

FRANCHISE DISCLOSURE DOCUMENT



EMERGING VISION, INC.,
A New York Corporation
100 Quentin Roosevelt Avenue
Garden City, New York 11530
646 -737-1500
www.sterlingoptical.com

The Franchise being offered by EMERGING VISION, INC. ("EVI") is for the operation of a retail optical center (the "Center"), generally being operated under the name STERLING OPTICAL, but which also may be operated under such other name as EVI may authorize or require, offering, for sale, prescription and non prescription eye wear and related items and services, which Centers, in most cases, offer the services of an employed or otherwise affiliated optometrist or other eye care professional and also receive and fill prescriptions for eyeglasses and contact lenses from unaffiliated optometrists and ophthalmologists.

The total investment necessary to begin operation of a Sterling Optical franchised business is presently estimated to range from: (i) \$175,790 to \$838,750, if your Franchise relates to a newly built Center; (ii) \$71,840 to \$2,093,750, if your Franchise relates to an existing Center which, at the time you acquire your Franchise, is being operated by either EVI or another Franchisee; and (iii) \$32,840 to \$523,750, if you are converting your existing retail optical store to a Franchised Center.

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Glenn Spina at 646-737-1500.

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 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: June 23, 2023

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Attachment A for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE US ONLY IN THE STATE AND COUNTY WHERE OUR PRINCIPAL OFFICE IS LOCATED ON THE DATE THAT ANY SUCH ACTION OR PROCEEDING WAS COMMENCED. AS OF THE DATE OF THIS DISCLOSURE DOCUMENT, OUR PRINCIPAL OFFICE WAS LOCATED IN THE STATE OF NEW YORK, COUNTY OF NASSAU. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE IN ANOTHER STATE THAN IN YOUR HOME STATE. THE FRANCHISE AGREEMENT ALSO GIVES US THE RIGHT TO ELECT TO RESOLVE DISPUTES BY ARBITRATION IN THE STATE AND COUNTY WHERE OUR PRINCIPAL OFFICE IS LOCATED ON THE DATE ANY SUCH PROCEEDINGS ARE COMMENCED (THESE PROVISIONS MAY, HOWEVER, BE SUPERSEDED BY STATE LAW; AND IF SUCH A LAW IS APPLICABLE TO THE STATE WHERE YOUR CENTER IS LOCATED, THIS WILL BE INDICATED IN A SEPARATE ADDENDUM, WHICH FOLLOWS ITEM 23 OF THIS DISCLOSURE DOCUMENT).
2. THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE INTERPRETATION OF THE AGREEMENT AND THIS LAW MAY NOT PROVIDE YOU WITH THE SAME PROTECTION AND BENEFITS AS THE LAWS OF THE STATE IN WHICH YOUR CENTER IS LOCATED. YOU MAY WANT TO COMPARE THESE LAWS. (THIS PROVISION MAY BE SUPERSEDED BY STATE LAW; AND IF SUCH A LAW IS APPLICABLE TO THE STATE WHERE YOUR CENTER IS LOCATED, THIS WILL BE INDICATED IN A SEPARATE ADDENDUM, WHICH FOLLOWS ITEM 23 OF THIS DISCLOSURE DOCUMENT).

3. THE FRANCHISE AGREEMENT CONTAINS A COVENANT NOT TO COMPETE WHICH PROHIBITS YOU AND THE OTHER PRINCIPAL OWNERS OF THE FRANCHISEE (IF IT IS A BUSINESS ENTITY SUCH AS CORPORATION OR LIMITED LIABILITY COMPANY) AND CERTAIN MEMBERS OF YOUR AND THEIR RESPECTIVE IMMEDIATE FAMILIES, FROM DIRECTLY OR INDIRECTLY ENGAGING IN ANY OTHER OPTICAL BUSINESS THAT OFFERS OR SELLS OPTICAL SERVICES OR PRODUCTS IN CERTAIN GEOGRAPHIC AREAS. THIS COVENANT APPLIES DURING THE TERM OF THE FRANCHISE AGREEMENT AND CONTINUES FOR 2 YEARS AFTER THE TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT; PROVIDED, THAT IF AT ANY TIME DURING THAT 2 YEAR PERIOD, YOU VIOLATE THE COVENANT, THE 2 YEAR PERIOD WILL BE EXTENDED AND WILL CONTINUE UNTIL 2 YEARS AFTER THE DATE THAT YOU CEASE VIOLATING THE COVENANT (THIS PROVISION MAY BE SUPERSEDED BY STATE LAW; AND IF SUCH A LAW IS APPLICABLE TO THE STATE WHERE YOUR CENTER IS LOCATED, THIS WILL BE INDICATED IN A SEPARATE ADDENDUM, WHICH FOLLOWS ITEM 23 OF THIS DISCLOSURE DOCUMENT).
4. IF YOU ACQUIRE THE FRANCHISE FOR YOUR CENTER THROUGH A BUSINESS ENTITY, SUCH AS A CORPORATION OR LIMITED LIABILITY COMPANY, YOU AND THE OTHER PRINCIPAL OWNERS OF THAT ENTITY ARE REQUIRED TO EXECUTE A PERSONAL GUARANTY FOR ALL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, SUBLEASE AND ANY OTHER AGREEMENTS WITH EVI OR ITS SUBSIDIARIES, INCLUDING ANY APPLICABLE FINANCING AGREEMENTS; YOU MAY BE HELD PERSONALLY RESPONSIBLE IF YOU OR THE BUSINESS ENTITY FAILS TO MEET THOSE OBLIGATIONS.
5. CERTAIN OF THE PRINCIPAL MEMBERS OF OUR PARENT COMPANY, AND A DIRECTOR OF EVI, AS WELL AS MEMBERS OF THEIR RESPECTIVE IMMEDIATE FAMILIES, ARE ALSO THE PRINCIPAL OWNERS OF GENERAL VISION SERVICES, LLC ("GVS") AND VISION WORLD, LLC ("VISION WORLD"), WHICH ENTITIES SOLICIT AND ADMINISTER THIRD PARTY BENEFIT PROGRAMS. VISION WORLD MAY ALSO SERVE AS THIRD PARTY ADMINISTRATOR OF THE THIRD PARTY BENEFIT PLANS OFFERED BY EVI OR ITS SUBSIDIARIES. IF YOUR CENTER IS LOCATED IN THE NEW YORK METROPOLITAN AREA, VISION WORLD MAY ALSO OFFER YOU THE RIGHT TO BECOME A PROVIDER OF VISION WORLD PLANS. GVS AND VISION WORLD ALSO OFFER THE RIGHT TO BECOME PROVIDERS OF THEIR PLANS TO OTHER RETAIL OPTICAL STORES WHICH ARE NOT AFFILIATED WITH

EVI. THERE MAY BE OTHER RETAIL OPTICAL LOCATIONS IN CLOSE PROXIMITY TO YOUR CENTER, WHICH ACCEPT THIRD PARTY BENEFIT PLANS SIMILAR TO THOSE WHICH YOU ARE ACCEPTING. IN ADDITION, IN THE NEW YORK METROPOLITAN AREA, GVS OPERATES RETAIL OPTICAL STORES WHICH MAY BE LOCATED IN CLOSE PROXIMITY TO YOUR CENTER AND MAY COMPETE WITH YOUR CENTER. THE OWNERSHIP AND OPERATION OF THESE COMPANIES SHOULD BE TAKEN INTO ACCOUNT IN DECIDING WHETHER TO ACQUIRE THE FRANCHISE.

6. CERTAIN OF THE PRINCIPAL MEMBERS OF OUR PARENT COMPANY, AND TWO OF THE DIRECTORS OF EVI, AS WELL AS MEMBERS OF THEIR RESPECTIVE IMMEDIATE FAMILIES, ARE ALSO THE PRINCIPAL OWNERS OF SEVERAL ENTITIES WHICH OWN, OPERATE OR ARE OTHERWISE AFFILIATED WITH ENTITIES WHICH OWN, OPERATE RETAIL OPTICAL STORES WHICH STORES OFFER THE SAME OR SIMILAR SERVICES AND PRODUCTS AS THE RETAIL OPTICAL CENTER BEING FRANCHISED TO YOU, INCLUDING STORES OPERATED UNDER THE NAMES COHEN'S FASHION OPTICAL AND OPTYX. THE INTERESTS OF THESE INDIVIDUALS IN EACH OF THESE ENTITIES CAN BE CONSIDERED TO CONFLICT WITH EACH OTHER AND THIS CONFLICT OF INTEREST SHOULD BE TAKEN INTO ACCOUNT IN DECIDING WHETHER TO ACQUIRE THE FRANCHISE.
7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us and not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

EFFECTIVE DATE: June 23, 2023

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ATTACHMENT A
LIST OF STATE ADMINISTRATORS

CALIFORNIA

Commissioner of Business Oversight
320 West 4th Street - Suite 750
Los Angeles, CA 90013-2344
Effective Date: July 21, 2023

HAWAII

Hawaii Department of Commerce
and Consumer Affairs
Commissioner of Securities
P.O. Box 40
Honolulu, Hawaii 96810
Effective Date:

ILLINOIS

Office of Attorney General
500 South Second Street
Springfield, IL 62701
Effective Date:

INDIANA

Indiana Securities Division
302 W. Washington Street Room E-111
Indianapolis, Indiana 46204
Effective Date:

MARYLAND

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Effective Date:

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street
Williams Building, 7th Floor
Lansing, MI 48933
Effective Date:

MINNESOTA

Minnesota Department of Commerce
Market Assurance Division
85 7th Place East - Suite 280
St. Paul, Minnesota 55101-2198
Effective Date:

NEW YORK

New York Department of Law-Bureau of
Investor Protection and Securities
28 Liberty Street - 15th Floor
New York, NY 10005
Effective Date: June 23, 2023

NORTH DAKOTA

Office of Securities Commissioner
600 East Boulevard- Fifth Floor
Bismarck, ND 58505-0510
Effective Date:

RHODE ISLAND

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex- 69-1
Cranston, RI 02920-4407
Effective Date:

SOUTH DAKOTA

Division of Securities
124 S. Euclid Ave., Suite 104
Pierre, SD 57501-3185
Effective Date:

VIRGINIA

State Corporation Commission
1300 East Main Street - 9th Floor
Richmond, VA 23219
Effective Date:

WASHINGTON

Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507-9033
Effective Date:

WISCONSIN

Department of Financial Institutions
Division of Securities, Suite 300
PO Box 1768
Madison, WI 53701
Effective Date:

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Emerging Vision, Inc. The Franchisor will be referred to in this Disclosure Document as "EVI". In certain cases, the term "EVI" will include Emerging Vision, Inc. and one or more of its subsidiaries. A person who buys a Franchise from EVI will be referred to in this Disclosure Document as "you". If you are a corporation, limited liability company, partnership or other business entity, certain provisions of EVI's Franchise Agreement will also apply to the individuals or other businesses who own an interest in your company, as well as to certain members of their respective immediate families. This Disclosure Document will indicate when the owners are also subject to a particular provision.

EVI is a New York corporation. It was incorporated in January 1992 under the name Sterling Acquisition, Inc. It changed its name in 1992 to Sterling Vision, Inc. and, in April 2000, its name was changed to Emerging Vision, Inc. EVI currently maintains its principal business address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530. EVI's agent for service of process in the State where you are located, is, if applicable, disclosed on Exhibit "P".

Our parent company is EMVI Holdings LLC ("EMVI Holdings"), a Delaware limited liability company having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, which company was formed on March 17, 2011. From December 1995 to March 31, 2011, EVI was a publicly traded corporation. Effective April 1, 2011, as a result of a merger, EVI became a wholly owned subsidiary of EMVI Holdings. EMVI Holdings does not offer franchises in this or any other line of business and does not operate a business of the type which is being franchised, although certain of its principal members may do so (see discussions in Item 2 of this Disclosure Document). EMVI Holdings does not presently engage in any other business or provide or offer any other products or services to our franchisees, but it may, either directly or through its affiliates, do so in the future. In addition, certain principal members of EMVI may also be owners of interests in entities which offer products and services to our franchisees (see discussions in Item 2 of this Disclosure Document). EMVI Holdings will not guaranty EVI's performance under the Franchise Agreement. There is no applicable predecessor.

EVI owns, operates and grants Franchises for the operation of retail optical stores ("Centers"). EVI has been operating, and offering Franchises for Centers similar to the Franchise you will be acquiring, since July 1992. These Centers offer for sale, prescription and non-prescription eyeglasses, sunglasses, eye glass frames, contact lenses and related items and services. Most of EVI's Centers have an on-site facility for cutting and edging glass and plastic ophthalmic (prescription) lenses to fit the eyeglass frame. In most Centers, an optometrist is either employed at the store, or is otherwise engaged to practice

at or near the Center to provide professional eye examinations to the public. State law and professional regulations may control the manner by which the optometrist may become associated with a retail optical store.

Each of the Centers is operated under the trademarks, service marks, trade names, logos and other indicia of origin as are now, or may in the future be, owned by EVI or licensed to EVI for use by these Centers (collectively, the "Marks"). Each Center is required to be operated according to the rules, regulations and procedures of EVI's business system. This business system includes mandatory and recommended operating procedures, product and service quality standards, suggested marketing plans and merchandising techniques, mandatory accounting methods, procedures and systems, mandatory and recommended advertising programs and procedures, and will include those changes, additions, and modifications as may, in the future, be developed by EVI for use in the operation of one or more of its Centers (the "System").

In most states, EVI's Centers are operated under the name STERLING OPTICAL. In portions of Northern California, EVI also uses and offers franchises under the name SITE FOR SORE EYES ("SFSE"). In addition, in the state of Wisconsin, EVI and one of its Franchisees is authorized to use the name Kindy Optical, but EVI does not offer franchises using that name.

Throughout this Disclosure Document, the reference to Sterling Optical Centers will also include those Centers operated under any of the names described above, including Site for Sore Eyes, as well as any other name which may now, or in the future, be used by EVI for any of its Centers.

In September 2014, EVI acquired, through the bankruptcy proceeding of Mackeyser Holdings LLC, the assets, including the related trademarks and trade names, of 10 stores located in the states of Florida and Georgia, including 9 stores operated under the name The Eye Gallery and one store operated under the name The Artful Eye (the "Eye Gallery Stores"). An additional store using the Eye Gallery name was thereafter opened in the State of Hawaii. In April, 2022, EVI sold 3 of the remaining Eye Gallery stores together with the trademarks for the name the Eye Gallery, and ceased operation of another location, but retained a license to use the name the Eye Gallery at its 2 existing Company-owned locations in the State of Florida and its one existing Company-owned location in the State of Hawaii. EVI reserves the right, in the future, to elect to change the names of said stores and offer franchises for said stores under the Sterling Optical name.

In February 2018, EVI acquired, from Luxury Holding Corp., the assets, including the related trade name, of 16 stores located in the states of California, Florida, Illinois, Nevada, and Texas operating under the name Optica (the "Optica Stores"). As of the date of this Disclosure Document, EVI continues to operate 8 of said stores as Company-owned

locations using their existing name. EVI presently has no intention to either change their name or offer any of said stores as franchises, but reserves the right to do so in the future.

As of December 31, 2022 there were a total of 109 Sterling Optical Centers, consisting of 92 franchised Centers (inclusive of 4 Centers individually managed on behalf of EVI) and 17 Company-owned Centers; the franchised Centers were operated primarily under the names *Sterling Optical* and *Site for Sore Eyes*. The Company stores also include the stores operated under the *Optica* and *The Eye Gallery* names (see discussion above).

THE FRANCHISE OFFERED:

The Franchise which EVI will grant to you, is for the right to operate one Center, at the specific location described in the Franchise Agreement and approved by EVI, and to use the Marks and System at that Center only. For each Center, you will be required to sign a Franchise Agreement. The Franchise Agreement describes your rights, privileges, duties and obligations with respect to your operation of the Center. A copy of the Franchise Agreement which EVI will be using in this State is attached to this Disclosure Document as Exhibit "A" (the "Franchise Agreement").

EVI will grant Franchises for 3 categories of Centers. These categories are:

- (1) a "New Center", which is a newly built Center which will be developed, constructed, furnished and equipped by either you or EVI (at your expense), according to specified plans approved by EVI and the Landlord of the Premises in which your Center is located ("Master Landlord");
- (2) an "Existing Center", which is a Center which, at the time you acquire the Franchise, is an existing Center being operated by EVI or another Franchisee, or which was operated as a non-Sterling Optical Center, by another person from whom you have acquired the assets or business at the Center; or
- (3) a "Converted Center", which is a retail optical store which you have been operating under another name, and now desire to operate under one of the Marks and according to the System.

The initial Franchise Fee and the other anticipated expenses which you will incur will vary depending upon whether you are acquiring a New Center, an Existing Center or a Converted Center (see Items 5, 6 and 7 of this Disclosure Document).

You will be competing for customers and patients with a variety of other businesses. Besides other Centers operated or franchised by EVI, your competitors will include (i) other national, regional and local retail optical chains, department stores, or buying club chains, (ii) privately practicing optometrists and ophthalmologists; (iii) traditional optical dispensaries which are owned and operated by a licensed optometrist or optician; and (iv)

for certain products, Internet companies and mail order companies. Competing stores may include Cohen's Fashion Optical which, as described below in this Item 1, is a chain of retail optical stores, similar to the one you are acquiring a Franchise for, which had been owned or operated by certain of the principal members of our parent, EMVI Holdings; one of the directors of EVI continues to be a franchisee and operate 2 Cohen's Fashion Optical stores, one in the State of New York, and one in Puerto Rico. In addition, you may be competing with stores operating under the name General Vision Services, or with unaffiliated retail optical stores which offer third party benefit programs administered by General Vision Services LLC ("GVS") which company is also owned by certain of the principal members and directors of EMVI Holdings or members of their immediate families (see discussion below). In the New York metropolitan area, competing stores may also include stores operated under the name Optyx, which stores are owned by another director of EVI, who is also a principal member of our parent, EMVI Holdings. EVI believes that competition will continue in this industry and that modern marketing, advertising and management strategies must be used in order to compete effectively.

EVI also presently operates an interactive website, under the domain names *emergingvision.com*, *sterlingoptical.com*, and *siteforsoreeyes.com*, which website contains marketing information concerning the opportunity to acquire a Sterling Optical Center Franchise and a store locator list. Although products are not presently offered over such site, EVI expressly reserves the right to do so in the future. The Franchise Agreement, however, currently prohibits you from selling products or services over the Internet or by mail order. EVI also operates two other separate websites, one under the domain name *opticausa.com* which website is limited to the Optica Stores, and one using the domain name *theyegalleryusa.com*, which is limited to the Eye Gallery locations.

OTHER BUSINESSES OF EVI:

At the present time, except as noted below, EVI does not engage in any other business activities. However, in the future, it may engage in other businesses, which businesses may or may not be optical related.

AFFILIATES:

EVI has several affiliates and subsidiaries which either offer Franchises or may provide products or services to you and other Franchisees. These affiliates and subsidiaries are described below.

For some of the Centers operated by either EVI or certain of its franchisees, EVI, or one of its wholly-owned subsidiaries, enters into the lease for the Premises where the Center is or will be located. If your Franchise is for one of those Centers, as part of your obligations under the Franchise Agreement, you will be required to sublease the Premises where the Center is located from EVI, or one of these subsidiaries, or from another subsidiary which may be established for the purpose of obtaining the lease for your Center.

In general, the rent which you will be charged by EVI, or its subsidiary, will be the same as the amount charged to EVI, or its subsidiary, by the Master Landlord of the Premises (see Items 5, 6 and 8 of this Disclosure Document).

Sterling Advertising, Inc. and Site for Sore Eyes Advertising, Inc., each of which has offices at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, are wholly-owned subsidiaries of EVI and were established to provide advertising for EVI related entities in connection with their operation of both company-operated and franchised Centers. Under the terms of the Franchise Agreement, you are required to make certain contributions to an Advertising Fund (see Items 8 and 11 of this Disclosure Document). These subsidiaries are currently responsible for the collection and disbursement of the amounts contributed to these advertising funds; however, neither EVI, nor any of its subsidiaries, may be deemed to be a trustee or a fiduciary of such advertising funds.

Although certain of the principal members of our parent, EMVI Holdings, including one of the members of the Board of Directors of EVI, and members of their respective immediate families (the "Cohen Family"), had previously also owned and/or participated in the management of Cohen Fashion Optical LLC ("CFO, LLC"), or its predecessors, the entities which own and operate Cohen's Fashion Optical stores, a chain of approximately 125 company-operated and franchised stores similar to those operated and franchised by EVI, as of the date of this Disclosure Document, and except for 2 Cohen's Fashion Optical franchised locations which are owned and operated by one of the members of the Cohen Family, one located in the New York City Metropolitan Area and one in Puerto Rico, as of the date of this Disclosure Document, and except as set forth below regarding GVS, neither EVI nor EMVI Holdings, nor any Members of EMVI Holdings are affiliated with, or have any other interest in CFO LLC or other Cohen's Fashion Optical stores.

General Vision Services, LLC, a Delaware limited liability company ("GVS") whose principal business offices are located at 520 Eighth Avenue, 9th Floor, New York, New York 10018, and which company is beneficially owned, in principal part, by certain members of the Cohen Family, primarily solicits and administers third party benefit programs (the "GVS Plans") similar to those being solicited and administered by EVI and Vision World (see discussion below) and offers to certain retail optical stores, optometrists and other providers of vision care services, the right to become GVS providers and to participate in these third party benefit programs. GVS also offers medical billing services to its providers, and you may have the opportunity to enter into an agreement directly with GVS whereby GVS will assist in the processing and collection of certain fees which may be due to you or a doctor associated with your store, from third party organizations on account of certain medical related services which have been provided to its members. Depending upon the location of your Center, you may have the right to participate in GVS programs (see discussion in Item 8 of this Disclosure Document). In addition, in the New York metropolitan region, there are several retail optical stores which are Franchisees of Cohen LLC (see discussion above), but which operate under the name General Vision Services. As of December 31, 2021, GVS was operating 3 retail optical stores, located in the New

York metropolitan area, inclusive of 1 mobile van which operates at various locations throughout the New York metropolitan area. GVS does not offer franchises for its locations, however, any purchaser of its stores is required to enter into a franchise agreement with Cohen LLC. It is possible that a GVS store, or another retail optical store which is a GVS provider, and provides vision care products and services to third party benefit plans administered by GVS, may now or in the future be located near your Center and you may be competing directly with such store.

