANDA	112 S Friendswood Dr	Friendswood	TX	77546-3915	(281)482-6801
MIRABEAUX, INC.	3245 W Main Street Ste 247	Frisco	TX	75034-4411	(214)705-7810
GAIL FLETCHER'S MNC LLC	4170 Lavon Dr Ste 124	Garland	TX	75040-2975	(972)495-6911
CELESTE BLANKENSHIP	3415 Williams Dr Ste 110	Georgetown	TX	78628-2885	(512)863-0988
DME COSMETICS AND MORE, INC.	2151 E. Hwy 377	Granbury	TX	76049-5951	(817)573-4776
LYNDA & DAN PERKINS	1270 William D Tate Ave Ste 200	Grapevine	TX	76051-4098	(817)251-0208
BEVERLY HERFORD	4300 Lincoln Ave.	Groves	TX	77619-5346	(409)962-2990
ALDANI, INC.	1205 E. Tyler	Harlingen	TX	78550-7139	(956)412-6363
GLENDA RUTKOWSKI	413 South 1st Street	Haskell	TX	79521-5719	(940)864-2501
DENNA BRIGHTWELL	404 Us-79 N	Henderson	TX	75652	(903)722-2278
BRIGHTSIDE BOUTIQUE INC.	1400 Shoal Creek	Highland Village	TX	75077	(972)317-5350
LONI ARANDA & BILL PHILLIPS	5211 Farm To Market 1960 Rd W Ste B	Houston	TX	77069	(281)444-7931
D. MORISH, LLC	4216 Ella Blvd Ste B	Houston	TX	77018	(713)686-5993
LYNDA & DAN PERKINS	672 Grapevine Hwy	Hurst	TX	76054	(817)284-4061
CHERYL GRABOW	105 E Commerce St	Jacksonville	TX	75766-4901	(903)586-2776
William & Kimberly Morgan	924 N. Wheeler Street	Jasper	TX	75951-3129	(409)384-4680
T&G STAGGS, LLC	23501 Cinco Ranch Blv Ste E120	Katy	TX	77494-3104	(281)395-5200
Candice Countryman	1605 1/2 South Washington St	Kaufman	TX	75142	(972)932-3944
LSTENCE LIMITED LIABILITY COMPANY	900 S Main St Ste 357	Keller	TX	76248-7022	(817)741-6900
BAKER & BAKER VENTURES, LLC	1225 Bandera Hwy Ste I	Kerrville	TX	78028-9608	(830)315-1122
AUTONOMIS, LLC	4315 Kingwood Dr	Kingwood	TX	77339	(281)360-5340
EverythingU, LLC	417 N Margaret Ave	Kirbyville	TX	75956-1605	(409)420-5005

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
JODY CONNEVEY	1902 North Main	Liberty	TX	77575-3802	(936)336-3241
CITY CHIC COSMETICS, LLC	3500 Mccann Rd Ste L7a	Longview	TX	75605	(903)753-0041
DONNAJ BURGESS ENTERPRISES	6816 Slide Rd Ste 7	Lubbock	TX	79424-1535	(806)771-3147
AMY JO ROLAND-LOONEY	924 S John Redditt Dr	Lufkin	TX	75904-4325	(936)632-1525
KAY BEARD	837 N. Main St Ste 102	Lumberton	TX	77657-7358	(409)755-6311
RIMEGDA, LP	1219 E Debbie Ln Ste 113	Mansfield	TX	76063	(817)473-0880
THE WILD NAVY, LLC	212 Avenue H	Marble Falls	TX	78654	(830)693-7573
THE CHICKEN PLACE, INC.	239 Live Oak	Marlin	TX	76661-2838	(254)803-6642
GAT LLC	1806 E End Blvd Ste 200	Marshall	TX	75670-0732	(903)935-5483
RHELDA BAILEY	129 S Central Expressway	Mc Kinney	TX	75070-3743	(972)542-1630
RADEN COSMETICS, L.L.C.	2200 S 10th St	Mcallen	TX	78503	(956)687-4462
ALDANI, INC.	4500 N 10th St Ste 110	Mcallen	TX	78504	(956)687-7544
TRUDY CAIN	309 East Milam	Mexia	TX	76667-2936	(254)562-2582
SOROLIN, LLC	3209 Courtyard Dr Ste B	Midland	TX	79705	(432)694-1505
MARY ANN BEVERS	1602 SE 1st ST	Mineral Wells	TX	76067-5642	(940)325-8762
SOPHIA'S ENTERPRISE CORP	2713 E Griffin Pkwy	Mission	TX	78572	(956)687-5700
BRYAN N REED AND CATHY J REED	15949 Hwy 105 W Ste 50	Montgomery	TX	77356-5660	(936)582-6610
LMNC, LLC	1101 W 16th Street	Mount Pleasant	TX	75455-2043	(903)572-3501
CHIC BOUTIQUE & SPA, LLC	207 E Main St	Nacogdoches	TX	75961	936-569-0448
BEVERLY HERFORD	3302 Nederland Ave Ste 300	Nederland	TX	77627	(409)724-7500
EVELYN KATE, INC.	1312 Common Street Ste 403	New Braunfels	TX	78130-3567	(830) 837-8107
CAROLYN'S COSMETICS INC	1541 John B Shepperd Pkwy Ste6	Odessa	TX	79761-1952	(432)362-7544
EDGERLY'S LLC	2224 Macarthur Dr	Orange	TX	77630	(409)883-3360
MARLA MAPLES	201 N Collegiate Dr Ste 825	Paris	TX	75460	(903)785-6534
TANTE LA NIECE, LLC	3204 Olton Rd	Plainview	TX	79072-6628	(806)293-1783
LONE STAR COSMETICS STUDIO INC	2955 W 15th St	Plano	TX	75075	(972)596-6405
RUBY DEAL/MELANIE POPPENHUSEN	415 W Bermuda St	Quitman	TX	75783-2407	(903)763-5194
Lauren's Cosmetics Skincare & Gifts LLC	208 East Highway 90a	Richmond	TX	77406	(281)762-7783
COLOR 4 YOU LLC	5130 E Us Hwy 83 Ste 3	Rio Grande City	TX	78582-6311	(956)370-1010
GAIL FLETCHER'S MNC LLC	2845 Ridge Road Ste 219	Rockwall	TX	75032-5520	(972)771-5850
KNIGHT'S LANTERN, L.L.C.	110 N Interstate 35 Ste.215	Round Rock	TX	78681	(512)255-2990
RM ROHMFELD HOLDINGS, LLC	5028 Knickerbocker Rd Ste B	San Angelo	TX	76904-3116	(325)227-6754
POWELL'S COLLECTOR'S GALLERY, INC.	13500 West Ave	San Antonio	TX	78216	(210)497-1334