Vision World, LLC, a Delaware limited liability company ("Vision World"), located at 520 Eighth Avenue, 9th Floor, New York, New York, is also beneficially owned, in principal part, by members of the Cohen Family. Vision World solicits and administers third party benefit programs similar to those being administered by EVI or GVS and offers to retail optical stores, optometrists, and other vision care providers the right to enter into provider agreements, to provide services to the members of these third party benefit programs. As discussed above, Vision World may on behalf of EVI, or its subsidiaries, administer certain EVI managed care plans, and, depending upon the location of your franchised store, may offer you the right to become a provider of Vision World Plans. Vision World does not have any retail locations nor does it offer any franchises, however, it is possible that another retail optical store, located in close proximity to your store, may be a provider of Vision World Plans, and accepting third party benefit plans similar to those which you may be accepting.

The relationship among EVI, GVS, Vision World and the other entities described in this Item, is an additional risk factor which you should consider before acquiring a franchise for a Sterling Optical Center.

APPLICABLE LAWS:

The operation of a retail optical store is subject to various federal, state and local laws and regulations. As a Franchisee, you will be obligated to comply with all such laws and regulations.

In addition to laws and regulations which are generally applicable to all retail businesses, you must also be aware that there are many federal and state laws and professional regulations which govern the practice of opticianry, optometry and medicine. In particular, you should be aware that certain of such laws and regulations:

- (a) restrict or limit the arrangements under which a professional or non-professional may operate or otherwise participate in the ownership and operation of a retail optical dispensary;
- (b) restrict the manner that you may employ (or sublease premises to) a licensed optometrist or ophthalmologist;

- (c) require that you, at all times, to maintain licensed personnel at your Center;
- (d) require that only licensed persons may engage in the sale and/or dispensing of certain products and/or provide certain of the services you will be required to sell or provide;
- (e) restrict or impose special requirements on the manner in which you may advertise your services or products;
- (f) regulate the manner in which you are required to maintain customer and patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which includes regulations regarding privacy and security for patient records and regulations for notification in the event of a breach of such requirements, and Electronic Medical Records (EMR) requirements;
- (g) regulate your rights and obligations for customers and patients eligible for third party benefit plans, such as Medicaid and Medicare; and
- (h) regulate the manner in which you must maintain your equipment and handle, use and/or dispose of certain products.

The foregoing is not an all inclusive list of laws and regulations. You are advised that you should consult with your own legal counsel to determine the applicability of these and other laws and regulations, which may pertain to the operation of your Center.

ITEM 2

BUSINESS EXPERIENCE

GLENN SPINA

President and Chief Executive Officer

Mr. Spina joined EVI as its President and Chief Executive Officer in December 2009. His primary office is located in Las Vegas, Nevada. Mr. Spina has more than 30 years of experience in the retail optical industry. From August 2008 until November 2009, Mr. Spina served as the Director of New Business Development for Millennia Holdings, a Health Care company located in Los Angeles, California. Mr. Spina was an original owner and founding member of America's Best Contacts and Eyeglasses ("ABCE"), a retail optical chain that operated over 100 locations nationwide. From 1983 until its sale in 1997, Mr. Spina held various positions with ABCE, including serving as its President and Chief Operating Officer from 1990 through 1997.

BRIAN P. ALESSI

Chief Financial Officer; Secretary / Treasurer

Mr. Alessi joined EVI in October 2001. In February 2002, he was appointed as its Controller, and in March 2004, he was appointed Treasurer of EVI. In June 2004, Mr. Alessi was appointed Chief Financial Officer of EVI, and, in November 2008, Mr. Alessi was appointed Secretary of EVI. Mr. Alessi's office is in Garden City, New York.

KATHERINE O'CONNOR

Director of Franchise Support

Ms. O'Connor has been employed in various capacities by EVI since May 2011 and was appointed as Director of Franchise Support in March 2013.

ALEXIS MORALES

Director of Information Systems

Mr. Morales has been employed by EVI as Director of Information Systems since May 2012. In this capacity Mr. Morales manages the information technology utilized by EVI and provides assistance to franchisees with the operation of their respective point of sale systems, and the integration of their systems with EVI systems. Mr. Morales received a Bachelor's Degree in Computer Information Systems from Monroe College in 2004.

NICHOLAS SHASHATI, O.D.

Director of Professional Services

Dr. Shashati has been the Director of Professional Services of EVI since July 1992. Dr. Shashati also served as President of EVI's subsidiary, Vision Care of California ("VCC") from 1998 until 2017. VCC was a specialized Vision Health Care Service Plan which, until 2017, operated in the State of California. Dr. Shashati earned a Doctor of Optometry degree from Pacific University in 1984, and received a Bachelor of Visual Science degree from Pacific University and a Bachelor of Science degree in Biology from San Diego State University. Dr. Shashati is licensed as an optometrist in the States of New York, California,

Arizona, North Dakota, and Oregon. He is Chairperson for the Quality Assurance Committee of EVI, as well as a Practice Management Consultant.

ALAN COHEN, O.D.

Chairman of the Board of Directors

Dr. Alan Cohen has served as a director of EVI since its inception in 1992 and has served as EVI's Chairman of the Board of Directors since 2002. From 1974 to the present, Dr. Cohen has been engaged in the retail and wholesale optical business. Dr. Cohen, together with certain members of his immediate family, were, prior to April 2011, the principal shareholders of EVI, and currently are principal members of our parent EMVI Holdings, and is a Member and Manager of certain of the Cohen Entities which own and operate 2 Cohen's Franchise Optical Stores. (See discussion of Cohen Family under Affiliates, in Item 1 above). He currently maintains his office in Jericho, New York. Dr. Cohen is an officer and member of GVS and Vision World (see discussion under Affiliates in Item 1 above). Dr. Cohen is also an officer and a director of several management and real estate companies and numerous other businesses.

HARVEY ROSS

Director

Mr. Ross has served as a Director of EVI since April 2011; he is a principal member of our parent EMVI Holdings. Mr. Ross also had served as a director of EVI from July 2004 to November 2009. Mr. Ross has more than 45 years of experience in the optical industry. Mr. Ross was, until February 2005, Chairman and Chief Executive Officer of Viva International Group ("Viva"), one of the world's largest manufacturers and distributors of fashion eyewear in the United States and abroad, located in Somerville, New Jersey, a company that Mr. Ross founded in 1978. From February 2005 through February 2008, Mr. Ross served as a consultant to Highmark, Inc., a health insurer with corporate offices located in Pittsburgh, PA, and the company that acquired Viva. From 1994 to 2004, Mr. Ross served as director of Vision Council of America, the national association for vision care and education, formed to assist frame and lens manufacturers and distributors. In October 2007, Mr. Ross purchased OPTYX, LLC, an upscale retail optical company headquartered in New Providence, New Jersey. OPTYX currently has approximately 11 retail locations in New York City, East Hampton, NY and Greenvale, NY. In 2009, Mr. Ross formed Mondottica USA, LLC a wholesale company that distributes eyeglasses and sunglasses throughout the United States. Mr. Ross also serves as an officer and director of several real estate investment companies.

BENITO R. FERNANDEZ

Director

Mr. Fernandez was appointed as a Director of EVI effective April 1, 2011. He had also served as a Director of EVI from 2001 until 2004. Mr. Fernandez is also a principal member of our parent, EMVI Holdings. Mr. Fernandez is an investment banker with more than 30 years of experience in banking, finance, real estate and business administration. Mr. Fernandez, since 1990 has been a director, and, since 2018, Chairman of Grupo

NaturEner S.A., a company based in Madrid, Spain, which is engaged in renewable energy. Since 1986, Mr. Fernandez also has been the President of Horizons Investors Corp., located in Albany, New York, an entity which owns, develops and manages real estate properties, and various health related facilities and acts as agent for various companies in the health field. It is a shareholder and consultant to renewable and recycling companies. Mr. Fernandez is the President of the Historic Washington Street Armory in Albany, NY, and is Chairman of the New York City Boricua College Board of Trustees. Mr. Fernandez was a former member of the Federal Reserve Bank of New York Advisory Council of Small Business and Agriculture and served as the Vice Chairman of the YMCA of Greater New York.

ITEM 3

LITIGATION

No litigation information 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

The total amount of money that you will be required to pay to EVI and/or its subsidiaries prior to the date that you commence operation as a Franchisee of your Center, will vary depending upon whether the Franchise which you are acquiring is for a New Center, an Existing Center or a Converted Center (see Items 6 and 7 of this Disclosure Document for a discussion of the costs and fees relating to your Center). Except with respect to any Deposit Fee or Rent Security Deposit, as more specifically described in this Item, the initial franchise fees are not refundable. The initial franchise fees are generally due, in a lump sum, upon signing of the Franchise Agreement. Except as described in this Item 5, and in Item 10 of this Disclosure Document, EVI does not generally provide financing for the initial fees, but reserves the right to do so.

Non-Recurring Initial Franchise Fee:

For each Franchise, you will, in most instances, be required to pay to EVI a non-recurring initial Franchise Fee ranging between \$10,000 and \$30,000. In general, the non-recurring initial Franchise Fee, for your first Franchise, will be as follows:

- (i) a New Center - \$30,000;
- (ii) an Existing Center - \$20,000; and
- (iii) a Converted Center - \$10,000.

If, at the time you sign the Franchise Agreement, you are not a Sterling Optical Center Franchisee and the location for your Center is a new location which you will build to operate as a Sterling Optical Center, the non-recurring initial Franchise Fee will be \$30,000. If you are not an existing Sterling Optical Center Franchisee and are acquiring an Existing Center, the non-recurring initial Franchise Fee will be \$20,000. If you are currently a Sterling Optical Center Franchisee and are acquiring an additional Franchise, and provided you are not then in default of any of your material obligations to EVI, or any of its subsidiaries, the non-recurring initial Franchise Fee, for your second Franchise for a New Center or an Existing Center, will be \$15,000, and the non-recurring initial Franchise Fee or each additional Franchise then purchased by you, provided you then own at least 2 other Sterling Optical Center franchises, and are not in default of any of your material obligations to EVI or any of its subsidiaries, will be \$10,000. If you are a corporation, partnership, limited liability company, or other business entity, the reduction in the non-recurring initial Franchise Fee will be applicable only if the following three conditions are satisfied: (1) the business entity is the same entity which is the Franchisee of your other Sterling Optical Centers, or, if not, all of the owners of all of the equity interests of your business entity also are all of the owners of all of the equity interest(s) of the Franchisees

of the other Sterling Optical Centers; and (2) if such business entities are different (but provided the owners of the equity interests are the same), the business entities (which are the Franchisees of the other Sterling Optical Centers) guarantee the obligations of the additional Franchisees; and (3) neither the Franchisees (of the other Sterling Optical Stores) nor the owners of the equity interests of those Franchisees, are in default of any of their obligations to EVI or any of its subsidiaries under any agreements relating to those Centers. If you are executing a Franchise Agreement in connection with the renewal of an existing Franchise Agreement, the non-recurring initial franchise fee will be \$20,000, if you own one franchise. If you and/or the other owners of the business entity which operates your franchised Center, own a second franchise, the non-recurring initial franchise fee will be \$15,000 and if you and/or the other owners of the business entity which operates your franchised Center own 3 or more franchised Centers, the non-recurring initial franchise fee, for said renewal will be \$10,000.

Except if your Franchise Agreement is being executed prior to EVI or you obtaining a lease for the Center, as described below, the non-recurring initial Franchise Fee is due and payable, in full, upon your execution of the Franchise Agreement and is not refundable. EVI does not generally provide financing for non-recurring initial Franchise Fees, but reserves the right to do so (see Item 10 of this Disclosure Document).

If you desire to become a Franchisee of a New Center to be located within a particular area for which neither you, EVI, nor one of its subsidiaries has then obtained a lease, you may be required to first enter into a Deposit Agreement (the form of which is annexed hereto as Exhibit "I") and deposit with EVI the sum of \$10,000, some or all of which may be refundable to you. (See discussion of Deposit Agreement set forth below in this Item 5).

EVI may, in the future, change the non-recurring initial Franchise Fee then being charged to new Franchisees. Further, EVI may, from time to time, enter into Area Development, Master Franchise and/or Conversion Agreements and/or other similar agreements for the development, opening, franchising, sub-franchising and/or conversion of a specified number of retail optical stores and, in those instances, EVI may agree to waive or reduce the non-recurring initial Franchise Fee otherwise payable with respect to each Center covered thereby.

If you are acquiring the assets of, and the Franchise for an Existing Center from another EVI Franchisee, you will also be required to pay to EVI a non-recurring initial Franchise Fee in the amount equal to the amount then required for new franchisees. Simultaneous with your acquisition of the Existing Center, you will be required to enter into EVI's then current form of Franchise Agreement.

If you are renewing your Franchise Agreement, you will be required to pay, the non recurring Initial Franchise Fee then due for an Existing Center.

Grand Opening Advertising Fee:

Under the terms of your Franchise Agreement, EVI may require that, simultaneously with the commencement of business at your Franchised Center, you pay to EVI, or its designated subsidiary, to be applied to your Advertising Fund account, a grand opening advertising contribution in an amount of up to \$5,000. This amount will be applied to the initial advertising and promotion of your Center, in such manner as EVI may approve. The amount of the Grand Opening Fee is generally based upon costs of advertising available within the specific market where your Center is located. During the calendar year 2022, EVI collected one Grand Opening Fee in the amount of \$5,000.

Assets:

In addition to the non-recurring initial Franchise Fee payable to EVI in connection with your acquisition, from EVI or one of its subsidiaries, of the assets of, and a Franchise for an Existing Center, you may also be required to purchase from EVI (or its subsidiary, as the case may be), the furniture, fixtures, equipment, inventory, customer records, goodwill and other assets located at the Premises where the Center is located and to pay to EVI or its subsidiary the agreed upon purchase price (the "Purchase Price") for such assets. The Purchase Price, which will be due upon commencement of business at your Center, will vary depending on various factors including the size, location and condition of the Center, the assets located at the Center and the Center's prior sales volume and operating history. In certain instances, the inventory may be included within the Purchase Price. In other instances, you may be required to pay a separate amount for the Center's inventory.

During the calendar year 2022, EVI sold the assets at one of its Existing Centers to a franchisee, for a purchase price of \$150,000. During the calendar year 2021, EVI sold the assets of 2 of its Existing Centers for purchase prices ranging between \$125,000 and \$128,500. None of those sales included inventory. The foregoing relates only to sales by EVI and does not include any sales by one franchisee to another franchisee (See discussion in Item 11 of this Disclosure Document).

EVI may, but is not obligated to, provide financing to Franchisees who acquire the assets of a Center from EVI. (See discussion of Financing in Item 10 of this Disclosure Document.)

If you are acquiring a Franchise for a New Center which is to be constructed and equipped with and/or without the assistance of EVI, you will, in most instances, be required to pay, directly to the contractors and vendors, all of the costs of such construction, furniture, fixtures and equipment for the Center.

If you are acquiring the assets which relate to an Existing Center being operated by another Franchisee, the amount which you will pay and the terms of such payment will be the subject of negotiations between you and the other Franchisee. In general, EVI is not a party to that transaction (except with respect to the granting of consent and collection of any applicable fees), nor does EVI offer financing for such transactions (see Items 6 and 7 of this Disclosure Document for a discussion of the costs and expenses relating to such transactions).

Deposit Fee:

If you seek to open a New Sterling Optical Center at a location for which no lease currently exists, EVI, or one of its subsidiaries, as the case may be, may, based upon its opinion as to the competitive market for a particular location, require you to enter into a Deposit Agreement and to pay to EVI or its subsidiary, as the case may be, a deposit, not in excess of \$10,000, in advance of the closing of the transaction for your acquisition of a Franchise for a particular location. (The deposit fee may not be applicable in certain states, and you should check any applicable state addenda that may be attached to this Disclosure Document for different provisions which may be applicable to the state in which your Center will be located.) If a mutually acceptable location is found, and a lease is entered into, then at the closing, the deposit will be applied to either the Purchase Price payable for the Center's assets and/or the non-recurring initial Franchise Fee. In the event that a mutually acceptable location is not found within 12 months, then either party may cancel the transaction, the deposit will be refundable to you, except EVI may retain up to \$5,000 to be applied to its costs. If, after an acceptable location has been found, you, for any reason, do not timely proceed with the transaction, EVI or its subsidiary (as the case may be) will have the right to retain the full deposit and no portion will be refunded you. A copy of the form of Deposit Agreement is annexed hereto as Exhibit "I". During the calendar year 2022, EVI did not collect any deposit fees.

Rent, Rent Security and Lease Acquisition:

As more fully described in Item 8 of this Disclosure Document, you may be required to sublease from EVI or one of its subsidiaries, the premises (the "Premises") where your Center is located. The rent for the Premises, as described in Items 6, 7, and 8, will generally be equal to the amount which EVI or its subsidiary is charged under its master lease for the Premises (the "Base Lease"). Simultaneously with the commencement of your Franchise, you will be obligated to reimburse EVI or its subsidiary for any rent security deposit posted with the Master Landlord of the Premises. In addition, you will be required to pay the pro-rata rent for the balance of the month in which your Franchise Agreement commences, together with the full rent for the next succeeding month, and, irrespective of whether any security deposit is posted with the Master Landlord of the Premises, you may be required to deposit with EVI or its subsidiary, as additional security, an amount not to exceed 2 months rent and additional rent. Upon termination of your Franchise Agreement and Sublease, any amounts of security not applied in accordance with the terms of the Base Lease or the Sublease will be refunded to you, or otherwise applied to amounts owed to EVI. The rent for each Center varies and is dependent upon such factors as the size and

location of the Center. As of December 31, 2022, the monthly rent for Franchised Centers, subleased by EVI or one of its subsidiaries to Franchisees, inclusive of additional rent such as real estate taxes, common area maintenance, percentage rent and marketing funds, ranged from approximately \$3,335 to \$29,900. If you are acquiring a franchise for a New Center or a Converted Center and if EVI or its subsidiary enters into a lease or assumes an existing lease for the Premises where your Center will be located, you may also be required to reimburse EVI for its legal fees incurred in reviewing and/or negotiating the Base Lease. As of the date of this Disclosure Document, said legal fees are approximately \$2,500 to \$10,000 per lease, depending upon the amount of time our attorneys have devoted to the lease, but may increase in the future.

Point of Sale System:

EVI has the right to require that you install and maintain, in your Center, a designated point of sale system. As of the date of this Disclosure Document, EVI was requiring that you install the My Vision Express (“MVE”) System (see discussion in Item 11 of this Disclosure Document) which has been designed for the optical industry and is licensed to EVI by EyeCare Leaders, whose corporate offices are located at 2222 Sedgwick Road, Durham, NC 27713 (855) 685-3292. If, at the time that you acquire the franchise for your Center, that system has not been installed, you will generally be required to install the MVE System at your Center. EVI retains the software license for the MVE System and will arrange for the installation of the system.

If you are required to install the MVE System, you will incur certain startup costs, which, as of the date of this Disclosure Document, ranged from \$1,500 to \$6,000, and monthly fees, ranging from approximately \$50 to \$200 (see discussion in Item 11 of this Disclosure Document), which are payable to MVE but may be collected on its behalf by EVI. These costs do not include the cost for hardware for the system, which must be purchased separately (see discussion in Item 7 and Item 9 of this Disclosure Document). EVI reserves the right to provide financing to you for all or a portion of this cost, but has no obligation to do so.

Document Preparation Fee:

Upon your acquisition of a franchise for a Center, and the signing of the Franchise Agreement, or, upon renewal of your Franchise Agreement, EVI will generally require that you pay to EVI the sum of \$1,500 for its cost and expense in preparation of the franchise documents, except this fee is not due if this is the first franchise agreement which you are entering into with EVI for a New Center and the non-recurring Initial Franchise Fee, described above, is \$30,000.

Attorneys' Fees and Expenses:

If you are entering into a Franchise Agreement with EVI in connection with your acquisition of the assets of an Existing Center from another Franchisee, EVI may charge a fee, typically between \$1,000 and \$2,500, for its attorneys' fees and expenses for review of the transaction documents and any applicable corporate documents, which amount is payable either by the Franchisee or the person from whom the Franchisee is acquiring the Existing Center. These fees are based upon the amount of time our attorneys devote to the transaction and are in addition to any other legal fees which may be due to EVI for review or negotiation of the lease for your Center (see discussion above in this Item 5 under discussion of Rent and Lease Acquisition) and are also in addition to any fees which may be due to your attorney. During the term of your Franchise Agreement, EVI may charge additional attorneys' fees to you in the event of any other action or transaction which requires legal action or review, including any default by you under any of your agreements with EVI or modification or renewal of the lease for your Center (see discussion in Item 6).