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
BAKER & BAKER VENTURES,LLC	11255 Huebner Rd Ste 106	San Antonio	TX	78230-1684	(210)561-2500
BARKIDS ENTERPRISES I, LLC	705 W. Hopkins Ste 100	San Marcos	TX	78666-4380	(512)353-5002
CRISTY AUSTERMANN	318 E Wallace St	San Saba	TX	76877-3526	(325)372-5865
CINDI USELTON	1800 N Travis St Ste H	Sherman	TX	75092	(903)891-0891
MARY ANN KENNEY PAJESTKA	410 S Crockett	Sonora	TX	76950-6812	(325)387-5507
KRISTIN TURNER	4935 Fm 2920	Spring	TX	77388-3115	(281)907-6491
MARCIA HINKELDEY	212 Davis St N	Sulphur Springs	TX	75482-2637	(903)885-7103
Lynn & Ralph Baird	2844 Richmond Rd	Texarkana	TX	75503	(903)838-5251
SLOAN ENTERPRISES II, INC	253 Sawdust Road	The Woodlands	TX	77380-2238	(281)771-3002
NANCY JAN GREEN	27734 Tomball Pkwy Ste 12a	Tomball	TX	77375-6472	(281)255-9600
FACIAL EXPRESSIONS, INC	4722 S Broadway Ave	Tyler	TX	75703-1308	(903)561-3984
FACIAL EXPRESSIONS, INC	1875 Troup Hwy	Tyler	TX	75701-5871	(903)592-2135
DONNA SMITH	945 North Main Street	Vidor	TX	77662-4337	(409)617-3338
BOPETE, LLC	401 N Hwy 77 Ste 8	Waxahachie	TX	75165-7857	(972)937-9696
RADEN COSMETICS, L.L.C.	515 E Expressway 83	Weslaco	TX	78596-4998	(956)606-4447
NANCY LEE, INC.	3401 Kemp Blvd	Wichita Falls	TX	76308-1800	(940)691-6111
McBride Enterprise, LLC	111 W Pine Ave	Winnie	TX	77665-9014	(409)296-4008
ASHLEY BRYANT, LLC	220 Market St	Winnsboro	TX	75494-2532	(903)347-1022
EverythingU, LLC	316 S Magnolia St	Woodville	TX	75979-5235	(409)283-3311
VM GREEN STUDIO LLC	8810 Woodway Dr Ste 302	Woodway	TX	76712	(254)772-5364
HEIMBERG, L.C.	252 E Winchester St	Murray	UT	84107-7305	(801)313-0300
SANDI GRAHAM	221 W. 200 S, Ste F	St George	UT	84770-3560	(435)628-1115
CHRISTIE M. THOMPSON	320 Towne Centre Drive	Abingdon	VA	24210-3248	(276)676-2882
MISTY HICKS	164 Piedmont Ave	Bristol	VA	24201	(276)644-4944
CURD-MARTIN, INC.	226 East Davis Street	Culpeper	VA	22701-3014	(540)825-4391
N'tended for Kids, Inc	411 Craghead St Ste 100	Danville	VA	24541	(434)799-0757
MARY WORRELL	1100 Armory Drive Ste 110	Franklin	VA	23851-2418	(757)562-4200
BRENDA, NOEL & CHRISTY COUNTS	102 Coliseum Crossing	Hampton	VA	23666-5971	(757)827-9009
DONNA BLEVINS	914 North Main Street	Marion	VA	24354-2514	(276)783-1039
DACATA, INC.	11158 Hull Street Rd Ste 7	Midlothian	VA	23112	(804)744-2980
COCOMETICS, LLC	7801-21 W Broad Street	Richmond	VA	23294-6309	(804)282-5437
SHANTU, INC.	4292 Electric Rd	Roanoke	VA	24018-0728	(540)774-9013
R & P Crew, LLC	230 Franklin St Ste 201 C	Rocky Mount	VA	24151	(540)238-2252
HOLLAND & HOLLAND LLC	401 Maple Avenue East	Vienna	VA	22180-4700	(703)938-6644
MOSCONI ENTERPRISES, INC.	2728 N Mall Dr Ste 102	Virginia Beach	VA	23452	(757)463-2846
BLACKTHORN CORPORATION, INC	421 W Main St #100	Waynesboro	VA	22980	(540)949-5335

STUDIO OWNER	STUDIO ADDRESS	CITY	ST	ZIP CODE	STUDIO PHONE #
CHRISTEL COSMETICS LLC	3051 Valley Ave Ste 106	Winchester	VA	22601	(540)665-8048
LASTING IMPRESSIONS TOO, INC.	141 Plaza Road	Wise	VA	24293	(276)679-7348
STELLA CONNORS	33 Memorial Ave	Manchester Center	VT	05255-0000	(802)362-5347
IMAGINE THAT 88 LLC	3925 8th Ave SE Ste F	Lacey	WA	98503	(360)491-4911
JBSOTO, LLC	524 N Richmond St	Appleton	WI	54911-4657	(920)731-9051
HITT STUDIOS,INC.	95 North Moorland Rd Suite F-15	Brookfield	WI	53005-6053	(262)782-4406
CREATIVE BEAUTY, INC.	1208 12th Ave	Grafton	WI	53024	(262)346-8386
MARLENE JOHNSON	2164 S. Ridge Road	Green Bay	WI	54304-4357	(920)499-1274
SALTER STUDIOS INCORPORATED	5300 S 108th St STE 21	Hales Corners	WI	53130	(414)421-3788
JOJO COSMETICS, LLC	2919 N Lexington Dr Ste 108	Janesville	WI	53545	(608)754-8023
BEAUTIFUL SKIN, LLC	4240 East Towne Blvd	Madison	WI	53704-3704	(608)244-0408
THE DAY SPA BOUTIQUE, LLC	249 South Central	Marshfield	WI	54449-2836	(715)384-8000
BLISS SALON LLC	904 17th Ave	Monroe	WI	53566	(608)325-7373
PERFECT POSSIBILITIES, LLC	158 E Wisconsin Ave	Oconomowoc	WI	53066	(262)468-4225
ARACOMA DRUG CO OF CHAPMANVILL	772 Main St	Chapmanville	WV	25508-4533	304-855-4541
INFINITY MANAGEMENT GROUP LLC	2 Crossroads Mall Sp B9	Mount Hope	WV	25880-9507	(304)255-7758
STRASCO 'L.L.C.'	611 Rogers St.	Princeton	WV	24740-3648	(304)425-9700
J AND Z ENTERPRISES, INC.	506 Grand Central Ave	Vienna	WV	26105	(304)295-3142