**ITEM 6
OTHER FEES(1)**

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Continuing Royalty Fees (2)	8% of Gross Revenues	Weekly - payable on the date designated by EVI for the preceding week, and will be electronically transferred each week. EVI may require you to pay such amounts more frequently.	Gross Revenues generally include (except with respect to the Base Revenues applicable to certain Converted Centers) all revenues generated from the operation of the Center except for refunds to customers, sales taxes, a limited amount of bad debts; and, if required by state law, optometric fees.
Advertising Fund Contributions (3)	6% of Gross Revenues	Weekly - payable on the date designated by EVI for the preceding week, and will be electronically transferred each week. EVI may require you to pay such amounts more frequently.	
Rent (4)	Varies, See Items 5, 7 and 8	Monthly, payable on the 25 th day of each month for the next month; although EVI may require you to pay such amounts weekly or more frequently. Such amounts will be transferred electronically.	If you sublease the Premises where your Center is located from EVI or its subsidiary, EVI reserves the right to require that rent be paid on a weekly basis, in which case, each week, commencing with the first week of each month, approximately 25% of the rent and additional rent due for the next succeeding month will be electronically transferred from your account. You will also be responsible for any late fees or other fees which arise from your failure to timely pay the rent to EVI or as a result of your failure to otherwise comply with the lease.
Late Fees	Lesser of 1-1/2% per month or the maximum rate permitted by law	Upon demand	Payable on overdue amounts due EVI, its subsidiaries and/or the Master Landlord of the Premises of your Center.
Returned Payments	The greater of \$25 per occurrence or the actual amount of the bank charge	Upon demand	Payable if any payment you make to EVI or any of its subsidiaries is returned unpaid, except if non payment is the due to the endorsement or bank error.
Audit Fee	Cost of Audit (currently estimated to be \$2,500)	Upon demand	Payable if an audit reveals an understatement of Gross Revenues by more than 2% or if you fail to cooperate with EVI auditors or fail to provide requested documentation.
Attorneys' Fees and Expenses	Will vary under the circumstances	As incurred	Payable if you obtain financing from EVI; upon EVI entering into, renewing, modifying or extending the Base Lease for the Premises where your Center is located; upon your transfer of the assets of your Center or your ownership interests in the Franchisee or the acquisition of an Existing Center from another Franchisee. EVI may also charge attorneys fees in the event of any other action or transaction which requires legal action or review, including any default by you under any of your agreements with EVI.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fees	The then initial Franchise Fee applicable for new franchisees.	At the Closing of the transfer of the assets of a Center or the ownership interests of a Franchisee.	Payable by the new franchisee, when you sell the assets of, the ownership interest in the Franchisee and/or the Franchise for, your Center.
Non Compliance Fee	\$500 per occurrence	As incurred	If you fail to comply with any provision of the Franchise Agreement and fail to correct the failure within 10 days after written notice, in addition to all other remedies in the Franchise Agreement, EVI as the right to charge you up to \$500 per month for each month that such non-compliance continues.
Insurance (5)	Varies	Monthly	If you fail to obtain insurance, EVI may obtain insurance on your behalf and require you to repay EVI for the cost of such insurance plus a service fee which is currently \$250, provided EVI is not obligated to obtain same.
Franchise Renewal Fee (6)	The then current fee being charged to similarly situated new Franchisees (or under specified circumstances, a pro-rata portion of that fee)	Upon signing of the renewal Franchise Agreement	
Lease Renewal Fee	Varies	Upon renewal of the Base Lease for your Center	Upon renewal of the Base Lease, you will be obligated to reimburse EVI for its legal fees incurred to review and negotiate the lease, which amounts currently are approximately \$2,500 to \$10,000; in addition you will be obligated to reimburse EVI or its subsidiary for all amounts due to the Master Landlord, including any amounts due for rent security deposit.
Financing	Varies	Monthly	In certain instances, EVI or its subsidiaries may provide financing; see discussion at Item 10 of this Disclosure Document.
Operations Manual	Varies up to \$2,500	If you lose your Operations Manual, upon replacement; or if you fail to return it upon termination of your Franchise Agreement.	
Equipment	Varies	Upon purchase, or monthly, if leased or financed	See Item 7 and 10

NOTES

1. Except where otherwise noted, all of the fees described in this Item are payable to EVI, or its subsidiaries, and are non-refundable. EVI requires that any or all of the fees described in this Item, including the Royalty Fees, the Advertising Fund contributions and monthly rents, be paid by electronic funds transfer, and EVI will automatically debit your bank account, on the due date, for the amounts owed. Except as otherwise provided, the fees are uniform for all new franchisees.

2. If the Franchise which you are acquiring is for a Converted Center (one which you have been operating for at least one year as a non-Franchised Center) and except if the Converted Center will be a Site for Sore Eyes Center to be located in California, in which case the exclusions set forth below shall not be applicable, during the first 3 years of the term of the Franchise Agreement, the Royalty Fees will be calculated based upon the Base Revenues and the Additional Gross Revenues of the Center. Base Revenues for Converted Centers which you have been operating for less than two years, are the annualized amount of the Gross Revenues of the Center prior to the effective date of the Franchise Agreement. For Converted Centers which you have been operating for more than two years, Base Revenues are equal to the average annualized Gross Revenues for the 24 months before the Effective Date of the Franchise Agreement. Additional Gross Revenues are all Gross Revenues in excess of Base Revenues.

The continuing Royalty Fees for a Converted Center, for the first 3 years of the term of the Franchise Agreement will generally be calculated as follows:

YEAR	PERCENTAGE PAYABLE ON BASE REVENUES	PERCENTAGE PAYABLE ON ADDITIONAL GROSS REVENUES
1	2%	8%
2	4%	8%
3	6%	8%

Commencing with the fourth year of the term of the Franchise Agreement for a Converted Center, you will be obligated to pay a continuing Royalty Fee equal to 8% of all Gross Revenues generated from the operation of the Center.

For purposes of determining the Royalty Fee due each month to EVI for a Converted Center, your fees will be based upon one twelfth of the applicable Base Revenues; and to the extent that your Gross Revenues, in any month, exceed one twelfth of the Base Revenues, you will be obligated, for that month, to pay the percentage applicable to Additional Gross Revenues, for such excess amounts. Adjustments for these payments will be made monthly. If, at the end of any applicable calendar month, a credit is due to you, based upon the Royalty Fees payable on the pro rata portion of the Base Revenues from the beginning of the year through the end of that calendar month, such credit will be applied to the next applicable payment(s) of continuing Royalty Fees. If, at the end of any month, any additional amounts are due to EVI, such amounts will be due on the tenth day of the month following the end of the applicable next succeeding month.

If you are acquiring a Converted Center in California which will be operated as a Site For Sore Eyes Center, you will be required to pay a continuing Royalty Fee equal to 8% on all Gross Revenues generated from operation of the Center, and you will not be entitled to any exclusion on account of Base Revenues.

Except as specifically discussed above, continuing Royalty Fees are generally uniform for all new franchisees. EVI reserves the right to modify these fees under certain circumstances, as well as to waive payment of such fees.

EVI may enter Area Development Agreements, Master Franchise Agreements, Master Conversion Agreements, or similar agreements with persons who agree, during a specified period, to either acquire, construct or develop a specified number of new Centers, or to convert a specified number of existing optical stores to Sterling Optical Centers. EVI may, for such persons, change the amount of the Royalty Fees which they are required to pay, and may also vary the dates on which said payments are required.

EVI also may, in the future, change the amount of Royalty Fees payable by new Franchisees. That will not effect the amount which you are required to pay under your Franchise Agreement, but upon renewal or transfer of your Franchise Agreement, you or the transferee will be required to pay the new fees, as then described in the current form of Franchise Agreement.

3. Except as noted below, the Advertising Fund contribution is generally uniform for all new Franchisees, although EVI reserves the right, in the future, to change the amount it charges to its new Franchisees. That will not effect the amount

which you are required to pay, during the term of your Franchise Agreement, but upon renewal or transfer of your Franchise Agreement, you (or the transferee) will be required to make contributions based upon the new Advertising Fund contribution schedule. Said rate of contribution is generally uniform for all Franchisees, although EVI reserves the right, in isolated instances, to modify the rate of said contribution.

EVI may, in the future, enter into Master Franchise Agreements, Area Development Agreements, Master Conversion Agreements, or similar agreements relative to multiple Franchises and, in connection with those agreements, may modify the rate (percentage) of Advertising Fund contribution otherwise required to be paid by those persons.

EVI also has previously offered selected Franchisees special marketing and/or grand opening concessions or other allowances and may, in its sole discretion, do so in the future. EVI has also provided certain multiple franchise owners with various marketing and/or other allowances, and may continue to do so in the future.

At the present time, the Advertising Fund contributions are not paid to EVI but instead are paid to one or more subsidiaries of EVI which subsidiaries are responsible for the collection and disbursement of your contributions. EVI reserves the right, in the future, to require payments be made either directly to EVI or to other designees. See Item 11 of this Disclosure Document for a description of the Advertising Fund.

4. In some cases, you will sublease the Premises of your Center from either EVI, or one of its subsidiaries. Under the terms of your Sublease, you will pay rent to EVI, or its subsidiary, in an amount equal to the amount required under the terms of the Base Lease for your Center; (see Item 8 of this Disclosure Document for a description of the terms of the Sublease).

5. Under the terms of your Franchise Agreement and Sublease, you are required to maintain certain insurance, including liability, property damage, personal injury, workers' compensation, product liability and professional liability insurance. You can obtain the insurance from any insurance company reasonably acceptable to EVI and the Master Landlord of the Premises of your Center. See Item 8 of this Disclosure Document for a description of the required insurance. If you do not obtain the necessary insurance, EVI may obtain the insurance on your behalf and charge you for the cost of the insurance, plus an additional service charge for its efforts, provided that EVI is not obligated to obtain same. That service charge is currently \$250, but may be increased in the future.

6. EVI reserves the right in its discretion, to reduce the renewal term of your Franchise Agreement so that it will expire simultaneously with the expiration of the Base Lease for your Center. In such event, the renewal fee will be pro rated based upon such reduced renewal term of your Franchise Agreement.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

AMOUNT BY CATEGORY OF FRANCHISE						
TYPE OF EXPENDITURE	NEW CENTER	EXISTING CENTER	CONVERTED CENTER	PAYMENT METHOD	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL NON-RECURRING FRANCHISE FEE [1]	\$10,000 TO \$30,000	\$10,000 TO \$20,000	\$10,000	LUMP SUM	SIMULTANEOUSLY WITH THE COMMENCEMENT OF OPERATIONS AT YOUR CENTER	EVI
LEASE SECURITY DEPOSIT AND LEGAL FEES FOR REVIEW OF LEASE [2]	\$-0- TO \$35,000	\$-0- TO \$35,000	\$-0- TO \$35,000	LUMP SUM	UPON SIGNING OF LEASE OR SUBLEASE	EVI, ITS SUBSIDIARY AND/OR MASTER LANDLORD
RENT FOR FIRST MONTH [2]	\$3,300 TO \$30,000	\$3,300 TO \$30,000	\$3,300 TO \$30,000	LUMP SUM	PRIOR TO OPENING	TO EVI OR MASTER LANDLORD
LEASEHOLD IMPROVEMENTS [3]	\$60,000 TO \$250,000	\$-0- TO \$150,000	\$-0- TO \$150,000	AS INCURRED OR ACCORDING TO FINANCING TERMS	AS INCURRED OR AS REQUIRED BY MASTER LEASE	TO VENDORS AND CONTRACTORS
FURNITURE, FIXTURES AND OFFICE EQUIPMENT [4]	\$20,000 TO \$100,000	\$-0- TO \$60,000	\$-0- TO \$40,000	AS INCURRED OR ACCORDING TO FINANCING TERMS	AS INCURRED	TO VENDOR
PROFESSIONAL EQUIPMENT [5]	\$10,000 TO \$150,000	\$-0- TO \$70,000	\$-0- TO \$70,000	AS INCURRED OR ACCORDING TO FINANCING TERMS	AS INCURRED	TO VENDOR
COMPUTER EQUIPMENT AND SOFTWARE [6]	\$6,990 TO \$11,250	\$540 TO \$11,250	\$2,040 TO \$11,250	LUMP SUM	WHEN INSTALLED	TO EVI AND INTERNET PROVIDER
INVENTORY [7]	\$20,000 TO \$100,000	\$20,000 TO \$100,000	\$10,000 TO \$60,000	ACCORDING TO VENDORS' TERMS	AS INCURRED	TO VENDORS OR EVI

AMOUNT BY CATEGORY OF FRANCHISE

TYPE OF EXPENDITURE	NEW CENTER	EXISTING CENTER	CONVERTED CENTER	PAYMENT METHOD	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
SIGNAGE [8]	\$2,500 TO \$10,000	\$-0- TO \$10,000	\$2,500 TO \$10,000	LUMP SUM OR ACCORDING TO VENDORS' TERMS	AS INCURRED	TO VENDORS OR EVI
INSURANCE [9]	\$3,000 TO \$10,000	\$3,000 TO \$10,000	\$-0- TO \$10,000	ACCORDING TO INSURANCE COMPANY TERMS	AS INCURRED	INSURANCE COMPANY
FINANCING PAYMENTS [10]	SEE NOTE 10	SEE NOTE 10	SEE NOTE 10	AS INCURRED	AS INCURRED	TO EVI OR OTHER LENDER
UTILITY AND TAX DEPOSITS [11]	\$-0- TO \$5,000	\$-0- TO \$5,000	\$-0-	LUMP SUM	UPON OPENING OF ACCOUNT	TO UTILITY COMPANIES
GRAND OPENING ADVERTISING FEE [12]	\$-0- TO \$5,000	\$-0- TO \$5,000	\$-0- TO \$5,000	LUMP SUM	UPON SIGNING OF YOUR FRANCHISE AGREEMENT	TO EVI OR ITS SUBSIDIARY
DOCUMENT PREPARATION FEES [13]	\$-0- TO \$2,500	\$-0- TO \$2,500	\$-0- TO \$2,500	LUMP SUM	UPON SIGNING OF YOUR FRANCHISE AGREEMENT	TO EVI
LEGAL FEES [14]	\$-0- TO \$10,000	\$-0- TO \$10,000	\$-0- TO \$10,000	LUMP SUM	AS INCURRED	TO YOUR ATTORNEY
ACQUISITION OF BUSINESS AS A GOING CONCERN [15]	NOT APPLICABLE	\$10,000 TO \$1,500,000	NOT APPLICABLE	ACCORDING TO PURCHASE OR FINANCING TERMS	AT THE TIME OR PURCHASE OR AS FINANCED	TO EVI OR OTHER SELLER
ADDITIONAL FUNDS (WORKING CAPITAL) [16]	\$40,000 TO \$90,000	\$25,000 TO \$75,000	\$5,000 TO \$80,000	AS INCURRED	AS INCURRED	AS NEEDED
TOTAL ESTIMATED INITIAL INVESTMENT [17]	\$175,790 TO \$838,750	\$71,840 TO \$2,093,750	\$32,840 TO \$523,750			

SEE NOTES ON FOLLOWING PAGES

Notes: Unless otherwise noted, all of the fees described in this Item are non-refundable

(1) The non-recurring initial Franchise Fee generally ranges from \$10,000 to \$30,000 and is, in most instances, due and payable to EVI, in full, upon the signing of the Franchise Agreement for the acquisition of a Sterling Optical Center Franchise for a particular location and is non-refundable. (See Item 5 of this Disclosure Document for a discussion of these Fees.)

(2) In some cases, you will be required to sublease the Premises of the Center from either EVI or one of its subsidiaries. In that case, you will generally be required to pay to EVI or its subsidiary, as rent, the amount which EVI or such subsidiary is required to pay to the Master Landlord of such Center. In most instances, you will also be required to reimburse either EVI or its subsidiary for any rent security which it paid to such Master Landlord. Rent security generally ranges between 1 and 3 months' rent. In most instances, if you are subleasing the Premises you will also be required to pay to EVI or its subsidiary, an additional rent security deposit equal to one month's rent and additional rent. The rent for a Center whether or not you lease the Premises directly from the Landlord, or sublease the Premises from EVI or its subsidiary will vary widely depending upon the size of the Center, the location, and other market conditions (see discussion in Items 5 and 8 of this Disclosure Document). If you are subleasing the Premises from EVI, or its subsidiary, the rent which you will be required to pay will be (except as described below and in Item 8) equal to all rent, additional rent, percentage rent, escalations, taxes and other charges which are payable by EVI or its subsidiary under the terms of its Base Lease with the Master Landlord. In certain cases, if you have obtained EVI's approval, you may lease the Premises of your Center directly from the Master Landlord (see Item 8 of this Disclosure Document). In most instances, provided you have are not in default of any your obligations to EVI, its affiliates, or to the landlord, the rent security deposit will be refunded or credited to you upon the termination and non renewal of the lease and your Franchise Agreement. Except if you are acquiring an Existing Center from EVI or one of its subsidiaries, you may also be obligated to reimburse EVI for its legal fees in reviewing and negotiating the Base Lease; said legal fees currently range between approximately \$2,500 and \$10,000 per lease, but may vary based upon the circumstances of your lease.

(3)
(a)

NEW CENTER: The cost of the leasehold improvements (exclusive of signage) for a New Center will vary depending upon the size, condition and location of the Premises, the requirements of the Base Lease for the Premises, price differences among contractors, local wage rates, local building codes, and the cost of materials. If EVI has paid for the construction of the Center, you will be required to pay these costs to EVI at closing or according to any financing arrangements agreed to between you and EVI (see Item 10 of this Disclosure Document). If you are arranging for the construction, you will be required to make payments to the contractors according to their required terms.

(b)

EXISTING CENTER: If you are acquiring an Existing Center, in general, you will not be required to pay a separately identifiable amount for leasehold improvements. Instead, these costs will be included in the amount which you are paying to acquire the Existing Center as a going concern. However, in certain instances, the Base Lease for the Premises may require you to remodel or to renovate the Premises. In each of those cases, EVI may require that you make certain renovations to the Premises. In addition, you will be responsible for the cost of such remodeling or renovation; including construction; architects fees; permit fees.

(c)

CONVERTED CENTER: If you are acquiring a franchise for a Converted Center, the amount described in this table is an estimate of the amount (exclusive of signage) which you may be required to spend (on or after closing) to adapt the Premises to EVI's standards or to remodel or renovate the Premises in accordance with your Base Lease for the Premises. This amount will vary depending upon various factors, including the condition of the Premises. If you are also acquiring the assets at your Center from a third party, the amount described in this table is in addition to the amounts which you must spend for the purchase of the assets and/or business from a third party. In this instance, you will be responsible for the cost of such remodeling or renovation; including construction; architects fees; permit fees (see Note 16 below).

(4)
(a)

NEW CENTER: If you are acquiring a New Center, the cost of the furniture, fixtures and office equipment (exclusive of professional equipment) will vary depending upon the size, condition and location of the New Center, as well as your selections from among the various items to be purchased. You will generally be required to pay these amounts directly to the vendors, some of whom may be designated by EVI (see Item 8 of this Disclosure Document).

(b)

EXISTING CENTER: If your Franchise relates to an Existing Center, you will generally not be required to pay a separately identifiable amount for furniture, fixtures and office equipment. These costs are included in the amount which you will be paying to acquire the Existing Center as a going concern. In some instances, however, EVI, or a third party, may have obtained leases for certain of the equipment, and if you are acquiring an Existing Center that has such leased equipment, you may also be required to assume payment of the amounts to become due under those equipment leases. In addition, should your Center

require any renovation, you may be required to use vendors, some of whom may be designated by EVI (see Item 8 of this Disclosure Document).

- (c) **CONVERTED CENTER:** If you are acquiring a Franchise for a Converted Center, this amount represents the amount which you may be required to spend, after closing, to adapt the Center to EVI's standards and specifications through vendors, some of whom may be designated by EVI (see Item 8 of this Disclosure Document). This amount will vary depending upon various factors, including the condition of the Center. The amounts described in this table may be in addition to the amounts which you will need to spend for the purchase of the assets and/or business from a third party (see Note 15 below).

(5) In general, each Center is required to have certain minimum items of professional equipment, including, but not limited to, the following: (i) EXAMINATION EQUIPMENT, such as, ophthalmic chair and stand, phoropter (manual or automated, together with rod & clip), roto-card, near-point card, biomicroscope, keratometer (manual or automated), lensometer, projector (manual or automated), autorefractor/keratometer, ophthalmoscope (direct & indirect), 20D/90D diagnostic lens, retinoscope, transilluminator, tonometer (Auto NCT and/or Goldman), trial lenses, trial frames, amsler grid, color vision test, stereopsis test, occluder, tangent screen, rod and targets, automated small field tester (strongly recommended), brackets, mirrors, contact lens radius (Radiuscope or K-C.L. Gauge or both), contact lens inspection redicule; and (ii) LABORATORY EQUIPMENT, such as, edger, lensometer, buffer and groover (manual or automated), pattern maker (manual or automated), blocker (manual or automated), tinting unit, hand stone, hand-tools, drop ball tester, pupilometer. This equipment is necessary for professional examinations and to enable you, on the Premises of your Center, to fabricate ophthalmic lenses and fit them into frames. The equipment described above is only the minimum level of equipment. The higher amounts include the cost of additional equipment to provide additional or more rapid service to your customers and patients. It also includes equipment to enable your doctors to provide certain medical testing procedures. It is estimated that the cost for such medical equipment is \$50,000 to \$100,000; EVI may be able to assist in arranging for financing to qualified Franchisees. In certain states, the laws and regulations may prohibit you from employing a professional at the Premises, and will require that examinations be conducted by independent professionals whose offices may or may not be located within the Premises of your Center. In those instances, you may not be required to purchase certain of such professional equipment. The amounts set forth above relate to new equipment. In certain instances, it may be possible to obtain used or reconstructed equipment, which would result in a reduction in the amounts described. It also may be possible to lease certain of such equipment. Also, in some states it may be possible to conduct eye examinations through telemedicine, which will allow eye exams to be conducted remotely without having a doctor on the Premises and EVI may be able to assist you in obtaining the services and equipment for such procedures. In addition, you should be aware of the following:

- (a) **NEW CENTER:** If you are acquiring a Franchise for a New Center, you generally will be required to pay these amounts directly to the vendors according to their payment terms.
- (b) **EXISTING CENTER:** If you are acquiring a Franchise for an Existing Center, you will not be required to pay any separately identifiable amount for the professional equipment to be used at the Center. These costs are included in the amount which you will be paying to acquire the Existing Center as an operating business, although you may elect to purchase additional equipment. In some instances, however, EVI, or the third party from whom you are acquiring the assets, may have obtained leases for certain of the equipment, and if you are acquiring an Existing Center which has such leased equipment you also will generally be required to assume payment of the amounts to become due under those equipment leases.
- (c) **CONVERTED CENTER:** If your Franchise relates to a Converted Center, the amount described in this table represents the amount which you may be required to spend, at or after closing, to equip your Center with the minimum levels of equipment described above. This amount will vary depending upon various factors, including the condition of the Center.

(6) EVI requires you to obtain a point of sale computer system which has been approved by EVI. As of the date of this Disclosure Document, EVI was requiring that you purchase and install in your Center a software system known as the My Vision Express ("MVE") System. (See Items 6 and 11 of this Disclosure Document for a description of the computer system and the costs of this system). The system will generally require high speed internet access, which EVI estimates will cost between \$50 to \$200 per month, depending upon the location of your Center, and the internet provider which you select. In most cases, the fees for the POS System will be paid directly to MVE, but may be paid to EVI for the benefit of MVE. The costs for the hardware are paid either to EVI or an other vendor.

- (a) **NEW CENTER:** If your Franchise Agreement relates to a New Center, you will be required to install the point of sale system designated by EVI. The minimum amount described in this Item reflects the approximate cost for the start-up fee inclusive of installation and training of the system with Practice Management alone, the purchase of 3 computer stations, one cash drawer, and one printer and the estimated cost for 3 months of access and support to the system with Practice Management alone. It also includes 3 months of internet service. The higher amount reflects the estimated cost for the start-up fee inclusive of installation and training of the system with both Practice Management and Electronic Medical Records, the purchase and

installation of 6 computer stations, as well as 3 months of Internet Service, access to cloud networking in lieu of an on site server and access to online appointment scheduling.

(b) **EXISTING CENTER:** If you are acquiring an Existing Center either from EVI or one of its subsidiaries or another Franchisee, in some instances, computer stations, a cash drawer, printer, and server will be located at the Center and will be included in the purchase price which you are paying for the assets. The lower amount represents the estimated internet service for 3 months and the estimated cost for 3 months of access and support to the system with Practice Management alone. The higher amount reflects the estimated cost for the start-up fee inclusive of installation and training of the system with both Practice Management and Electronic Medical Records, the purchase and installation of 6 computer stations, as well as 3 months of Internet Service, access to cloud networking in lieu of an on site server and access to online appointment scheduling.

(c) **CONVERTED CENTER:** If your Franchise Agreement relates to a Converted Center, computer stations, cash drawers, printers, and a server may already be located at the Center. You will be required to install the point of sale system designated by EVI. You will need also to arrange for high speed internet access. The lower range represents the approximate cost for the start-up fee inclusive of installation and training of the system with Practice Management alone and the estimated cost for 3 months of access and support to the system with Practice Management alone, as well as the approximate cost for internet service for 3 months. The higher amount reflects the estimated cost for the start-up fee inclusive of installation and training of the system with both Practice Management and Electronic Medical Records, the purchase and installation of 6 computer stations, as well as 3 months of Internet Service, access to cloud networking in lieu of an on site server and access to online appointment scheduling.

(7)
(a) **NEW CENTER:** For a New Center, this amount includes the cost of your initial inventory of frames, prescription lenses, contact lenses, sunglasses, accessories and related optical products and accessories. You will be required to pay this amount to the vendors in full at or prior to closing or in accordance with standard vendor terms and conditions.

(b) **EXISTING CENTER:** If you are purchasing an Existing Center from EVI, you may be required to purchase from and pay EVI for, the inventory at the Center on the date of your acquisition, based upon EVI's valuation of said inventory. EVI may finance all or a portion of this amount (see Items 5 and 10 of this Disclosure Document).

(c) **CONVERTED CENTER:** If your Franchise relates to a Converted Center, this amount represents the additional amounts, if any, which you may be required to spend to bring the inventory of your Center to the minimum levels suggested by EVI for Franchised Centers of the same size, type and location.

(8) You are required to maintain signage at your Center, both on the interior and exterior, to properly identify it as a Franchised Center. The cost for such signage will vary depending upon various factors including the size of your Center, the requirements of the Base Lease for the Premises, local sign ordinances and local wage rates.

(9) Prior to your commencement of operations as a Franchised Center, you will be required to obtain the insurance described in Item 8 of this Disclosure Document. The cost of the insurance will vary depending upon various factors, including, the location, size of your Center, and your past insurance claims history. The amounts set forth herein are solely provided as estimates, however, given the rapid changes in insurance costs, EVI cannot accurately predict what the actual cost to you might be. In addition, the method of payment may vary, and depending upon the requirements of your particular insurance company, you may be required to pay premiums on a monthly, quarterly or annual basis. EVI does not currently have any suggested insurance agents, but if in the future it offers insurance programs, you may be given the right to participate in such programs. If your Franchise relates to a Converted Center which you were previously operating, and if your existing coverage complies with the terms of the Franchise Agreement, it is likely that no additional expenditure will be required although you may be required to provide EVI with an appropriate insurance certificate.

(10)
(a) **EXISTING CENTERS:** As described in Item 10 of this Disclosure Document, EVI, or one of its subsidiaries, may elect, but is not obligated, to provide purchase money financing to you in connection with your purchase of an Existing Center. If EVI, or its subsidiary, does provide financing, the financing will typically be for a period of 3 to 7 years, but may extend for 10 years, (except that the term for inventory financing will generally range between 1 to 3 years) and will require monthly self amortizing payments at the interest rate, which may be fixed or variable, established by EVI, or its subsidiary, at the time of the loan, based upon the rates then generally being offered to other new Franchisees. The monthly payments will vary depending on the amount of the loan, the term of the loan and the interest rate. At present, it can be anticipated that if EVI or one of its subsidiaries provides financing to you, the interest rate will be between 4% and 7% percent, per annum, but may range up to 10% or more, depending on the term of the loan, the amount borrowed and the

then prevailing interest rates in general. If the loan is in the amount of \$200,000, it should be anticipated that monthly payments will range between approximately \$1,000 to \$6,085; with the lower amount representing monthly payments to be made for a term of 7 years with an interest rate of 8% per annum, and the higher amount representing monthly payments to be made for a loan for 3 years with interest at 6% per annum. These amounts, are only estimates, and may increase or decrease depending on the actual amount of the loan and the length of time for repayment, and the then prevailing interest rates.

- (b) **NEW OR CONVERTED CENTERS:** EVI does not generally offer financing for New or Converted Centers, but reserves the right to do so.

EVI is unable to estimate whether, or on what terms, you will be able to obtain suitable financing from outside sources, or what the cost of such financing will be. Typically, the costs for financing include application fees, loan origination fees, points, title fees, attorneys' fees and recording and filing fees.

(11) These amounts include estimates for security deposits payable to telephone, electric and other utility companies, which amounts may be refundable to you upon termination of your accounts, and to certain state taxing authorities. These amounts will vary with the location of your Center and your prior operating experience. If your Franchise relates to a Converted Center, it is likely that all necessary deposits will have been paid in connection with your prior operation of said location and it is not anticipated that you will incur additional amounts for such items.

(12) Prior to your signing the Franchise Agreement you may be required to pay to EVI, or its designated Advertising Fund, an amount established by EVI for your Center, which amount will not exceed \$5,000, for a New or Converted Center. This amount is to be applied to advertising relating to the promotion of the opening of your Center; the placement and content of this advertising must be approved by EVI. If you are acquiring an Existing Center, you may be required to pay a grand re-opening fee, which will generally not exceed \$5,000.

(13) Upon your acquisition of a franchise for a Center, and the signing of the Franchise Agreement, or, upon renewal of your Franchise Agreement, EVI will generally require that you pay to EVI the sum of \$1,500 for its cost and expense in preparation of the franchise documents, except this fee is not due if this is the first franchise agreement which you are entering into with EVI for a store being newly constructed and the initial non-recurring franchise fee, described above, is \$30,000. Additionally, if a current Franchisee is transferring the assets of a store to you, the document preparation fee will instead generally be increased to \$2,500 to cover the additional cost and expense including legal fees of reviewing the purchase document and preparing the consent to transfer documents.

(14) If your Center is a New Center or has obtained a new Lease for its Premises, you may be required to pay to EVI, its attorneys' fees for review and negotiation of the Lease, which as of the date of this Disclosure Document were approximately \$2,500 to \$10,000. If you are acquiring the assets of the Center from an existing Franchisee, there will be due a legal fee to EVI for review of the purchase documents. Said fee currently ranges between \$1,500 and \$5,000 and may be paid either by you or the Franchisee from whom you are acquiring the assets (See discussion in Item 5). These fees may be combined with the document preparation fee discussed in Note 13 above. In addition, you may incur additional legal fees for your attorney's review of the transaction.

(15)

(a) These costs are not applicable to a New Center and also will not be applicable to a Converted Center which you were operating prior to the date of your Franchise Agreement.

(b) For an Existing Center, the assets of which you are purchasing from EVI, its subsidiary or another Franchisee, the aggregate purchase price which you are required to pay will include the amount which EVI or its subsidiary, the other Franchisee, whichever is applicable, considers to be the value of the business as a going concern, as well as the value of the tangible assets which are being acquired. The purchase price will be payable either in full, at closing, or according to any financing arrangements (see Item 10). The purchase price will vary depending upon a number of factors, including the condition of the leasehold improvements; the appearance of the Center and its furniture, fixtures and equipment; the location of the Center; the prior operating history and sales volume of the Center; the potential for growth and development of the Center and other factors which are particular to the Center you are acquiring. In addition to the amounts described in this Paragraph, you may, as set forth in Notes 3 through 7 above, in addition to the cost of purchasing the assets from the third party, be required to spend additional sums to conform the Center to the then existing standards of EVI.

(16) You will need to have sufficient additional funds prior to commencing operation as a Franchised Center, to cover the ongoing expenses during the initial phase of the operation of your business, which EVI estimates to be 3 months from the date the Center opens for business. These amounts are in addition to the amounts described above and will include initial salaries (including fees payable to optometrists and other eye care professionals to the extent permitted by state law and existing regulations), inventory replenishment, insurance, rent, utilities, and other normal expenses which are

associated with the day-to-day business operations of the Center. In addition, a number of other factors, including the size and location of your Center, the number of hours that the Center is open for business, the local wage rates, the economic conditions in the area where your Center is located and the manner in which you operate your business, will affect the amount of additional funds which you may need. New businesses often have a negative cash flow during the initial start up period and may tend to need greater amounts of working capital. Based upon its experience of operating similar retail optical centers, EVI estimates that the total amount needed for a 3 month period may, for a New Store, range from \$40,000 to \$90,000, for an Existing Store, may range from \$25,000 to \$75,000, and for a Converted Store, may range from \$5,000 to \$80,000.

The amounts described in this section are only estimates, and there can be no assurance that further additional funds will not be necessary during this start up phase or after.

(17) EVI has relied upon its almost 30 years experience in the optical industry and its experience in operating Company-operated stores, to compile these estimates. However, these amounts are only estimates. You should review these figures carefully and consult with your own business advisors. You should be aware that, except as otherwise specifically stated above, the amounts set forth above may increase in the future. These estimates do not include financing costs (see Note 10 above).

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Real Property:

In some cases, the Premises at which your Center is located is leased by EVI or one of its subsidiaries and you are required to sublease such Premises from EVI or said subsidiary. A copy of the form of Sublease is included as Exhibit "B" to this Disclosure Document.

If EVI, or its subsidiary, subleases the Premises of the Center to you, the rent which you will be charged under the Sublease will, in most instances, be the same amount being charged to EVI or its subsidiary by the Master Landlord of the Premises under the terms of the lease for the Premises (the "Base Lease"). In general, EVI and its subsidiaries do not earn a profit on the amount charged to you. The amount which you will be required to pay will include all rent, additional rent, percentage rent, rent security, taxes, escalations, insurance, common area maintenance, merchant association dues, advertising fees, utilities and all other amounts which may be payable under the Base Lease. If the Base Lease requires a contribution to the Master Landlord's marketing fund or merchants' association, those payments may be in addition to the Advertising Fund contributions which you will be required to make under the Franchise Agreement (see Items 6 and 11 of this Disclosure Document).

If you are subleasing the Premises from EVI or its subsidiary, to assure that EVI or its subsidiary will have sufficient time to pay the rent to the Master Landlord, you will generally be required to pay the rent to EVI or its subsidiary on or before the 25th day of the preceding month to provide EVI with time to remit said amount to the Master Landlord. EVI may require rents to be paid weekly, in which event, each week, beginning with the first week of each month, approximately one fourth of the rent due for the next month will be due. EVI requires rent to be paid by electronic funds transfer, and rent will be deducted from your bank account on the date that payment is due to EVI or such subsidiary.

You also will generally be required to reimburse EVI or its subsidiary for any rent security deposit paid to the Master Landlord. In addition to the security deposit given to the Master Landlord, or if no security deposit is required to be paid to the Master Landlord, you will, in all likelihood, be required to pay to EVI, or its subsidiary, an additional rent security deposit equal to one month's base rent and additional rent. EVI will not be obligated to remit the rent to the Master Landlord until the payment is received from you. You may also incur additional costs if the full payment of rent to EVI is not received by the 25th day of the preceding month and as a result the payment to the Master Landlord is not timely made by EVI, or if you are otherwise in default of your obligations. The Base Lease may also require that, at a specified time, the Premises must be remodeled. This is an additional cost for which you will also be obligated.

Except if you are acquiring a Franchise for an Existing Center and are purchasing the assets of said Center from EVI, you may also be obligated to reimburse EVI for its out-of-pocket legal fees incurred in reviewing and/or negotiating the Base Lease for the Premises. Said fees currently range between \$2,500 and \$10,000, but may increase in the future. In addition, upon renewal, modification or extension of the Base Lease for the Premises of your Center (including upon or after purchase of an Existing Center), you may be obligated to reimburse EVI for its out-of-pocket legal fees incurred for the review and/or negotiation of the terms relating to the renewal, modification or extension of the Base Lease. At the present time, such fees range from approximately \$1,000 to \$10,000, but may increase in the future. You will also be obligated to pay to EVI or its subsidiary any additional rent security deposit required to be paid to the Master Landlord.

If you desire a Franchise for a New Center within a particular area, but for which neither you, nor EVI nor its subsidiary has then obtained a lease, then after you sign the Deposit Agreement (see discussion in Item 5 above), EVI will try to obtain a location and a lease mutually acceptable to both you and EVI. Prior to the time that you, EVI or its subsidiary signs the Base Lease, you will be required to sign the Franchise Agreement, the Sublease, if applicable, and related documents and to pay the rent and security deposits required under the Base Lease or Sublease, whichever is applicable. (These requirements may vary depending upon the state in which your Center is located, and you should review any applicable state addenda that may be attached to this Disclosure Document for different provisions which may be applicable to the particular state in which your Center is located.)

The lease costs for each Center vary and are dependent upon various factors, including location, size of the Center, real estate taxes, and market conditions at the time the Premises are leased. During the calendar year 2022, the monthly rent (including additional rent such as common area maintenance charges, real estate tax contributions and other charges under the lease) for Franchised Centers leased by EVI and its subsidiaries and subleased to Franchisees ranged from approximately \$3,335 to \$29,900. These rents generally represented between approximately 15% to 25% of the Franchisee's total Gross Revenues. However, in some instances, the rent may be less than 10% of the Franchisee's Gross Revenues and, in one instance, the rent was more than 50% of the Franchisee's Gross Revenues.

If you default in any of your obligations under the Sublease and you fail to timely remedy the default, EVI or its subsidiary may, at its option, resort to its rights and remedies under the Sublease. Such remedies include dispossessing you from the Premises of the Center. A default by you under the terms of the Franchise Agreement will also be a default under the Sublease. In most cases, the term of the Sublease will expire concurrently with the expiration or sooner termination of the Franchise Agreement. In some instances, the term of the Base Lease may be less than the term of the Franchise Agreement, in which case, your Sublease will expire upon the expiration of the Base Lease for the Premises, or, at the option of EVI, upon the sooner termination of the Franchise Agreement. The termination of your Sublease may cause your Franchise Agreement to terminate and

similarly, a termination of your Franchise Agreement may result in the termination of your Sublease (see Item 17 of the Franchise Agreement).

If the tenant under the Base Lease is you or an entity which you own, and is not in the name of EVI or its subsidiary, EVI will generally require that the Base Lease be collaterally assigned to either EVI or its designee, as additional security in the event that you do not comply with all of your obligations under the Franchise Agreement. The form of Collateral Assignment of Lease is annexed as Exhibit "C" to this Disclosure Document. EVI will also require that each month you provide EVI with written proof of the payment of all rent and other charges under the Lease.

In those situations where the tenant under the Base Lease is not EVI or its subsidiary, you will, in all likelihood, be required to obtain the Master Landlord's approval of the collateral assignment of the Base Lease to EVI, as well as to your use of the Marks and your operation of the Premises as a retail optical store.

Inventory:

EVI requires that all inventory sold from your Center be purchased from approved suppliers who meet EVI's minimum standards and specifications for quality and reliability. Suppliers of those products must be ones who: (a) demonstrate, to EVI's continuing satisfaction, their ability to meet EVI's reasonable standards and specifications for such items; (b) possess adequate quality controls and capacity to supply and service your needs promptly and reliably; and (c) have been approved in writing by EVI and have not had such approval revoked.

From time to time, EVI may enter into agreements with one or more vendors to create certain private label products or otherwise arrange for the sale of products to EVI or its Franchisees. As of the date of this Disclosure Document, EVI had an agreement with Nassau Vision Group for the production and sale of specially designed lenses which provide a wider field of vision and are sold under the name HD Precision View lenses. Franchisees are not required to buy such lenses. In the future, EVI may enter into other agreements for the production and sale of products. EVI does not anticipate that EVI will receive any profit from the sale of any of those products, although it reserves the right to do so. At the present time, neither EVI nor any of its officers own any interest in any of the suppliers.

The Franchise Agreement provides that, unless you are otherwise notified in writing, any vendor or supplier listed on the website *FRAMESDATA.COM*, and any vendor or supplier from whom EVI is then purchasing goods for its Company-operated Centers, will be considered to be an approved vendor or supplier.

If you are purchasing an Existing Center from EVI, you may be required to purchase the inventory which exists in the Center on the date that you acquire the Center. In some instances, the inventory will be included in the total cost of the assets and not be

separately identifiable. In other instances, however, you will be required to pay a separate amount for the inventory (see Item 5 of this Disclosure Document). The price which you will be required to pay for the inventory will generally be based upon EVI's estimated cost to it of the inventory being acquired. In most cases, EVI's costs for eyeglass frame inventory are calculated at approximately 30% of the retail price for each product. EVI may finance all or a portion of the purchase price for this inventory, as described in Item 10 of this Disclosure Document. Occasionally, a Franchisee purchasing an Existing Center, may be permitted, for a specified period of time, to retain a portion of the inventory at the Center, on a consignment basis, and upon the sale of each item of inventory, the amount due on account of such item or items will be required to be paid to EVI. At the end of the consignment period, the Franchisee will be required to return the remaining inventory to EVI. EVI did not enter into any consignment agreements during the calendar year 2022.

If you desire to sell any product to be purchased from a vendor which has not then been approved by EVI or listed on *FRAMESDATA.COM*, EVI reserves the right to approve such vendor. EVI will, in the reasonable exercise of its discretion, be entitled to withdraw its approval of any item or supplier on the grounds that the item or supplier does not then meet EVI's minimum standards and specifications for quality and reliability.

Prior to the date that you begin to operate your Center, you may be required to stock the Center with not less than the minimum inventory levels as may be required by EVI based upon the size and location of the Center. After the date you begin to operate your Center, EVI has the right to require that you maintain minimum inventory levels equal to 90% of the initial minimum inventory. If your Franchise is for a Converted Center, you will generally have 6 months to sell or otherwise dispose of those products and supplies in your inventory which are not approved by EVI.

All products, supplies and materials used or dispensed at, from or through a Franchised Center must comply with all applicable laws (including laws regarding the environment and the use, storage and disposal of hazardous materials) and must be fit for their intended uses.

EVI may, from time to time, negotiate with various vendors to obtain, for its Franchisees and Company-operated Centers, various discount and/or cooperative advertising programs. These programs frequently result in lower prices than you would generally be able to obtain from the same vendors. If EVI negotiates programs which are available for Centers located in your area, you will generally have the right, if you are in compliance with all of your obligations, to participate in these programs, but will generally not be obligated to do so. As of the date of this Disclosure Document there were no purchasing or distribution cooperatives, other than for certain Site for Sore Eyes franchisees in the State of California.

In certain instances, and based upon the volume of goods committed or estimated to be purchased by EVI, its subsidiaries and/or affiliates (from a particular vendor) for all of their Company-operated Centers, certain vendor programs may afford EVI and/or its

subsidiaries greater discounts, additional cooperative advertising payments and/or rebates than those made available to you or other Franchisees. In connection with some of these vendor programs, EVI and/or its subsidiaries may be obligated to enter into agreements and commit to purchasing a specified minimum amount of product. This minimum amount which EVI and/or its subsidiaries will commit to purchase from these vendors will generally be far greater than the amounts which you would purchase. In connection with these programs or agreements, EVI and/or its subsidiaries may obtain prices which EVI estimates could be between approximately 5% to 40% lower than those which will generally be available to you and other Franchisees. EVI does not have access to all of the information relative to the prices paid to vendors by its Franchisees, and therefore, the amounts described above are only estimates.

EVI also may receive payments from vendors as a result of the volume of products that EVI and/or its subsidiaries purchase for its Company-operated Centers and also as a result of purchases made by Franchisees. These amounts are generally used for advertising, although they may also be used to defray a portion of EVI's costs in conducting national conventions, regional meetings, seminars and training for Franchisees and employees of Company-operated Centers. During the calendar year 2022, EVI and its subsidiaries, collectively received funds from its vendors, in the aggregate, the approximate sum of \$430,000, which amount represented less than 1% of the aggregate revenues received by EVI and which amount (i) was applied, by EVI, exclusively for the cost of certain advertisements and/or promotional campaigns aired/distributed, for the benefit of both Company-operated and franchised Centers, in those selected markets designated by each such vendor; (ii) was exclusive of additional cooperative advertising amounts paid, by certain of such vendors, directly to certain of EVI's Franchisees; and (iii) was exclusive of the cost of certain advertisements placed directly by certain of such vendors for the benefit of both Company operated and franchised Centers. In addition to the amounts paid directly to EVI, Franchisees of EVI may also receive payments directly from vendors, either for product rebates, or for use in various promotions, which may be directed by the vendor. As these amounts are paid directly to the Franchisees, EVI does not receive or maintain records of such payments.

Leasehold Improvements, Fixtures and Equipment:

To maintain a uniformity of quality and appearance in each of EVI's Centers, EVI reserves the right to require you to use one or more designated companies for the design and construction of your Center. As of the date of this Disclosure Document, EVI was generally requiring that you retain the services of Eye Designs Group ("Eye Design") to assist in the design of New Centers and the renovation of Existing Centers and Converted Centers. Eye Design has its principal location at 220 West Fifth Avenue, Colleagueville, PA 19426; it also maintains an office at 14866 Central Avenue, Chino, CA 91710, and provides services throughout the United States. Eye Design services will include assistance in the design of the Center and the acquisition and installation of furniture, fixtures, cabinetry and lighting for your Center, all as required by EVI.

You will be required to obtain the approval of the Master Landlord and EVI before making any changes in the appearance of your Center, and before major modifications to

the Premises of your Center, including the modification or replacement of any decorating materials, fixtures, equipment or signs.

You will also be required to maintain certain optical equipment at the Center (see Note 5 to Item 7). You have the right to purchase or lease such equipment from any supplier, as EVI does not designate from whom you must purchase this equipment.