**EXHIBIT F.2.**  
**LIST OF INACTIVE STUDIOS**

MERLE NORMAN COSMETICS, INC.  
 INACTIVE STUDIOS  
 JANUARY 1, 2023 - DECEMBER 31, 2023

ACCOUNT NAME	STUDIO ADDRESS	CITY	ST	ZIP CODE	PHONE NUMBER
WASILLA COSMETICS LLC	1375 E Parks Hwy	Wasilla	AK	99654-8288	(907)244-2798
MRS SUE LAYTON	2529 Moody Parkway	Moody	AL	35004-3008	(205)296-1533
TUCKER FAMILY INVST HLDGS, LLC	2701 Mall Dr Ste 13	Florence	AL	35630	(256)810-5538
DIANNE LAWRENCE	107 N Chalkville Road	Trussville	AL	35173-1341	(205)527-2066
SOUTHERN BLESSINGS BOUTIQUE, LLC	33653 Us Highway-43	Thomasville	AL	36784	(334)654-3577
MRS SHIRLEY CURRY	311 Main Street	Fordyce	AR	71742-3711	(870)866-3044
ANITA & GEORGE PANNELL	117 East 7th Street	MOUNTAIN HOME	AR	72653-4411	(870)421-5279
LANCE MARTIN INC	3711 Arlington Ave	Riverside	CA	92506-2656	951-675-1155
MJ IMAGE LLC	4020 E Main St B7-1	Ventura	CA	93003	805-212-8976
AMBER VILLAREAL	5549 Calloway Dr Ste 3	Bakersfield	CA	93312	(661)448-3672
MAIKO SCHRAN	507 Central	Pacific Grove	CA	93950-2704	(831)277-3899
MRS SHARRON M LINNER	330 W Felicita Ave	Escondido	CA	92025	(760)525-2913
BEVERLY A WATSON	610 Sherman	Fort Morgan	CO	80701-3538	970-768-3502
CYGNUS 'G' INC	206b W 29th St	PUEBLO	CO	81008-1004	(719)214-8452
SALLY ANN'S INC.	116 N. Main St	Branford	CT	06405-3030	2032145731
MCCLAIN VENTURES, LLC	19470 Coastal Hwy Ste 2	Rehoboth Bch	DE	19971-6127	(302)344-9165
ARABELALYNNE, LLC	24212 W. Newberry Road	Newberry	FL	32669-2211	(352)222-2866
WONO LLC	2621 Enterprise Rd Ste 600	Orange City	FL	32763	407-474-2564
RENEE'S COSMETICS, INC	2261 Town Center Ave Ste 143	Viera	FL	32940	321-961-7422
INNER GLOW, INC.	9480 Hwy 5 /Arbor Square	Douglasville	GA	30135-1566	770.855.5743
PENNI'S NEST, LLC	3143 N Ashley St Ste A	Valdosta	GA	31602-1076	(229)546-5293
IMBLER, MILLER, ZIRKLE	1513 East Markland Avenue	Kokomo	IN	46901-6230	7654343008
MN OF CARENCRO, LLC	503 N Church Street	Carencro	LA	70520	(504)729-8860
GLORIA'S SWEET AND SASSY BOUTIQUE LLC	8352 Highway 171	Grand Cane	LA	71032	(318) 617-4770
WTC, LLC	3100 North Lilley Road	Canton	MI	48187-3758	(734)578-6727
WDI, LTD	12714 Olive Blvd	Creve Coeur	MO	63141-6211	(314)852-4455
KINGSTON COSMETICS, INC	10420 Factory Shop Blvd	Gulfport	MS	39503	(228)493-1669
HARDT BOUTIQUE, LLC	548 Brawley School Rd	Mooresville	NC	28117	(704) 239-4250
BRIDGEWATER COSMETICS, LLC.	303 Route 202 / 206	Bridgewater	NJ	08807-2442	(732)910-4671
BLOOM VENTURES, LLC	3420 N Grimes St Ste 100	Hobbs	NM	88240	(575)399-2067
RETA MCCARTHY	527 Charles Ave Geddes Plaza	Syracuse	NY	13209-1727	(315)415-3526