It is possible that, in the future, EVI, its subsidiaries, and/or other affiliated companies may engage in businesses which will manufacture and/or sell equipment or optical products or supplies, and which will be designated as approved suppliers. If the sales are made by affiliated entities, EVI does not presently anticipate that it will derive income as a result of any of your purchases from such companies. To the extent that EVI or the shareholders of EVI also maintain any ownership interest in any such affiliated company, they may, by reason of that ownership, have the benefit of that income.

Third Party Provider Programs:

As described in Item 1 of this Disclosure Document, Vision World has agreed to permit EVI Franchisees located in the area in which Vision World is then operating, which, as of the date of this Disclosure Document, is primarily the New York metropolitan area, to become Vision World providers. In other instances, due to the location of your Center or other factors, instead of becoming a Vision World Provider, you may be offered the right to become a GVS Provider (see discussion in Item 1). Vision World and GVS may enter into agreements with various third party groups, such as unions, employee organizations, insurance companies, and health maintenance organizations to provide vision care services to their members. These agreements generally limit the amount that may be charged for particular products or services, and may require that payments be collected directly from the third party provider instead of the patient or customer. Although these plans may provide you with additional customers, the charges which you will be entitled to receive will, in all likelihood, be less than you would receive from the general public. In each instance, you will be required to comply with the rules and regulations established by EVI, Vision World, GVS, or by their various third party organizations.

You are not required to become a Vision World Provider or a GVS Provider, however, if you elect to do so, you will be required to participate in all programs which Vision World or GVS may designate, provided they meet certain minimum established criteria. You may also be required, at the time you sign your Franchise Agreement, or otherwise elect to participate in these programs, to sign the then required Provider Agreement for Vision World or GVS. Most of the programs obtained through Vision World or GVS require that the claims be processed through Vision World or GVS and for each patient or customer that you service through these programs you will be required to submit to Vision World or GVS the claims for processing and collection. Vision World or GVS will submit the claim to the appropriate third party organization for processing and upon collection of the claim, it will remit to you, the amount collected, less its service fee which, depending on the location of your Center, currently ranges between 25% and 40% of the amount of the claim actually collected on your behalf. During the 2021 calendar year, Vision World received approximately \$43,000 from EVI Franchisees (not including amounts

collected on behalf of and paid by Vision World to Franchisees). This amount represented approximately 14% of Vision World's total revenues, as reflected on its books and records. During the 2021 calendar year, GVS received approximately \$478,000 from EVI franchisees (not including amounts collected on behalf of and paid by GVS to Franchisees). This amount represented approximately 6% of GVS's total revenue.

In the future, EVI, either directly or through its subsidiaries and/or affiliates, may participate in offering and processing other third party provider programs, and offer to its Franchisees the right to participate in such programs. It can be expected that EVI will benefit as a result of the participation of its Franchisees in these programs. In addition, certain of these programs may provide for franchised, affiliated and Company-operated stores of Cohen's and/or GVS to also serve as providers (see discussion in Item 1).

Insurance:

Under the terms of the Franchise Agreement, you must maintain insurance against losses involving property, workers' compensation, disability, public liability, products liability, business interruption, and any additional insurance required by the terms of the Base Lease for the Premises. In addition, you must maintain professional liability insurance for each ophthalmologist, optician, optometrist or other eye care professional who performs services from, at or through your Center. The Franchise Agreement requires that such insurance be satisfactory to EVI with respect to amounts and coverage. Currently those amounts are \$1,000,000/\$2,000,000 for general liability insurance (which must include both bodily injury and property damage liability), and must also include professional liability coverage for any optician, optometrist or other health care professional. You may also be required to maintain business interruption insurance. You are also required to maintain an additional umbrella or excess liability coverage of \$5,000,000 for any one incident, and at least \$200,000 for property damage which includes the value for furniture, fixtures, equipment, interior improvements and inventories. EVI may permit you to reduce the amount of coverage under the umbrella policy to \$3,000,000 if your general liability insurance provides for at least \$2,000,000/\$4,000,000. At all times, you will be required to maintain, either through your general liability policy or your umbrella policy, coverage in an aggregate amount of not less than \$5,000,000. Greater amounts may, in the future, be required by EVI, or be set forth in the Operations Manual. The Master Landlord for your Center may require you to obtain additional amounts or coverage, in which case you will be required to do so, even though it may exceed the amounts which EVI requires under the Franchise Agreement. The insurance must name EVI, its subsidiaries and/or its designees and the Master Landlord, as additional insureds for liability insurance and as additional loss payees for casualty insurance, and may not be cancelable except on at least 30 days' prior written notice to EVI and the Master Landlord. You must also furnish to EVI and the Master Landlord an approved certificate of insurance evidencing such coverage.

If you fail to obtain proper insurance, EVI may (but is not obligated to) acquire such insurance on your behalf. In that event, you may be obligated to reimburse EVI for the cost of the insurance premiums, plus an additional service fee, currently \$250 per policy, for its efforts in obtaining such insurance.

Advertising Agencies:

EVI may designate one or more advertising agencies to provide advertising and promotional services to all Centers within the chain. EVI believes that the designation of agencies is important to maintain a consistency in the image of EVI, which may be conveyed through advertising. EVI has the right to require that you use the agencies which it designates for all of your advertising and promotional activities, and that you pay the required fees to the designated agencies. Currently, EVI has engaged the services of The EGC Group, Inc., located at 1175 Walt Whitman Road, Melville, New York, as the designated advertising agency through which, in general, all of your advertising and promotional activities must be placed. EVI may utilize other agencies in the future. The costs required to be paid to the agencies are currently estimated to be 15% of your advertising contribution, and 15% of the cost of any additional advertising placed through these agencies. Of these costs, 10% represents a fee to the agency and 5% represents reimbursement of EVI's production and administrative costs related to the administration of EVI's marketing and advertising programs. EVI does not presently derive revenue as a result of the payments being made to the advertising agency. For a description of the advertising program, please refer to Item 11 of this Disclosure Document.

Point of Sale System:

EVI will require that you, at your cost and expense, purchase or lease, install, maintain and use a designated point of sale computer system meeting certain minimum specifications, from time to time, designated by EVI, together with the related software, from time to time, developed by and/or on behalf of EVI for use in its Centers. EVI will also require that the software for the point of sale system be purchased from companies, from time to time, designated or approved by EVI.

As of April 1, 2023, EVI was requiring Franchisees to use the My Vision Express ("MVE") system, which is owned by and licensed to EVI by EyeCare Leaders whose corporate offices are located at 2222 Sedgwick Road, Durham, NC 27713; Tel: (855) 685-3292. The system has been used by EVI and its Franchisees since 2014. For a description of the MVE system and its various costs, please refer to Item 11 of this Disclosure Document.

In the future, due to changes in technology and or other reasons, additional systems may be developed, by one or more companies, for use by EVI and its Franchisees, and EVI reserves the right to require that you purchase such systems, or modify your existing system, to comply with its then required specifications.

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 under these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Section 2 of Franchise Agreement. See also Sublease and, if applicable, Deposit Agreement and/or Purchase and Sale Agreement	Items 5 and 11
b. Pre-opening purchases/leases	Sections 2 and 11D of Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Sections 2 and 11 of Franchise Agreement	Items 6, 7 and 11
d. Initial and ongoing training	Sections 11C and 12 of Franchise Agreement	Item 11
e. Opening	Section 11 of Franchise Agreement	Item 11
f. Fees	Sections 2,3,4,5,6,7,9A(5), 11B, 11D,11K(1),12B(2),14B(3),15C, 15E, 16, 17D,18A,18B,19D(4), 19D(6) and 22D of Franchise Agreement. See also Sublease, Sections 3,4,5,6,7.6, and 7.15, and, if applicable, Purchase and Sale Agreement, Articles 2 and 3	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/Operating Manual	Sections 9 and 11 of Franchise Agreement. See also Guaranty and Assumption Agreement (Exhibit "D")	Item 11
h. Trademarks and proprietary information	Sections 9 and 10 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 11D,11E,11F and 11G of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Sections 11D,11E,11F and 11G of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 1C of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Section 11D and 11E of Franchise Agreement	Item 8

m. Maintenance, appearance and remodeling requirements	Sections 2B, 11A, 11B, 11F, 11J and 11K of Franchise Agreement and Section 3 of Sublease	Item 7, 8, and 11
n. Insurance	Section 11I of Franchise Agreement	Items 6, 7, and 8
o. Advertising	Section 6 of Franchise Agreement	Items 6 and 11
p. Indemnification	Sections 13 and 15E of Franchise Agreement; Sublease Section 3.4; Purchase and Sale Agreement, Article 10	Item 4, 6, 7, and 8
q. Owner's participation/ management/staffing	Sections 11H and 20 of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 8 of Franchise Agreement	Item 8
s. Inspections and audits	Section 14 of Franchise Agreement	Items 6, 11, and 21
t. Transfer	Section 15 of Franchise Agreement	Item 17
u. Renewal	Section 16 of Franchise Agreement	Item 17
v. Post termination obligations	Section 9A(5), 9B(4), 11L, 18 and 19 of Franchise Agreement. See also Guaranty and Assumption Agreement (Exhibit "D")	Item 17
w. Non-competition covenants	Section 19 of Franchise Agreement; See also Guaranty and Assumption Agreement (Exhibit "D")	Item 17
x. Dispute resolution	Section 22 of Franchise Agreement	Item 17
y. Other (describe)		

ITEM 10

FINANCING

EVI is not obligated to finance the initial, non-recurring Franchise Fee which you are required to pay upon signing the Franchise Agreement, or the rent security deposit which may be required under the Sublease, although it has the unrestricted right to do so (see Item 5 of this Disclosure Document).

If, however, you are acquiring an Existing Center from EVI or one of its subsidiaries, EVI, or its subsidiary, may, in its discretion, agree to finance all or a portion of the cost of the Purchase Price of the assets of, including the accounts receivable and inventory which is existing in the Center on the date of your purchase; however, EVI has no obligation to provide financing. For purposes of the information regarding the financing programs described in this Item 10, reference to EVI shall also be applicable to the financing which may be provided by its subsidiaries.

During the calendar year 2022, EVI sold the assets at one of its Existing Centers to a franchisee for a purchase price of \$150,000; the sale did not include inventory. EVI provided financing for the entire purchase price, which will be repaid over 10 years with interest at 7% per annum. During the calendar year 2021, EVI sold to Franchisees, the assets of 2 of its Existing Centers, for purchase prices ranging between \$125,000 and \$128,500; EVI did not provide financing for either of those sales. EVI is not required to provide financing for sales to Franchisees, however it reserves the right to do so in the future.

As of the date of this Disclosure Document, the interest rate being offered by EVI to qualified Franchisees of purchasing an Existing Center from EVI ranged between 4% and 7%, but may range up to 10% per annum, or more, depending on the size of the loan, the term of the loan, and general market conditions and prevailing interest rates at the time the loan is made. You are not required to obtain any loan from EVI nor is EVI required to provide financing to you. In those instances where you are acquiring an Existing Center from EVI and are purchasing the inventory, as a separately identifiable amount (see Item 5), any financing offered by EVI for the inventory will generally be repayable in equal monthly installments of principal and interest over a period ranging from 12 to 36 months; and any financing offered by EVI with respect to your purchase of the remaining assets of such Existing Center, will generally be repayable over a term ranging between 24 months and 60 months, but may be for shorter or longer periods, as determined by EVI at the time of the loan. As set forth above, during the calendar years 2022 and 2021, no inventory was included with the sales of its Existing Centers. For any financing which EVI provides, EVI reserves the right to require that payments be made on a weekly basis, instead of on a monthly basis.

Although EVI is not obligated to finance rent security deposits or the initial Franchise Fee, it may, in certain instances, agree to do so; and, in those cases, the

amount of initial Franchise Fee or the security deposit being financed will generally be payable over a relatively short period of time, generally 6 to 12 months, but may be for longer periods as EVI determines.

If you desire for EVI to provide financing, and if EVI is willing to consider providing such financing, you and the other individuals purchasing the Center (or owning the business entity which will purchase the Center) will be required to complete financing applications and provide credit reports and other financial information to EVI. In deciding whether to make the loan, as well as the amount of the loan, EVI will consider a variety of issues, including the amount you desire to finance, the amount you will be investing in the Center, your prior credit and business history, the prior credit history of your principals, and general market conditions.

If you obtain financing, you will be required to sign a promissory note (the "Note") for the loan amount. A copy of the form of Note is included as Exhibit "G" to this Disclosure Document. The Note provides that payments are due monthly; however, EVI reserves the right to require weekly payments instead. All payments are applied first to interest, and then to the reduction of the unpaid principal balance. The Note may be prepaid, at any time, without penalty; however, any amounts previously paid on account of the financing will not be refundable (Note, Section 1). Payments which are made more than 5 days after they are due are subject to a late fee not to exceed 5¢ for each dollar of payment not timely paid (Note, Section 5). Overdue amounts will also bear interest, on a monthly basis, at the highest rate permitted by law, calculated from the date the payment was due (Note, Section 3).

In most instances, EVI will require you to sign an agreement to permit EVI to automatically debit your bank account, by means of an electronic funds transfer, for each payment due under the Note. A copy of this agreement is annexed as Exhibit "J" to this Disclosure Document.

To secure your obligations to pay the amounts due under the Note, you will be required to grant to EVI a continuing lien upon, and a continuing security interest in, all of the furniture, fixtures, equipment, inventory, accounts receivable, customer records and all other assets of your Center, including any additional assets which you may acquire in the future. A copy of the form of Security Agreement is included as Exhibit "H" to this Disclosure Document.

EVI will also generally require that you and each individual owner, shareholder, member or partner of the entity which owns the Center, personally guaranty the obligations under the Note. In addition, if you and/or the other owners of the business entity are also the owners of any other business entity which owns another Franchised Center, that other business entity will likely also be obligated to guarantee the obligations under the Note and, as collateral security, to grant EVI a security interest in the assets of the other Franchised Centers. All guaranties are joint and several, which means that in the event of a default, EVI can require any one guarantor to pay the full amount due even

though such guarantor may not be the sole owner of the Franchisee. EVI reserves the right to limit the requirement for a guaranty from minority owners and/or owners who do not actively participate in the operation of the Center. A copy of the form of Guaranty is included as Exhibit "G" to this Disclosure Document.

The Note also provides that in the event of a default under the Note, the Franchise Agreement, the Sublease, or any other agreement with EVI and/or its subsidiaries or affiliates, including any other Franchise Agreement for other Centers then owned by you or the other principals of the Franchisee, EVI may, upon written notice to you, accelerate all payments due and to become due under the Note and demand full payment of the entire unpaid principal balance, plus all interest then due and costs, inclusive of attorneys' fees, which EVI incurs in attempting to collect such amounts. In the event of a default under the Note, EVI will also have the right to terminate your Franchise Agreement and/or Sublease (Note, Section 3).

The Note requires you to waive your rights to require EVI to provide you with notice of demand, presentment, protest and non-payment (Note, Section 2). No extension of time for payment of the Note or any installment will operate to release or discharge your original liability under the Note (Note, Section 9). The Note also provides that it is payable, without deduction by reason of set-off, counterclaim or any defense which you may have against EVI and/or its subsidiaries or affiliates (Note, Section 2). The Note, however, does not preclude you from commencing a separate action against EVI in the event that you have a claim against EVI.

Except where prohibited by applicable state law, the Note is governed by the laws of the State of New York and requires that you submit exclusively to the jurisdiction of the Courts of the State and County, in which EVI has its principal executive offices, on the date that any proceedings (to collect payments under the Note) are commenced. As of the date of this Disclosure Document, EVI's principal executive offices were located in the State of New York, County of Nassau.

Except to the extent that EVI or one of its subsidiaries may be the tenant under the Base Lease for the Premises, which Premises is the subject of the Sublease (see discussion in Item 8 above), EVI does not generally guarantee any notes, leases or obligations of its Franchisees, but may, in certain instances, agree to do so.

EVI has no obligation to provide financing to you or arrange financing for you with any third party, and does not receive any payments for the placement of financing, although it reserves the right to do so in the future. If you are seeking to acquire a Center, EVI may introduce you to potential lenders who may be able to assist you with the financing. EVI has no obligation to provide you with such introduction, and, if provided, EVI cannot assure you that any financing will be provided.

EVI does not have any present intention to sell, discount or assign (except for collateral assignments which are given as security for loans made to EVI), in whole or

in part, to an unrelated third party, any Notes, financing agreements, security agreements, Uniform Commercial Code Financing Statements, guaranties or other instruments which have been executed by you or any other Franchisee, but EVI reserves the right to do so in the future. The Note provides that EVI may transfer, assign, discount or sell such Note to a third party, without restriction. In the event of any such transfer, you may be required to sign additional documents to enable EVI to assign such Note and the documents executed by you in connection with the Note.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

A. Pre-Opening Obligations:

Prior to the time you begin operating the Center, EVI is obligated to provide the following assistance and services to you:

1. If you sign the Deposit Agreement before the Base Lease for the location is obtained, EVI will attempt to find a location which is satisfactory to both you and to EVI and to obtain a lease for said Premises on terms and conditions mutually satisfactory to you and EVI; the lease, at EVI's election, may either be in your name or in the name of EVI or one of its subsidiaries (Deposit Agreement; see also discussion in Item 5);

2. If the Base Lease is in the name of EVI or one of its subsidiaries, EVI will either enter into a Sublease with you, or cause its subsidiary to enter into a Sublease with you, for the Premises of your Center. If EVI permits you to obtain the Base Lease in your own name, at an agreed upon location, according to the terms required by EVI (Franchise Agreement, Section 2A), you will be required to collaterally assign your interest in your Base Lease to EVI, as security for your obligations;

3. If your Franchise Agreement relates to a New Center which you are developing, constructing, equipping and stocking, EVI will assist you during the development of the Center to design a Center consistent with the design being used by the Company; and prior to opening, EVI may also inspect the Center to make sure that it has been constructed and equipped in accordance with such plans and specifications. (Franchise Agreement, Section 2B(1)). EVI may also require that you use a designated design or construction company, in which case, you will be obligated to compensate such company for its services. (See Items 6 and 8 of this Disclosure Document and the Franchise Agreement Section 11(B));

4. If your Center is a Converted Center or an Existing Center which you are acquiring from another Franchisee, EVI will provide you with the specifications to make the necessary repairs and renovations to the Center and/or to purchase such additional and/or replacement of existing furniture, fixtures and equipment as may be necessary to conform the Center to EVI's then existing standards, and EVI will inspect the Center, prior to the effective date of your Franchise Agreement, to make sure that you have complied with such specifications. EVI may also require you to use its designated design company for such renovations. (See Item 8 of this Disclosure Agreement and Franchise Agreement, Section 2B(3));

5. If you are purchasing the assets of an Existing Center from EVI, you will be required to execute and deliver the necessary purchase and sale agreement, bill of sale and all such other documents as may be necessary to cause EVI to convey title to the assets to you (Franchise Agreement, Section 2B(2); Purchase and Sale Agreement);

6. EVI will provide initial training for you and the appropriate shareholders, partners, members or managers of your Center (Franchise Agreement, Section 12A - See also Section E of this Item 11 for a description of the training); and

7. EVI will provide you with access to EVI's Operations Manual or other materials relating to the operation of your Center (Franchise Agreement, Section 9).

EVI is not obligated by the Franchise Agreement or any other agreement to provide you with any other supervision, assistance or services prior to the opening and/or your commencing operation of the Center.

B. Continuing Obligations:

During the term of the Franchise Agreement, and provided you are then complying with all of your obligations under the Franchise Agreement and any other agreement with EVI or its subsidiaries and affiliates, EVI is obligated to provide the following assistance and services to you:

1. EVI will, from time to time, provide you with such guidance and assistance concerning the operation of the Center as EVI, in its sole discretion, may, from time to time, consider appropriate. This guidance and assistance may include such merchandising, marketing, advertising and general operating advice as may, from time to time, be developed by EVI or which EVI considers may be helpful in the operation of your Center. This guidance and assistance may, in EVI's discretion, be furnished in the form of the Operations Manual, bulletins or other written materials and, at EVI's discretion, also may take place via the internet, through telephone conversations and/or by consultations at EVI's offices, at the Center or at such other locations as EVI shall select, and may be either

by individual consultation or as part of group Franchisee meetings. If requested, EVI may provide you with such additional guidance and assistance as you may reasonably request, however, depending on the nature of these services, EVI reserves the right to charge you for the reasonable costs of any of those additional services. (Franchise Agreement, Section 12B(2));

2. EVI will conduct, as it deems advisable, inspections of your operation of the Center (Franchise Agreement, Section 14);

3. EVI or one or more of its subsidiaries will maintain an Advertising Fund, the contributions of which will be used to promote the goodwill and public image of all, or a portion of its Sterling Optical Centers (Franchise Agreement, Section 6); and

4. EVI will seek to maintain any registration of the Marks, and, if it deems advisable, take action against infringers (Franchise Agreement, Section 10).

C. Other Services Which EVI May Provide:

EVI is not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance or services in connection with the ongoing operation of your Center.

EVI may, however, but shall not be obligated to:

1. Conduct research with respect to efficient management, communications and operating systems, as well as with respect to new or additional products, supplies or services to be offered at the Centers, and to advise you and other Franchisees of the results of that research (Franchise Agreement, Section 9);

2. Conduct periodic meetings and training sessions in the appropriate local or regional areas; EVI shall have the right to require that you and/or the appropriate principals of the Franchise and/or managers of the Center attend one or more of such sessions (Franchise Agreement, Section 12A);

3. Conduct and invite you to attend annual meetings and training sessions being provided for all Franchisees, which in addition to providing training, also provide you with an opportunity to meet with Franchisees in other areas beyond your local or regional areas;

4. Attempt to negotiate and obtain, for Franchisees who desire to participate, programs which would provide all or a portion of the insurance coverage required under the Franchise Agreement (see Note 9 to Item 7 of this Disclosure Document);

5. Process for you or enter into agreements for other parties to process for you certain third party billings and collections; and in the event you utilize this service, EVI reserves the right to charge an additional fee for this service, although no fees were being charged as of the date of this Disclosure Document (see Item 8 of this Disclosure Document);

6. Attempt to negotiate with the payors of various third party benefit plans, such as unions and other organizations, for the right of any Franchisee, who so desires, to participate as a network provider in those plans; you, however, will not be required to participate in those plans (see Item 8 of this Disclosure Document); and

7. Attempt to negotiate with various vendors for discount programs or other incentive programs; provided that you will not be obligated to participate in any of these programs (see Item 8 of this Disclosure Document).

D. Location of the Center:

Sterling Optical Centers are generally located in commercial areas, and may be located in shopping centers or malls, strip shopping centers or other areas conducive to retail trade. In selecting a location for a Center, EVI considers various factors, including demographic characteristics, traffic patterns, the size and condition of the proposed Premises, and competition in the area. EVI also considers the terms of any proposed Base Lease for the particular location (including rent, escalations and other costs, length of the term and the availability of options to renew).

If you are acquiring a Franchise for a New Center then, you and EVI will, in most instances, jointly select the particular location for the New Center and then you, at your expense, will proceed to construct, furnish, equip and open the Center. (Franchise Agreement, Section 2; also see Items 6, 7, and 8 of this Disclosure Document). In the event that you desire to obtain a Franchise for a New Center to be located within a particular geographic area, but not at any particular premises, EVI and you may enter into a Deposit Agreement (the form of which is included as Exhibit "I" to this Disclosure Document; see also discussion in Item 5 of this Disclosure Document), and EVI will then attempt to find a mutually acceptable location. In such an instance, upon signing the Deposit Agreement, you will be required to deposit with EVI a \$10,000 fee. If a mutually acceptable location is found and a Base Lease is obtained, the \$10,000 will be applied to the non-recurring initial Franchise Fee. If an acceptable location and Base Lease are not obtained within 12 months, either party may elect to terminate the Deposit Agreement, provided, however, EVI will have the right to retain \$5,000 as its non-refundable and unaccountable compensation for its services and any costs and expenses it may have incurred in attempting to procure a mutually acceptable location including market research, negotiation of potential leases, travel expenses and legal fees and expenses. The balance will be refunded to you (Deposit Agreement, Section 1(e)). If, after a Location is selected

and a lease for the Location is negotiated, you do not timely proceed with the Franchise Agreement, EVI may retain the entire deposit. If you find a particular location where you would like to locate your New Center, you will be required to provide to EVI with all information regarding the site that EVI may request. EVI will, based on all of these factors, either approve or disapprove of the proposed site. If a site is not approved, you will have the right to submit additional proposed locations to EVI.

The length of time between the execution of the Franchise Agreement and your commencement of the operation of a Center will depend upon whether your Franchise is for an Existing Center, a Converted Center or a New Center. If you are purchasing a Franchise for, and the assets of, or the ownership interest of the Franchisee of an Existing Center being operated by another Franchisee, the commencement of the Franchise will be determined by your agreement with the Franchisee. If the Existing Center is one that is then being operated by EVI, or one of its subsidiaries, you will, in most instances, be required to enter into a Purchase and Sale Agreement with EVI (a copy of which is included as Exhibit "E" to this Disclosure Document). The Purchase and Sale Agreement will generally provide for a scheduled closing date within 30 days of the date of the agreement. On the closing date, you will be required to pay to EVI, or its subsidiary, the balance of the purchase price and execute the required closing documents, including the Franchise Agreement and, if applicable, the Sublease, which generally will require you to commence operating the Center on the following day.

If you are acquiring a Franchise for a Converted Center, the length of time between the execution of the Franchise Agreement and the opening of the Premises as a Sterling Optical Center, may range from several days, if no renovations are required, to several weeks or several months depending upon the scope of renovations required to be made to the Premises.

If you are opening a New Center, the length of time between the execution of the Franchise Agreement and the opening of the Center may range from approximately 2 months to 1 year, depending upon the length of time it takes to obtain a Base Lease, the availability of the Premises for occupancy, the amount of time required to construct, furnish and equip the Premises once possession is delivered, and the delivery and installation of furniture, fixtures, equipment, inventory and signs for the Center. However, it may be longer, if a lease is being signed for a new shopping center which is being developed.

E. Training Programs:

The Company does not, as of the date of this Disclosure Document, offer a formal training program for new Franchisees, but reserves the right to do so in the future. Instead of a formal training program, EVI provides you with the opportunity for direct, one on one, hands on training. If you are a new Franchisee, and depending upon your prior optical and retail experience, EVI may require that prior to commencing operation of your

Center, you and those of the other owners and/or any designated managers who will be responsible for the day to day operation of the Center, spend 1 or 2 weeks at an existing Company-operated or Franchised Center, so that you will receive training and become familiar with the requirements of the day to day operation of the Center and the procedures required by EVI. You must complete this training to the satisfaction of EVI.

Additionally, for most Franchisees, commencing with the date your Center opens for business, one or more of the members of EVI's Franchise Support Team, will spend between 3 and 7 days at your Center, and provide one-on-one training directly to you and your staff. If you are an existing Franchisee, EVI may reduce the amount of time that a Support Team member may spend at your Center following the date you commence doing business. The training provided to you is designed to generally educate you, your principals and managers in most phases of the operation of your Franchised Center. You and your staff will, while working at your Center with the Support Team Member, become acquainted with many of the issues you will encounter while working in a Franchised Center. During the period that a Franchise Support Team member is present at your Center, you will be provided with hands on training in all areas of the retail operation of your Center, including, sales, merchandising, operation of the POS system and procedural functions. You will also be provided with information regarding EVI's standards of operations and its procedures. You will also receive instructions and recommendations concerning (i) the products and services to be offered at your Center; (ii) the procedures for preparing a proper work coverage schedule, ordering inventory, ordering stock and supplies; (iii) properly displaying merchandise; (iv) controlling payroll; (v) servicing customers; (vi) the procedures for properly completing reporting forms; and (vii) the process for billing third party providers for products and services provided to their insured members.

The following table contains a general description of the subjects which will be addressed during your training; this includes the time spent during one on one instruction and assistance with a member of the Franchise Support Team, and through on-site, hands on training while at your Center, or at another Franchised Center. The amount of time may vary depending upon your prior level of experience. EVI reserves the right to waive any or all of the training based upon your prior experience, either in the operation of other Sterling Optical Centers, or in the optical industry. EVI may also, in its discretion, require you to complete additional training, if it is not satisfied that the training is sufficient.

SUBJECT	HOURS OF ON THE JOB TRAINING*	LOCATION
CUSTOMER SERVICE	6 - 10 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER
MERCHANDISE MANAGEMENT	3 - 5 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER
INVENTORY CONTROL	2 - 3 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER
RECRUITMENT & DEVELOPMENT	2 - 5 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER

MANAGED CARE SALES & ADMINISTRATION	2 - 5 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER
ADVERTISING & PROMOTION	2 - 6 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER
MARKETING TOOLS	1 - 3 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER
SALES TRAINING	8 - 15 HOURS	ON THE JOB TRAINING - AT YOUR CENTER OR ANOTHER CENTER

*Based upon your prior experience, EVI reserves the right to waive this training or reduce or extend the training period.

The cost of any initial instructional materials, location and training personnel are paid by EVI. If you, or any of the other owners or managers are required to obtain training at another Company-operated or Franchised Center, you will be required to pay for all travel, lodging, food and personal expenses for you, your principals and employees. You may also be required to compensate your employees while they are attending the training program, as EVI does not compensate any attendees while in training.

Other than as set forth above, EVI will not be required to provide any training to your principals or employees.

EVI specifically reserves the right to institute a more formal training program or, at its option, to offer additional or supplemental training courses, which may be held at group Franchisee meetings, some of which, in all likelihood, will be mandatory for you, your principals and/or certain of your employees, including managers. In such event, the expenses of such training will be borne by the parties in the same manner as the expenses of the initial training. If, within any 12 month period, you fail to attend, or fail to cause your manager(s) to attend, at least one half of the required training courses and/or Franchisee meetings, that failure will constitute a default under your Franchise Agreement (see Section 17 of the Franchise Agreement).

In addition to the initial training, during the term of your Franchise Agreement, EVI may provide you with additional on site training at your Center, or require you to attend designated Franchisee meetings.

Currently, EVI's Franchise Support Team includes Katherine (Kathie) O'Connor, EVI's Director of Franchise Support, Alexis (Alex) Morales, Director of Information Systems, and Dr. Nicholas (Nick) Shashati, Director of Professional Services, each of whose backgrounds are described in Item 2. The support team also includes: Jamie Erhardt and David Copeland each of whose backgrounds are described below. Since the training is provided on a one on one basis, each of the members of the training staff, is familiar with and able to provide the necessary training for all areas needed to operate your Center.

Jamie Erhardt is employed by the ECG Group, an advertising agency, and has been the Account Supervisor of the Emerging Vision Marketing Team since 2013. She has over 12 years of marketing and advertising experience.

David Copeland has been employed by EVI since April 2010, and has more than 20 years of experience in the retail optical industry.

No other formal training staff is maintained at present. EVI reserves the right to change its instructors and the topics provided at its training programs.

F. Advertising:

Under the terms of the Franchise Agreement, you are obligated to make continuing contributions to the Advertising Fund maintained by EVI or one or more subsidiaries of EVI (the "Advertising Fund"). This contribution is equal to 6% of the Gross Revenues of your Center. This contribution is generally required to be paid simultaneously with your payment of the continuing Royalty Fees (see Item 6 of this Disclosure Document) and is generally uniform for all new Franchisees, but may be adjusted under special circumstances, including the location of your Center within an isolated area.

EVI reserves the right, in the future, to change the amount charged to its new Franchisees. Although any change in the advertising contribution will not effect the amount that you are required to pay during the term of your Franchise Agreement, upon renewal of your Franchise Agreement, you will be obligated to pay the rates then in effect for new Franchisees.

In addition to the continuing contribution to the Advertising Fund, EVI may require that, simultaneously with your execution of the Franchise Agreement, you make a Grand Opening or a Grand Re-Opening Contribution to the Advertising Fund in an amount ranging between \$2,500 and \$5,000 for a new Existing Center. This amount, which is generally based upon the location of your Center, and the cost of the marketing in your area, will be applied to the initial promotion of your Center. During the calendar year 2022, EVI collected one Grand Opening Contribution in the amount of \$5,000.

EVI may, from time to time, enter into Area Development Agreements, Master Conversion Agreements, or other agreements relative to multiple Franchise ownership, and EVI reserves the right to modify the Advertising Fund contribution required to be paid under those agreements. EVI also reserves the right to grant to selected Franchisees special marketing allowances, rebates and/or credits, and/or to waive and/or defer payment of the Advertising Fund contributions otherwise then due EVI.

Under the terms of your Franchise Agreement, EVI is not required to make any contributions to the Advertising Fund on account of any of the Centers which it operates

or for any other reason. EVI may, however, in its discretion, make voluntary contributions to the Advertising Fund, which may or may not be in the same amount as you are required to pay. In addition, EVI may receive cooperative advertising rebates, which are not available to Franchisees, from various vendors from whom EVI and/or its Franchisees purchase products.

All or a portion of the advertising, marketing and/or sales promotion may be done or disbursed through subsidiaries or affiliates of EVI, and EVI has the right to direct that you and its other Franchisees make payments directly to one or more designated subsidiaries or affiliates. At the present time, EVI has 2 subsidiaries, Sterling Advertising, Inc., which is responsible for the collection and disbursement of the Advertising Fund contributions for all Centers other than the Site for Sore Eyes Optical Centers operating within the Northern California area, who make contributions to Site for Sore Eyes Advertising, Inc. Payments of the Advertising Fund contributions are made directly to those subsidiaries. EVI reserves the right to designate one or more other or additional entities to perform those services, or to require that payments be made directly to EVI. EVI reserves the right, at any time, to combine these funds and utilize them for the promotion of all of its retail optical Centers, in the manner that EVI determines to be appropriate. Neither EVI nor any of its subsidiaries is a trustee or fiduciary of your Advertising Fund contributions.

EVI may enter into agreements with one or more advertising agencies to provide promotional services to all or a portion of the Centers within the chain. If EVI does so, there will be deducted from your Advertising Fund contribution the fees due to that agency. In addition, if you desire to use any additional advertising, EVI can require you to place such advertising through one or more agencies designated by EVI and to pay the required fees charged by such agencies (see Item 6 of this Disclosure Document).

EVI also requires that a portion (presently between 5% and 10%) of your Advertising Fund Contribution be paid to EVI, to be applied to the costs and expenses which EVI incurs in administering the Advertising Funds, as well as for marketing and advertising expenditures designed to benefit most Franchisees.

As of the date of this Disclosure Document, EVI has designated The EGC Group, Inc., located at 1175 Walt Whitman Road, Melville, New York 11747 (telephone 516-935-4944) as the advertising agency through which most Franchisees must place their advertising. In accordance with EVI's agreement with said agency, at least 10% of your total Advertising Fund contributions are applied to advertising agency fees; however, if a particular promotion or advertisement requires more extensive production or preparation, it can be anticipated that these fees will be increased.

As of the date of this Disclosure Document, approximately 15% to 20% of a Franchisee's Advertising Fund Contributions were being applied to agency fees and

administrative costs, including maintenance of the website. This amount will likely vary in the future.

If your Center is located in an area which now, or in the future, has an Advertising Cooperative or a Pooled Market, as described below, you will be obligated to comply with the rules and regulations which may be established for that cooperative or pooled market.

If your Center is located in an isolated area, and not within any area in which EVI conducts any regional marketing programs, EVI may, in its discretion, utilize or permit you to utilize all or a portion of your Advertising Fund contribution (after deduction of applicable agency fees, production costs and the pro-rata cost of all administrative and other costs incurred by EVI in administering the Advertising Funds) for advertising directly available within your local area, including costs allocated to the EVI website and internet advertising.

If your Center is not located in an isolated area and you are not in an area subject to a Cooperative or Pooled Market, EVI will seek to utilize a portion of your Advertising Fund contributions (after deduction of appropriate agency fees and production costs and your pro-rata share of any other costs incurred by EVI in administering the Advertising Funds) for advertising which is available within your local area. Such advertising may be in the form of social media advertising, internet advertising, search engine marketing, print media, television, radio, website design or such other promotion as EVI determines to be appropriate. Provided you are not in default in the performance of your obligations under your Franchise Agreement, you may have the right, subject to the rules and regulations as may be established by EVI, and subject to EVI's approval, to request that a portion of the net contributions, allocated for advertising within your local market, be applied for special promotions pertaining to your Center, as well as for advertisements and media placement available within your local area. This will include advertisements in local newspapers, radio or television spots, and certain direct mail or email promotions. In addition, to the extent that they promote the Sterling Optical or Site for Sore Eyes name or any other name licensed to you by EVI, you may be permitted, upon consent of EVI, to use a portion of your Advertising Fund contributions for advertising that may be required under the Base Lease for your Center, which advertising is commonly referred to as "Mall Tabs" or "Lease Required Advertising". Your Advertising Fund contributions may not, however, be applied to any payments required under such Base Lease to be made to the Master Landlord's marketing fund. Except for the amounts described above, EVI has no obligation to spend any other amounts in the Franchisee's local area.

All advertising must receive the prior approval of EVI or its agency, must be placed through the agency designated by EVI, must be consistent with the image and standards established by EVI and, to the extent that it may be placed within a marketing area where other EVI Franchisees or Company-operated Centers are located, those other Centers must be given a right to participate in that advertisement or promotion. If they elect to participate, those other Centers will also be required to share in the cost of such promotion. Similarly, you will be given the opportunity to participate in advertising and/or promotions

being utilized by other Franchisees within your market area. In general, within each market area, advertising is placed based upon the vote of a majority of the Centers within the area, although EVI reserves the right to discontinue this practice in the future.

EVI reserves the right to utilize all or a portion of your Advertising Fund Contributions for such advertising, promotions or public relations programs as EVI, in its sole discretion, determines to be necessary or appropriate to advertise and promote any or all of its Centers and/or brands. EVI will generally retain the right to direct all advertising programs financed by the Advertising Fund and has sole discretion over the creative concepts, materials and endorsements, media selection, geographic market and media placement, and allocation of the Advertising Fund's assets. The advertising and promotions conducted by or through the Advertising Fund may be disseminated through any type of media, including print media, television, the Internet or social media.

The Advertising Fund's assets may be used to meet any and all costs of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities, as well as all such reasonable salaries, advertising agency fees, administrative costs and overhead as EVI may incur in connection with activities reasonably related to the administration or direction of the Advertising Funds and its programs, including conducting market research, preparing advertising materials and collecting, administering and accounting for contributions to the Advertising Funds.

In most instances, you may be given the right to elect not to participate in various national or regional promotions or advertising campaigns which EVI may be conducting. In those cases, although you may elect not to participate, your Advertising Fund contributions may still be utilized for such promotions, and you will not receive any credit to your Advertising Fund contributions by reason of your election not to participate in those programs.

EVI has no obligation to guarantee that you benefit entirely, on a pro-rata basis, or at all, from the expenditures made from the Advertising Fund; all advertising and sales promotions are intended to maximize the general public's awareness of the entire chain of EVI's Centers. EVI assumes no liability or obligation to you with respect to the effectiveness of the advertising and promotional campaigns on which the Advertising Fund contributions are expended.

EVI reserves the right to establish one or more cooperative advertising programs applicable to one or more selected markets (a "Cooperative"). These programs may require that you participate with other Franchisees and/or Company-operated Centers within your Center's Area of Dominant Influence ("ADI"), in establishing, administering and maintaining an advertising program for the ADI. It may also require you to make all or a portion of your Advertising Fund contributions directly to the cooperative. If EVI creates a Cooperative within your ADI, you may be obligated, at EVI's request, to sign a Cooperative Advertising Agreement which EVI then may require for the Franchisees participating in said

Cooperative. The Cooperative Advertising Agreement may provide EVI and/or the other Franchisees participating in the Cooperative, with the right to take action against you, including suspending your right to vote, if you fail to comply with the Cooperative Advertising Agreement. As of the date of this Disclosure Document, an advertising cooperative existed in California, for Site for Sore Eyes Stores. As of the date of this Disclosure Document, no other formal cooperatives were in existence, nor was there any advertising council composed of franchisees.

In certain instances, EVI may allow or require Franchisees within a particular area to pool all or a portion of their Advertising Fund contributions and to determine, subject to the approval of EVI, the manner in which such pooled portion of their Advertising Fund contributions (after deduction of all appropriate fees, costs and expenses) will be spent. Such arrangements will require the consent of EVI. In those instances where a pooling arrangement has been approved, all decisions relative to the manner in which the funds are to be spent, will be decided by the vote of the majority of Centers participating in the pool; each Center, including Company operated Centers, within the pooled area being entitled to one vote; and although you may elect not to participate in certain advertising and promotions, you will still be required to pay for the pro rata cost of such advertisements and promotions. Agreements to pool Advertising Fund contributions will be for a limited duration. Currently pooling arrangements exist for Centers located in San Francisco, California, as well as the area of Long Island, New York.

EVI may, in any fiscal year, spend an amount greater or less than the aggregate contributions made to the Advertising Fund in that year. If, in any fiscal year, EVI spends less than the total contributions, the remaining amounts will continue to be held for future advertising. EVI may make loans to the Advertising Fund, bearing a reasonable rate of interest, to cover any deficits in the Advertising Fund, and may cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. The Advertising Fund will be accounted for separately from the other funds of EVI. An unaudited written report of the Advertising Fund contributions made by your Center, and the expenditures which have been made in accordance with the terms described above, will be prepared annually by EVI and will be made available to you, upon your written request.

During the calendar year 2022, EVI spent between approximately 80% to 85% of the total contributions to the Advertising Fund on media placement, social media, marketing and promotional costs; 10% to 15% on Agency Fees; and 5% to 10% on production costs. It can be anticipated that these costs will increase in the future. No portion of the Advertising Fund was applied to the solicitation of new Franchisees.

In addition to the advertising and other promotional campaigns to be funded out of your required contributions to the Advertising Fund, you have the right, at your sole cost and expense, to make additional expenditures for advertising and sales promotion of your Center. All advertising will remain subject to compliance with the rules and regulations which EVI may establish in its Operations Manual, or otherwise in writing, and shall include

the obligation to obtain EVI's prior approval for all advertising, including the content of the advertising and media utilized. Additionally, you will, in all likelihood, be required to place such advertising through advertising agencies designated by EVI, to pay all applicable agency fees and production costs and to consult and cooperate with all other Franchisees within your local marketing area regarding the form and content of such advertisements.

G. Point of Sale System and Computer Systems.

The Franchise Agreement provides that EVI may require that you purchase, install, maintain and use a computer system, which has been approved for use by EVI.

As of the date of this Disclosure Document, EVI was requiring its franchisees to install and utilize a system, known as the My Vision Express ("MVE") System, which is owned and licensed to EVI by EyeCare Leaders.

The MVE Software suite is a full practice management system that is intended to assist you in all aspects of your optical practice. The software permits you to process all sales including cash, checks, and credit and debit card payments. It has multiple features including patient management, insurance claim processing, inventory control, maintenance of electronic health records and prescription history, and other management tools such as utilizing email communications, tracking marketing efforts, and calculating employee commissions. The MVE System also permits, and EVI requires that you, on a daily basis, transmit to EVI designated electronic reports of every transaction processed at your Center that day including all sales, cash receipts, patient and customer invoices, quotes and records of deposits and other patient information, receivables and third party payments, as permitted by applicable law.

EVI requires that you license the MVE Point of Sale System through EVI, and EVI will arrange for the license of the software and the installation and training. As described above, the MVE System allows for the management of your Center through its Practice Management software. It also offers you an optional additional module for the management of patient records referred to as Electronic Health Records. As of April 1, 2023, the startup fee for the MVE software suite, inclusive of installation and training, was (i) \$1,500, for Practice Management module alone, or (ii) \$2,700 for both Practice Management and Electronic Health Records.

These fees apply to all installations of a platform which hosts the MVE System; said platforms being the local client server (where you maintain your system locally on a server within the Center) and the MVE Cloud (where the system is maintained externally through internet access). For any additional Center which you acquire, you are not required to pay the applicable startup fee if the Center already has installed the platform which you choose to utilize. If your acquired Center has the local client server platform installed and you instead choose to utilize the MVE Cloud, you will be required to pay the applicable startup fee; however, you may not switch from the MVE Cloud to the local client server.

In addition to the startup fee of either \$1,500 or \$2,700, EVI will arrange for the purchase of the hardware at the Center. EVI estimates that you will need to obtain approximately 3 computer stations (approximately \$1,000 each), one cash drawer (approximately \$500), and one printer (approximately \$250).