ACCOUNT NAME	STUDIO ADDRESS	CITY	ST	ZIP CODE	PHONE NUMBER
WELL BALANCED LLC	815 Blooming Grove Turnpike	New Windsor	NY	12553	(203)414-4806
MRS BARBARA CAMP	307 W Jefferson Ave	Checotah	OK	74426	(918)617-7259
E.T.F., INC.	700 Haywood Rd Ste 220	Greenville	SC	29607	(864)346-6500
THE BOUTIQUE LLC	5450 Hwy 153 Ste 182	Hixson	TN	37343-3779	6152956168
SONJA LAZARZ	1709 Galleria Blvd Ste 1007	Franklin	TN	37067-1776	(615)818-8555
LEGACY SPA, LLC	9650 Westheimer Rd #500	Houston	TX	77063-3205	(830)305-4233
AQT STUDIOS, LLC	2504 Center Street	Deer Park	TX	77536-4904	(832)816-5306
THE PERFECT FACE, LLC	907 4th Ave	Huntington	WV	25701	(606) 922-5440
INFINITY MANAGEMENT GROUP LLC	975 W Washington St	Lewisburg	WV	24901	(304)763-1795



**EXHIBIT G**  
**EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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:

<b>State</b>	<b>Effective Date</b>
California	(Exempt)
Hawaii	Not registered
Illinois	
Indiana	
Maryland	(Exempt)
Michigan	
Minnesota	
New York	(Exempt)
North Dakota	(Exempt)
Rhode Island	(Exempt)
South Dakota	
Virginia	(Exempt)
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate 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 Merle Norman Cosmetics, 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.

New York requires that MNC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that MNC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Merle Norman Cosmetics, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state administrator listed in Exhibit A. Merle Norman Cosmetics, Inc.’s agents for service of process in certain states are listed in Exhibit B.

Franchise Seller: Name - \_\_\_\_\_; Address - \_\_\_\_\_; and Phone No. - \_\_\_\_\_

I have received a Franchise Disclosure Document issued on April 23, 2024. This Disclosure Document included the following exhibits: A. List of State Administrators; B. List of Agents for Service of Process; C. Operations Manual Table of Contents; D. Financial Statements; E.1. Studio Agreement; E.2. Gold Medallion Studio Addendum; E.3. Ecommerce Addendum; E.4. Credit Card Agreement; E.5. Promissory Note – MN POS & Hardware; E.6. POS Purchase Agreement; E.7. Security Agreement; E.8. Software License Agreement; F.1. List of Active Studios; F.2. List of Inactive Studios; and G. State Effective Dates.

Date Disclosure Document Received

Date Disclosure Document Received

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

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Signature

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Signature

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Address

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Address

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City State Zip Code

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City State Zip Code

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Area Code Phone Number

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Date Disclosure Document Received

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Print Name

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City State Zip Code

\_\_\_\_\_  
City State Zip Code

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Area Code Phone Number

\_\_\_\_\_  
Area Code Phone Number

**TO BE RETAINED BY YOU**

**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 Merle Norman Cosmetics, 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.

New York requires that MNC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that MNC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Merle Norman Cosmetics, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state administrator listed in Exhibit A. Merle Norman Cosmetics, Inc.'s agents for service of process in certain states are listed in Exhibit B.

Franchise Seller: Name - \_\_\_\_\_; Address - \_\_\_\_\_; and Phone No. - \_\_\_\_\_

I have received a Franchise Disclosure Document issued on April 23, 2024. This Disclosure Document included the following exhibits: A. List of State Administrators; B. List of Agents for Service of Process; C. Operations Manual Table of Contents; D. Financial Statements; E.1. Studio Agreement; E.2. Gold Medallion Studio Addendum; E.3. Ecommerce Addendum; E.4. Credit Card Agreement; E.5. Promissory Note – MN POS & Hardware; E.6. POS Purchase Agreement; E.7. Security Agreement; E.8. Software License Agreement; F.1. List of Active Studios; F.2. List of Inactive Studios; and G. State Effective Dates.

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**TO BE RETURNED TO MNC**