If you maintain your system on the local client server, you will also need to purchase a server which cost, as of April 1, 2023, was approximately \$1,200; and you are also required to pay to Eyecare Leaders a recurring monthly fee of either (i) \$129 if the system only has Practice Management, or (ii) \$149 if the system has both Practice Management and Electronic Medical Records. These recurring fees include any costs for support and upgrades to the local platform.

If you maintain your system on the MVE Cloud, you will not need to purchase a server, instead you will pay to EyeCare Leaders a fee of \$300 per month for this service which provides access for up to 5 users; should you have more than 5 users (which may be the case should you own more than one Center and the MVE Cloud platform is utilized at multiple Centers), you will be required to pay to EyeCare Leaders \$60 per month for each additional user.

You may also choose to utilize an online appointment scheduling feature, which allows patients to electronically schedule appointments at your Center. If you elect to do so, you will be required to pay to EyeCare Leaders a patient communication fee of \$100 per month and it is required to be maintained for a minimum of one year.

Eyecare Leaders will require you to provide them with a credit card account so that each month it can automatically charge the amount due for that month. Eyecare Leaders reserves the right to suspend your service and/or cease providing applicable updates if you fail to timely make payments.

The costs described in this Item, and as summarized in the following chart, are as of April 1, 2023. EVI cannot predict the future cost of these services or equipment.

SUMMARY OF MVE SYSTEM COSTS*			
	TYPES OF COSTS	PRACTICE MANAGEMENT	PRACTICE MANAGEMENT AND ELECTRONIC HEALTH RECORDS
a.	Installation of MVE System (for either platform)	\$1,500.00 (one time cost)	\$2,700.00 (one time cost)
b.	Local Client Server Platform	\$129.00/month	\$149.00/month
c.	MVE Cloud Platform	\$300.00/month for up to 5 users (additional \$60/month for each user after 5)	\$300.00/month for up to 5 users (additional \$60/month for each user after 5)
d.	Optional Patient Communication Fee	\$100/month	\$100/month

*Not including pricing of hardware.

Upon signing your Franchise Agreement, you will be required to sign a Software License Agreement for the right to use the software, a copy of which is included as "K" to this Disclosure Document. You will only retain the license for as long as you are an EVI Franchisee. Upon termination of your Franchise Agreement, for any reason, your license to use the software will also terminate. EVI reserves the right, in the future, to require you to make continuing license fee payments, as well as to pay for any recommended or required upgrades to the MVE System that may be developed, or for any subsequent system that may then be required for EVI. EVI cannot estimate the cost of such upgrades or modifications. You will not be permitted to install any additional software on the MVE System without the prior written consent of EVI.

High speed internet access is required for use of your system on the MVE Cloud; however, in the event such access is not readily obtainable at your location, EVI will permit you to use a hot spot, which can be purchased through any authorized internet service provider who offers this service. The cost for such service was, as of April 1, 2023, estimated to range between \$20 per month and \$200 per month. This fee, which is based upon the availability of high speed internet access, will vary as a result of geographic location of your Center and the Internet provider you select. EVI cannot predict future cost.

EVI reserves the right to require that, in the future, you purchase replacement, additional, or other software systems which may be adopted for use in EVI Centers. EVI cannot predict what the costs may be for any other systems or for any software which may then be required. In order to maintain the best levels of support and maintenance, you will also be required, from time to time, to upgrade your software and hardware, as it becomes necessary, and as supplements or modifications are developed. EVI does not presently have an estimate for these costs, nor can it estimate the frequency of such modifications.

If you desire to utilize a point of sale system other than the MVE System or any other system then required by EVI, and although EVI has no obligation to permit such use, EVI may, upon written approval of EVI's Chief Financial Officer, permit you to utilize such system. In those instances, you will be obligated to pay EVI for all costs which it incurs in evaluating your system as well as for all programming costs which are necessary to permit EVI's system to communicate with your system.

Unless otherwise agreed to by EVI, you will not be permitted to advertise or to offer products for sale via the Internet.

H. Operations Manual.

Included in this Disclosure Document, as Exhibit "M", is a copy of the Table of Contents of the Emerging Vision Inc. Franchise Operations Manual as developed for use by EVI, and in effect as of the Effective Date of this Disclosure Document. This Table of Contents will provide you with an overview of the basic topics of information, requirements, and/or procedures pertaining to, and/or required by you in connection with your operation of a Franchised Center. As of the Effective Date of this Disclosure Document, the Operations Manual contained a total of approximately 200 pages. Exhibit "M" also contains a listing of each subject in the Operations Manual.

ITEM 12 **TERRITORY**

Designated Territory:

The Franchise Agreement will grant to you the right and license to use the name Sterling Optical or Site For Sore Eyes, as appropriate, or such other name as may be then authorized for your use by EVI in connection with the operation of your Center from a single specified location. EVI will, however, agree that provided you are not then in default in the performance of your obligations under your Franchise Agreement and/or any other agreement between you and EVI or any of its subsidiaries and/or affiliates, you will have a designated territory and EVI will not, during the term of your Franchise Agreement, open as a Company-operated Center, nor permit a Franchisee to open as a Franchised Center, another Center operated under the same name as the tradename of your Center, within a specified limited radius of your Center ("Designated Territory").

You are not guaranteed exclusive marketing rights for the Designated Territory. The Designated Territory may overlap with the Designated Territory afforded other Franchisees. In addition, advertising, including internet and social media is not necessarily limited to any territory. In addition to other non EVI retail outlets, you may, within the Designated Territory, face competition from other franchisees, from Centers that we own, or from other channels of distribution or competitive brands that we now, or may in the future, own or control. Your right to restrict the opening of additional Centers using the same tradename as your Center, within the Designated Territory, continues for the duration of the term of your Franchise Agreement, provided you are not in default of the terms of the Franchise Agreement. It is not dependent on your sales volume or other market penetration.

In most cases, the area of your Designated Territory will be equal to the lesser of either the radius restriction contained in the Base Lease for the Premises of your Center, or the area which is determined by the population density of the county in which your Center is located. The greater the density, the smaller the Designated Territory. If you are located in a densely populated commercial urban area, which is generally a county having a population in excess of 1,000,000 people, the Designated Territory will generally be the area having a radius of approximately 4 blocks from the Center. The Designated Territory, if you are located in a moderately populated suburban or residential area, which is generally a county having a population between 250,000 and 1,000,000 people, will generally range from 1 to 3 miles from the Center. In the lesser populated rural areas, counties having a population ranging between 10,000 and 250,000 people, the Designated Territory will generally have a radius of 3 to 5 miles from the Center. EVI reserves the right to modify the Designated Territory upon renewal or transfer of your Franchise Agreement, to reflect the then existing circumstances including changes in population density and lease restrictions.

The Franchise Agreement does not generally prohibit you from soliciting sales outside of the Designated Territory; however, prior to any solicitation within a particular area, you will be required to consult and cooperate with all other Franchisees within your marketing area (see the description of Advertising Requirements contained in Item 11 of this Disclosure Document). The Franchise Agreement currently prohibits you from offering products for sale over the Internet or by mail order, but EVI may in the future develop e-commerce or other programs to enable its Franchisees to make such sales.

EVI operates interactive desktop and mobile websites, under the domain names *sterlingoptical.com*, *sitforsoreeyes.com*, and *emergingvision.com*, which websites contain a store locator list; in addition the *sterlingoptical.com*, *sitforsoreeyes.com* websites permit individuals to schedule appointments at the various locations.

If during the term of your Franchise Agreement, you lose the right to continue to use and occupy the Premises where your Center is located, as a result of damage to, or condemnation or destruction of the Premises, or for any reason other than your default, or your acts or omissions, then EVI may, upon your request, and subject to your compliance with the Franchise Agreement (see Section 11K of the Franchise Agreement), permit you to relocate your Center to another location approved by EVI and to operate that other location for the balance of the term of your Franchise Agreement. Depending upon where the new Center is located, the Designated Territory described in your Franchise Agreement may also be modified.

Area Development:

In order for EVI to expand more rapidly into certain areas, EVI reserves the right, in the future, and in accordance with a new or amended Disclosure Document, to enter into one or more Area Development Agreements or Multiple Conversion Agreements with a Franchisee (the "Franchisee Developer") where the Franchisee Developer may be given the exclusive right, over a specified period of time, to acquire, operate and/or construct and/or convert existing retail optical stores located within a designated geographic area and thereafter to operate those stores as Franchised Centers. As of the date of this Disclosure Document, EVI did not have any Area Development or Multiple Conversion Agreements in effect, but reserves the right to enter into such agreements in the future.

Rights Reserved by EVI:

Except as described above, EVI (on behalf of itself, its licensees, Franchisees, subsidiaries and affiliates) retains the right, in its sole discretion:

(1) to own, operate and grant franchises to others to own and operate retail businesses (including businesses located within the Designated Territory of your Center)

offering some or all of the products and services authorized for use in your Center, provided the tradename of such other stores is different from the tradename under which you operate your Center, such as "Sterling", or "Site For Sore Eyes", according to the terms and conditions that EVI deems appropriate;

(2) to itself operate, and to grant to other persons the right to own and operate, or to manage on behalf of EVI, Centers at the locations and on such terms and conditions as EVI deems appropriate, provided the locations do not conflict with the Designated Territory restrictions contained in your Franchise Agreement;

(3) to sell some or all of the products and services authorized for sale by Franchised Centers in any other channels of distribution, including through mail order and over via the Internet; and

(4) to operate one or more optical purchasing group businesses which will provide vendor discounts on optical products to both Franchised Centers and other retail optical stores.

You will not receive any compensation for sales made by EVI through any alternative means of distribution.

You should be aware that EVI is not prohibited from acquiring, merging or affiliating itself with an existing operation or chains having one or more existing retail optical stores located in your Designated Territory or from operating such stores, from said locations, after the date of the acquisition, merger or other affiliation; and EVI specifically reserves that right. If a location is within a Designated Territory, EVI will not use the tradename under which you operate your Center as the tradename of the additional stores located within the Designated Territory of your Center.

The Designated Territory is only applicable to stores operated under the same tradename under which you operate your Center, and does not restrict EVI or any of its subsidiaries and/or affiliates from owning, operating or franchising other retail optical stores operating under other names.

As set forth in Item 1 of this Disclosure Document, certain of the principal members of EMVI Holdings, EVI's parent company, and members of their immediate families also own interests in, and operate, other non Sterling Optical Centers, which stores may compete directly with your Center. As further described in Item 1, members of the Cohen Family, previously were the owners and/or officers of CFO LLC or their predecessors, the entities which had owned or which continue to own and operate the Cohen's Fashion Optical chain of company operated and franchised retail optical stores, similar to those offered by EVI. As of the date of this Disclosure Document, no member of the Cohen Family maintained any interest in CFO LLC, except that Alan Cohen, a director of EVI and

a principal member of EMVI Holdings, and members of his immediate family, continue to own and operate 2 Cohen's Fashion Optical locations, one located in the New York City metropolitan area, and one in Puerto Rico. In addition, as set forth in Item 1, Harvey Ross, another director of EVI and a principal member of EMVI Holdings, is the principal member of OPTYX, LLC, which company, as of the date of this Disclosure Document, owned and operated approximately 11 retail optical stores in the New York Metropolitan Area.

EVI and its subsidiaries and/or affiliates reserve the right, in the future, to engage in other businesses, or forms of distribution, including manufacturing, wholesale distribution, mail order, and via the Internet.

Although Franchisees may own and operate more than one franchise, your right to acquire additional franchises is determined individually, and in general, Franchisees do not have any rights of first refusal, options or similar rights to acquire additional Centers.

ITEM 13

TRADEMARKS

Under the terms of your Franchise Agreement, you will be granted a limited license to do business under EVI's proprietary trademark, "Sterling Optical" or, where applicable, "Site for Sore Eyes" and/or any additional or other trademarks, trade names, service marks, logotypes and commercial symbols as EVI may, at any time in the future, authorize or require you to use in connection with the operation of your Center (collectively, the "Marks"). Your use of the Marks is governed by your Franchise Agreement and EVI reserves the right to approve the manner in which you use any such Marks in connection with the ownership and operation of your Center.

You are specifically prohibited from using the Marks in connection with any activity or enterprise not contemplated by the Franchise Agreement or from using the Marks at any location other than the specific Center to which your Franchise Agreement relates. You may not license, sublicense or otherwise authorize any other person or entity to use the Marks without EVI's prior written approval, and you may not offer or sell products via the Internet or by mail order.

The proprietary trademark "Sterling Optical" is owned by EVI and was originally registered on the principal register of the United States Patent and Trademark Office (Registration No. 948511 granted December 12, 1972; Registration No. 1892900 granted May 9, 1995, and Registration No. 3878559 granted November 23, 2010), and is also registered in Canada. All required affidavits and renewals have been filed to maintain these registrations.

In portions of the State of California, EVI also licenses certain of its Franchisees to use the mark and trade name "SITE FOR SORE EYES". That name and mark were originally owned by EVI's wholly-owned subsidiary, Sterling Vision of California, Inc. ("SVCA") and licensed to EVI for use in connection with its franchising activities. The SITE FOR SORE EYES mark and its design originally were registered in the State of California on May 21, 1990, under registration number 9757; and the name Site for Sore Eyes was registered in the State of California on July 21, 1990 under registration number 10110.

Although SVCA had previously also maintained a federal trademark registration for the "SITE FOR SORE EYES" name and mark (said mark having been registered on October 18, 1994 by SVCA on the Principal Register of the U.S. Patent and Trademark Office under Registration Number 1,859,027), as a result of litigation with FOR EYES Optical Company ("For Eyes"), the owner of various trademark registrations for the mark FOR EYES, which among other things challenged the validity of the Site for Sore Eyes federal trademark. Pursuant to the terms of a settlement agreement executed in

December 2009, it was agreed EVI, its assigns, franchisees and affiliates, are permitted to use the SITE FOR SORE EYES name and mark, in connection with stores located in the states of California, Washington and Oregon, and to the extent that the SITE FOR SORE EYES mark is used in those states, it must be used, solely in its entirety and not in any abbreviated format. In addition, the SITE FOR SORE EYES mark may not be used for sales over the internet.

EVI also has obtained, on the principal register of the United States Patent and Trademark Office, a trademark for the name "Precision View" (Registration No. 5186535 granted April 18, 2017) for certain private label products (see discussion in Item 8 of this Disclosure Document.)

The Franchise Agreement prohibits you from using the Marks, or any form or variation of the Marks, in any part of your corporate or partnership name without EVI's prior written consent.

The Franchise Agreement also permits EVI, under certain circumstances, to require you, at your cost and expense, to modify or discontinue your use of any of the Marks, or to use one or more additional or substitute trademarks, service marks, trade names, logos or commercial identifiers.

The Franchise Agreement requires that you notify EVI immediately, and in writing, of any apparent infringement of, or challenge to, either your use of any Mark, or any claim by any person of any rights in any Mark or any similar trademark or service mark. The Franchise Agreement provides that EVI will have the sole discretion to determine if any action should be taken. If EVI determines to take such action, EVI will, in its discretion, determine what action is appropriate, and will exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising out of the apparent infringement, challenge or claim, or otherwise effecting any Mark. EVI is not obligated to take any action; however, if EVI does take such action, you are required to execute any and all instruments and documents, provide whatever assistance and perform any other action as may, in the opinion of EVI's counsel, be necessary or advisable to protect and maintain the interests of EVI in any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding, and to otherwise protect and maintain the interests of EVI in the Marks.

EVI will indemnify and hold you harmless from any claims, damages or demands which arise out of your use of the Marks in accordance with the Franchise Agreement, as long as you provide EVI with timely notice of the claim and you are otherwise in compliance with your Franchise Agreement. EVI has the right to defend any claim, at its own expense, for your benefit. Except as set forth above, EVI has no duty or obligation to reimburse you for any other damage, cost, expense, lost profits, lost business opportunity or any incidental or consequential damages which may result from any action involving your use of the Marks.

Except as set forth above, EVI is not a party to any other agreement which limits its rights with respect to the use of any of the Marks in any manner material to a Franchise, nor are there any other infringing uses of the Marks actually known to EVI which could materially affect your use of such Marks in the State in which your Center is located. There are no pending opposition proceedings or any material litigation involving the Marks which would impact your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, there are no patents which EVI considers material to the ownership and/or operation of a Franchised Center.

Upon the signing of your Franchise Agreement, EVI will loan or otherwise provide access to you, for use during the term of the Franchise Agreement, one copy of EVI's Operations Manual, which contains mandatory and suggested specifications, standards, policies and procedures which are required or suggested by EVI for operation of your Center. The Operations Manual also contains information regarding your duties and obligations as an EVI Franchisee. EVI will also, from time to time, provide you with other written materials relevant to the operation of your Center.

Although EVI has not filed an application for a copyright registration for the Operations Manual, the information is proprietary. You must treat the Operations Manual, any other manuals or written materials provided by EVI for use in the operation of your Center, as well as the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual will remain EVI's sole property and must be kept in a secure place within your Center. It must be returned to EVI upon termination or expiration of your Franchise Agreement.

EVI may revise the contents of the Operations Manual, and you must comply with each mandated new or changed standard. You must ensure that the Operations Manual is kept current at all times. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by EVI, at its principal offices, will be controlling.

You may not, either during or after the term of your Franchise Agreement, communicate, divulge, or use for the benefit of another person, partnership, association

or corporation, any confidential information, knowledge or know-how concerning the methods of operation of your Center which may be communicated to you or of which you may be apprised by virtue of your operation of the Center under the terms of the Franchise Agreement. You may divulge this confidential information only to those of your employees as must have access to it in order to operate the Center. Any and all information, knowledge, know-how, techniques and other data which EVI designates as confidential, will be deemed confidential, for purposes of the Franchise Agreement.

At the request of EVI, you must require your manager, and any personnel having access to any of EVI's confidential information, to execute agreements pursuant to which they agree to maintain the confidentiality of all information they receive in connection with their employment by you. The agreements must be in a form satisfactory to EVI, including specific identification of EVI as a third party beneficiary of such covenants, with the independent right to enforce them.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that the Center shall at all times have one or more of the following persons devoting their full time, energy and best efforts to the management and operation of the Center:

- (1) Yourself, if you are an individual or sole proprietor; or
- (2) If your Franchise Agreement is signed on behalf of a corporation, one or more of your principal shareholders; or
- (3) If your Franchise Agreement is signed on behalf of a partnership or limited liability company, one or more of your general partners or members; or
- (4) A manager who you may designate, provided that EVI will have the right to approve of the manager, and will have the right to revoke its approval if, at any time, that person is not operating the Center in compliance with the Franchise Agreement or the Operations Manual.

The person or persons who will be primarily responsible for operating your Center must have completed EVI's training program, to the satisfaction of EVI, unless EVI has waived this requirement. (See Item 11 of this Disclosure Document.)

The Franchise Agreement also provides that if you are a corporation, limited liability company, partnership or other business entity, all of your obligations to EVI, its subsidiaries or affiliates, under the Franchise Agreement, the Sublease and any other agreement relative to the Center, must be personally assumed and guaranteed by each shareholder, member, partner or other owner of the business entity, provided EVI reserves the right to modify this obligation for owners who do not participate in the operation of the business and/or who own a small minority interest in the entity. In addition, if you and/or the owners of the business entity are also the other owners of any other business entity which owns another Franchised Center, that other business entity may also be required to guarantee your obligations. A copy of the form of the Guaranty and Assumption Agreement required to be executed in connection with this provision is included as Exhibit "D" to this Disclosure Document. Further if you and/or the owners of the business entity, own any interest in any other Franchised Center, a default under any Franchise Agreement, Sublease, Note or other agreement relating to one Center will be a default under the agreements relating to all other Centers.

You, and if you are a corporation, partnership, limited liability company or other business entity, your shareholders, partners, members and other owners and certain members of your and their respective immediate families, are subject to a Restrictive Covenant, which prohibits you, your shareholders, principals, members, officers, directors, partners, and certain members of each of your and their respective immediate families, from engaging in any other retail optical business during the term of the Franchise Agreement. It further prohibits each of you, for a period of at least 2 years from the termination or expiration of the Franchise Agreement, or the termination by you of the use of the Marks, whichever shall be later, from engaging in any retail optical business which is located (i) at the Premises where your Center was located; (ii) within a 15 mile radius of the Center (except that if your Center has been designated as located within a Suburban/Residential area, the radius will be 10 miles, or if it has been designated as located within a Commercial/Urban area, then the radius will be 5 miles), or (iii) within a 5 mile radius of any other Sterling Optical Center or Site For Sore Eyes Center (see discussions in Items 12 and 17 of this Disclosure Document). EVI reserves the right to require a Franchisee's spouse to execute an agreement confirming this obligation. This is a risk factor which you should consider before you decide to acquire a Franchise. The Franchise Agreement provides EVI with various remedies if this provision is violated, including the right to terminate your Franchise Agreement, and the right to collect royalties on the Gross Revenues received at any other location which violates this provision. This entire provision is set forth in Section 19 of the Franchise Agreement. You should review it carefully with your legal counsel.

Except as described in this Item, EVI does not impose limitations as to whom you may hire as your manager, except that, where required, you must hire appropriate licensed

opticians or optometrists, and you must comply with all applicable laws. Neither you nor your manager may harm the goodwill associated with the System or the Marks.

The Franchise Agreement provides that if you should desire to transfer the assets of the Center and your Franchise Agreement, and if EVI exercises its option to purchase such assets (see Item 17 of this Disclosure Document), EVI will also have the right to appoint a temporary manager until the closing of the purchase of the assets by EVI.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer those goods or services specifically approved by EVI, or which meet the then current specifications which EVI may establish in its Operations Manual or otherwise advise you of in writing. These requirements are imposed to maintain EVI's uniform image and uniform marketing strategy, as well as to assure protection of EVI's Marks and the maintenance of the quality standards associated with them. (See Item 9 of this Disclosure Document).

You may not sell items or offer those services which are offered at the Center, at any location other than the Center which is specified in your Franchise Agreement, nor may you, without entering into a separate Franchise Agreement, open or operate another Center.

You are not limited to the customers to whom you may sell. There is also no limitation to the geographic area in which you may advertise or solicit business, except that you are required to comply with the advertising provisions described in Item 11 of this Disclosure Document, and you may not offer products for sale via the Internet or by mail order.

You must operate the Center in strict conformity with all applicable Federal, state, and local laws, ordinances and regulations. These laws may include federal, state and local wage, hour and other laws and regulations, anti discrimination laws such as Title VII of the Civil Rights Act of 1964, as amended ("Title VII"); the Age Discrimination in Employment Act, the Americans with Disabilities Act and similar state and local statutes and regulations; building codes, fire and safety codes, Occupational Safety and Health Administration, sanitation and environmental laws; and federal, state and local health care laws, including the Health Insurance Portability and Accountability Act of 1996, and the related regulations, as amended from time to time ("HIPAA"). In connection with HIPAA, you may be required to sign a Business Associate Agreement in the form annexed as Exhibit "L" to this Disclosure Document. You will also need to sign execute such additional agreements or certifications as may from time to time be required to comply with applicable law ordinances and regulations vary from jurisdiction to jurisdiction and may, from time to time,

be changed or implemented or interpreted in a different manner. It is your sole responsibility to keep yourself advised of the existence and the then current requirements of all laws, ordinances, and regulations applicable to the Center, and to adhere to them, as well as to any new ones that may be adopted in the future.

EVI may supplement, improve or otherwise change or modify the Operations Manual, the System or the Marks. You must, at your cost and expense, comply with all of EVI's reasonable requirements in that regard, including, offering and selling new or different products or services, and using and installing new or different equipment or other technology.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the Franchise Term	Section 1	10 years.
b. Renewal or extension of the term	Section 16 (See also Sublease Sections 3.3 and 7.7)	Renewal term equal to the initial term then being offered to new Franchisees, subject to contractual requirements, unless the remaining term of the Base Lease is less than such term, in which event, the renewal term may be equal to the remaining term of the Base Lease.
c. Requirements for franchisee to renew or extend	Section 16 (See also Sublease Section 7.7)	If you are in good standing, you may renew upon: (i) timely notice to EVI; (ii) renewal of the Base Lease; (iii) renovation of the Premises of your Center, if required; (iv) compliance with the terms of the existing Franchise Agreement; (v) payment of the renewal fee; (vi) execution of releases [*] ; and (vii) signing of EVI's then current form of Franchise Agreement and other agreements, which may contain materially different terms and require different fees than those set forth in your existing agreement.
d. Termination by franchisee	Not Applicable	The Franchise Agreement does not provide you with any right to terminate your Franchise Agreement; however, this will not prevent you from exercising those rights, if any, to terminate your agreement, on any grounds, which may be available under applicable law.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 17	EVI can terminate if you commit any of a list of violations; see Section 17 of the Franchise Agreement.

^{*}Such release shall not, however, apply to any action which you may have, or otherwise release EVI from its obligations, under the provisions of Sections 687.4 and 687.5 of the General Business Law of the State of New York.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
g. "Cause" defined - curable defaults	Section 17 (See also Sublease, Section 5; Note, Section 5)	You have 5 days to cure monetary defaults under each of the Franchise Agreement, Sublease and Note; 5 days to cure health and safety violations; 10 days to cure other defaults, under the Franchise Agreement, including failing to comply with the Operations Manual, Sublease, any other agreement with EVI or any of its subsidiaries or affiliates, or any financing agreement; failing to supply required reports, financial records or insurance policies; or misuse of the Marks or any confidential information; or violations of law or regulations.
h. "Cause" defined - non-curable defaults	Section 17 (see also Sublease, Section 5 and Note Section 3)	EVI can terminate without providing you with an opportunity to cure if you or one of your principals commits any one or more of a series of violations, which include becoming insolvent or bankrupt; being convicted or pleading guilty or nolo contendere to certain crimes; attempting to transfer any interest in the Franchisee, the Franchise Agreement or the Center except according to the Franchise Agreement. EVI can also terminate if you abandon or stop operating the Center, lose the Base Lease or Sublease for the Premises, submit false or fraudulent reports or information, or maintain false or misleading books; if you engage in unfair or deceptive trade practices, make unauthorized use of any confidential information, have 3 or more payments returned unpaid in any 12 month period, have 3 or more default notices, or notices to cure sent to you by EVI during any 24 month period, whether or not you have cured such earlier default; or fail within any 12 month period to attend 50% of all Franchisee required meetings.
i. Franchisee's obligations on termination/non-renewal	Section 17	Obligations include surrender of the Premises; compliance with covenant not to compete; payment of all amounts due; return of the Operations Manual and all confidential information; and assignment of telephone numbers; see Section 17.
j. Assignment of contract by franchisor	Section 15	No restrictions on EVI's right to transfer.
k. "Transfer" by franchisee - defined	Section 15	Includes a transfer of any interest in the Franchisee, the Franchise Agreement or the Center; all or substantially all of the assets of your business; or changes in stock, membership, or partnership ownership.
l. Franchisor's approval of transfer by Franchisee	Section 15B	EVI has the right to approve transfers.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for Franchisor's approval of transfer	Section 15C	Includes qualifications of new Franchisee and completion of training by new Franchisee; payment by you of money owed, payment of applicable transfer fees; execution by you, and each shareholder, partner or member, of satisfactory agreements with EVI, including your agreement to guarantee the obligations of the new Franchisee for a minimum period of 1 year from the date of the transfer, as reasonably determined by EVI; payment of applicable legal fees and expenses of EVI; execution of general releases, execution by new Franchisee of current forms of agreements and possible refurbishment of Premises.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15F	EVI can match any offer which you want to accept to transfer your business or any ownership interest therein.
o. Franchisor's option to purchase franchisee's business	Section 18D	Upon expiration or termination of your Franchise Agreement, EVI may, but is not obligated to, buy certain assets at the lesser of either: (I) depreciated book value; or (ii) fair market value. No value is given for goodwill.
p. Death or disability of Franchisee	Section 15D	In the event of your disability, if you were actively participating in the management of the Center, a qualified person must be appointed to replace you. In the event of your death, and if you were actively participating in the operation of the Center, a replacement must be appointed and, in addition, your interest must be assigned to an approved buyer within 9 months.
q. Non-competition covenants during the term of the Franchise	Section 19A	Neither you, your shareholders, members, nor partners, nor certain of your and their respective immediate family members, may maintain an interest or otherwise participate in any competing business.
r. Non-competition covenants after the franchise is terminated or expires	Section 19B	Neither you, your shareholders, members or partners, nor certain of your and their respective immediate family members may, for 2 years after, the later of either: (I) the termination, expiration or assignment of your Franchise Agreement; or (ii) the termination by you, your shareholders, members, partners and the members of each of your and their respective immediate families of your, and/or their, use of the Marks, maintain any interest or otherwise participate in a similar business either (x) at the premises where your Center was located, or (y) within 15 miles from the Center (except if your Center is designated to be in a residential/suburban area, the radius will be 10 miles, and if it is designated to be in a commercial/urban area the radius will be 5 miles from your Center) or (z) within a radius of 5 miles from any other Sterling Optical/Site For Sore Eyes Center (applies also upon assignment of interests). You will also to the extent permitted by law, be precluded during the same period, from soliciting former customers for the purposes of providing optical products or services. (Subject to state law - see any applicable state addenda that may be attached to this Disclosure Document for different provisions which may be applicable to your particular state).

*Such release shall not, however, apply to any action which you may have, or otherwise release EVI from its obligations, under the provisions of Sections 687.4 and 687.5 of the General Business Law of the State of New York.

s. Modification of the Agreement	Section 22H	Must be in writing, signed by both parties: however, EVI has the right, during the term of the Franchise Agreement, to modify the Operations Manual, Marks or System and you are obligated, after notice, to comply with such modifications. (See Section 9, 10 and 11 of Franchise Agreement.)
t. Integration/merger clause	Section 25	Only the terms of the Franchise Agreement are binding (subject to state law); any representations or promises outside of the Franchise Agreement or this Disclosure Document may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 22A, B	EVI has the right, but not the obligation, to require any dispute to be arbitrated in the state and county where EVI then has its principal office, which, as of the date of this Disclosure Document, was Nassau, New York (subject to state law - see any applicable state addenda that may be attached to this Disclosure Document for different provisions which may be applicable to your particular state).
v. Choice of forum	Section 22A, B	Litigation must be in the state and county where EVI then has its principal office, which, as of the date of this Disclosure Document, was State of New York, County of Nassau; (subject to state law - see any applicable state addenda that may be attached to this Disclosure Document for different provisions which may be applicable to your particular state); EVI has the right to require that any dispute be submitted to arbitration in the state and county where EVI then has its principal office, which, as of the date of this Disclosure Document, was Garden City, New York (see above).
w. Choice of Law	Section 22	New York law applies (subject to state law - see any applicable state addenda that may be attached to this Disclosure Document for different provisions which may be applicable to your particular state).

ITEM 18

PUBLIC FIGURES

EVI does not use any public figures to promote its Franchises. It also does not use any public figures to promote the business conducted at its Centers. No public figure is involved in the actual management or control of EVI and no public figure has invested in EVI. You are not prohibited by the Franchise Agreement from using the name of a public figure or celebrity in any promotional efforts for your Center; however, all advertising requires EVI's approval. (See Item 11 of this Disclosure Document.)

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 this 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projection of your income, you should report it to the franchisor's management by contacting Mr. Glenn Spina, President and Chief Executive Officer of EVI, at 646-737-1500, the Federal Trade Commission, and the appropriate state regulatory agencies.

EVI specifically urges you to make your own independent investigation to determine whether or not the Franchise may be profitable, and consult with an attorney and other advisors prior to signing the Franchise Agreement.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlets Summary for Years
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	100	96	-4
	2021	96	95	-1
	2022	95	92	-3
Company Owned	2020	23	19	-4
	2021	19	20	+1
	2022	20	17	-3
Total Outlets**	2020	123	115	-8
	2021	115	115	0
	2022	115	109	-6

*Includes Optica Stores (see discussion in Item 1).

**Total includes two outlets located in the US Virgin Islands.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
For years 2020 to 2022

State	Year	Number of Transfers
California	2020	1
	2021	5
	2022	0
Maryland	2020	0
	2021	0
	2022	0
New Jersey	2020	0
	2021	0
	2022	0
New York	2020	2
	2021	4
	2022	0
North Dakota	2020	0
	2021	0
	2022	0
Pennsylvania	2020	0
	2021	1
	2022	0
Virginia	2020	0
	2021	0
	2022	0
Wisconsin	2020	0
	2021	0
	2022	0
TOTAL	2020	3
	2021	10
	2022	0

Table No. 3 Status of Franchised Outlets For years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
California	2020	41	1	1	0	0	0	41
	2021	41	1	0	0	0	1	41
	2022	41	0	0	0	0	0	41
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
New Jersey	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
New York	2020	29	1	0	1	1	0	28
	2021	28	1	0	1	2	0	27
	2022	27	0	0	0	1	1	25
North Dakota	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	1	3
Pennsylvania	2020	5	0	1	0	0	0	0
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Virginia	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Wisconsin	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
County/Region Virgin Islands	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total*	2020	100	3	3	1	3	1	96
	2021	96	3	0	1	1	1	95
	2022	95	0	0	0	1	2	92

*Total includes two outlets located in the US Virgin Islands.

Table No. 4 Status of Company Owned Outlets - For years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2020	5	0	2	0	1	4
	2021	4	0	0	0	1	3
	2022	3	0	0	0	0	3
Florida	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Georgia	2020	5	0	0	1	0	5
	2021	4	0	0	0	0	4
	2022	4	0	0	4*	0	0
Hawaii	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Illinois	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Nevada	2020	7	0	0	2	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
New York	2020	0	0	0	0	0	0
	2021	0	0	2	0	0	2
	2022	2	0	1	0	0	3

*Includes three (3) stores sold outside of chain - see Item 1

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Pennsylvania	2020	0	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Texas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	23	0	0	3	1	19
	2021	19	0	2	0	1	20
	2022	20	0	1	1	3	17

**TABLE NO. 5
PROJECTED OPENINGS- STERLING OPTICAL CENTERS
THROUGH DECEMBER 31, 2023**

STATE	FRANCHISE AGREEMENTS SIGNED AS OF 04/01/2023 BUT STORES NOT OPENED ON THE EFFECTIVE DATE OF THIS OFFERING	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR*	PROJECTED COMPANY OWNED OPENINGS IN THE NEXT FISCAL YEAR*
ALABAMA	0	0	0
ALASKA	0	0	0
ARIZONA	0	0	0
ARKANSAS	0	0	0
CALIFORNIA	0	2	0
COLORADO	0	0	0
CONNECTICUT	0	0	0
DELAWARE	0	0	0
DISTRICT OF COLUMBIA	0	0	0
FLORIDA	0	0	0
GEORGIA	0	0	0
HAWAII	0	0	0
IDAHO	0	0	0
ILLINOIS	0	0	0
INDIANA	0	0	0
IOWA	0	0	0
KANSAS	0	0	0
KENTUCKY	0	0	0
LOUISIANA	0	0	0
MAINE	0	0	0
MARYLAND	0	0	0
MASSACHUSETTS	0	0	0
MICHIGAN	0	0	0
MINNESOTA	0	0	0

STATE	FRANCHISE AGREEMENTS SIGNED AS OF 04/01/2023 BUT STORES NOT OPENED ON THE EFFECTIVE DATE OF THIS OFFERING	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR*	PROJECTED COMPANY OWNED OPENINGS IN THE NEXT FISCAL YEAR*
MISSISSIPPI	0	0	0
MISSOURI	0	0	0
MONTANA	0	0	0
NEBRASKA	0	0	0
NEW HAMPSHIRE	0	0	0
NEW JERSEY	0	0	0
NEW MEXICO	0	0	0
NEW YORK	0	1	0
NORTH CAROLINA	0	0	0
NORTH DAKOTA	0	2	0
OHIO	0	0	0
OKLAHOMA	0	0	0
OREGON	0	0	0
PENNSYLVANIA	0	0	0
RHODE ISLAND	0	0	0
SOUTH CAROLINA	0	0	0
SOUTH DAKOTA	0	0	0
TENNESSEE	0	0	0
TEXAS	0	0	0
UTAH	0	0	0
VERMONT	0	0	0
VIRGINIA	0	0	0
WASHINGTON	0	0	0
WEST VIRGINIA	0	0	0
WISCONSIN	0	0	0
WYOMING	0	0	0
TOTALS	0	5	0

*These projected United States openings have been estimated by EVI, and there is no assurance that such Centers will open, or, if any Centers are opened, that they will be located in the States listed in this table.

During the past 3 fiscal years, certain of EVI's franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with EVI. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

To the best of the knowledge of EVI, there are no trademark specific franchisee organizations relating to the franchise system.

Attached as Exhibit "N" to this Disclosure Document, is a list of the names, addresses and telephone numbers of each of the Franchised and Company-operated Centers in operation on the Effective Date of this Offering.

Attached as Exhibit "O" to this Disclosure Document is the name and last known home address and telephone number of every franchisee who has had a Center closed and/or who terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with EVI within 10 weeks prior to the Effective Date of this Disclosure Document. You should be aware that if you purchase this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit "Q" to this Disclosure Document are the following financial statements of EVI and its subsidiaries:

- (1) Unaudited, internally generated, consolidated condensed balance sheets of EVI and Subsidiaries as of April 30, 2023 and December 31, 2022 and the related consolidated statements of income for the 4 month periods ending April 30, 2023 and April 30, 2022;
- (2) Audited consolidated balance sheets of EVI and Subsidiaries as of December 31, 2022 and December 31, 2021, and the related consolidated statements of income and comprehensive income for the years then ended; and
- (3) Audited consolidated balance sheets of EVI and Subsidiaries as of December 31, 2021 and December 31, 2020, and the related consolidated statements of income and comprehensive income for the years then ended.

The audited financial statements were audited by the firm of Janover LLC, located at 100 Quentin Roosevelt Boulevard, Garden City, NY 11530 (telephone number 516-542-6300).

ITEM 22

CONTRACTS

Attached as exhibits to this Disclosure Document are copies of the following contracts and related documents which you may be required to execute in connection with your acquisition of a Center:

Exhibit "A":	Sterling Optical Center Franchise Agreement
Exhibit "B":	Sublease
Exhibit "C":	Collateral Assignment of Lease
Exhibit "D":	Guaranty and Assumption Agreement
Exhibit "E":	Purchase and Sale Agreement
Exhibit "F":	Bill of Sale
Exhibit "G":	Promissory Note
Exhibit "H":	Security Agreement
Exhibit "I":	Deposit Agreement
Exhibit "J":	Debit Authorization
Exhibit "K":	Software License Agreement
Exhibit "L":	Business Associate Agreement

ITEM 23

RECEIPT

Attached as Exhibit "R", the last page of this Disclosure Document, in duplicate, is a receipt, to be signed by the prospective Franchisee; one copy is to be returned to EVI, the second copy is to be retained by the prospective Franchisee.

STATE ADDENDA

STATE OF CALIFORNIA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF
EMERGING VISION, INC.

In accordance with the laws of the State of California, the following provisions of the Disclosure Document are amended for Franchisees of Emerging Vision, Inc. in the State of California.

1. In Item 3, "Litigation," shall be amended by the addition of the following paragraphs:

A. Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction of plea of nolo contendere.

B. Neither EVI, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, *et seq.*) suspending or expelling such person from membership in such association or exchange.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

A. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

B. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, *et seq.*).

C. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

D. The Franchise Agreement requires application of the laws of New York. This provision may not be enforceable under California law.

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

3. In California you are prohibited from engaging in the unauthorized practice of medicine. In addition to the laws and regulations described in Item 1 of this Disclosure Document, in California, the operation of a retail optical center is in part governed by the provisions of Cal. Bus. & Prof. Code §§ 655, 2550, 2556, and 3103, Cal. Health and Safety Code § 1386(b), and 16 Cal. Code of Regs, Title 16 §§ 1399.251 and 1514. These statutes

limit the manner in which you may advertise and specifically precludes the Center from employing optometrists or providing optometric services at the Center. These statutes also preclude you from employing or otherwise having any ownership or other interest in any medical practice.

4. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000 - 31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§2000 - 20043, are met independently without reference to this Addendum to the Disclosure Document.

STATE OF ILLINOIS
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF
EMERGING VISION, INC.

In accordance with the laws of the State of Illinois, the following provisions of the Disclosure Document are amended for Franchises of Emerging Vision, Inc. in the State of Illinois.

1. The laws of the State of Illinois will apply to and will govern the Franchise Agreement, and any Purchase and Sale Agreement relating to any such Franchise.
2. Any disputes between you and EVI arising under the Franchise Agreement, or any Purchase and Sale Agreement relating to any such Franchise will be determined by arbitration to be conducted in the State and County wherein the principal offices of EVI are located on the date such proceedings are commenced, and will be conducted in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association.
3. You will be required to sign a separate Addendum to the Franchise Agreement which will reflect the modifications described above.

STATE OF MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF
EMERGING VISION, INC.

In accordance with the laws of the State of Maryland, the following provisions of the Disclosure Document are amended for Franchisees of Emerging Vision, Inc. ("EVI"), in the State of Maryland.

- (1) Item 17 of the Disclosure Document is amended to provide that any general release that is required upon renewal or transfer of a franchise shall not release EVI from any liability under the Maryland Franchise Registration Law. A copy of this Release is included with the Addendum to the Franchise Agreement for the State of Maryland.
- (2) Item 17 of the Disclosure Document and Section 22 of the Franchise Agreement are amended to provide that in the event any litigation is commenced between EVI and the Franchisee, and/or any of the guarantors, such litigation must be commenced in the State and County wherein the principal offices of EVI are located on the date of commencement of such proceedings, except if the litigation relates to claims arising under the Maryland Franchise Registration and Disclosure Law, in which event you will have the right to sue in the State of Maryland. Item 17 is further amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the execution of the Franchise Agreement.
- (3) Item 17 of the Disclosure Document and Section 17 of the Franchise Agreement are amended to provide that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.
- (4) You will be required to sign a separate Addendum to the Franchise Agreement which will reflect the modifications required by laws of the State of Maryland. A copy of this Addendum is annexed to the Franchise Agreement.

STATE OF NEW YORK
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF
EMERGING VISION, INC.

In accordance with the laws of the State of New York, the following provisions of the Disclosure Document are amended for Franchisees of Emerging Vision, Inc. ("EVI"), in the State of New York:

1. Item 3 of the Franchise Disclosure Document is amended to delete the last sentence of the Item and to substitute in its place the following:

No litigation is required to be disclosed in this Item other than the actions described above, and except for those actions, neither EVI, its predecessor, a person listed in Item 2 above, nor an affiliate offering franchises under EVI's principal trademark:

- i. has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations; nor are there any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations; or
- ii. has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been the subject of a civil action alleging: violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations; or
- iii. is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department,

including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 4 of the Franchise Disclosure Document is amended to read in its entirety as follows:

During the ten (10) year period immediately preceding the date of this Disclosure Document, neither EVI, its affiliate, its predecessor, nor any of its or general partners or officers or directors listed in Item 2 above:

- i. filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;
- ii. obtained a discharge of its debts under the bankruptcy code; or
- iii. was a principal officer of a company or a general partner in any partnership that filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of EVI held this position in the company or partnership.

3. Item 5 of the Disclosure Document is amended to provide that the non recurring initial franchise fee, will be applied to EVI's working capital and to help EVI defray the costs which EVI may incur in connection with site location and development, lease negotiations, and in store training of the Franchisee.

4. Item 17, Section (j) of the Disclosure Document is amended so that the Summary portion for said section reads as follows:

"No restriction of EVI's right to transfer except that no assignment will be made except to an assignee who in the good faith and judgment of EVI is willing and financially able to assume EVI's obligations under the Franchise Agreement."

5. Item 17, Section (w) of the Disclosure Document is amended to insert the following at the end of the Summary thereof

"The choice of law should not be considered a waiver of any right conferred upon EVI or upon the Franchisee by Article 33 of the General Business Law of the State of New York."

STATE OF NORTH DAKOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF
EMERGING VISION, INC.

In accordance with the laws of the State of North Dakota, the following provisions of the Disclosure Document are amended for Franchisees of Emerging Vision, Inc. in the State of North Dakota:

1. Covenants not to compete may be unenforceable in the State of North Dakota.
2. Item 17 of the Disclosure Document is amended to provide that the Franchise Agreement and all claims between you and EVI arising thereunder will be governed by the laws of the State of North Dakota. You will not be required to consent to jurisdiction in New York State.
3. Item 17 of the Disclosure Document is amended and in compliance with the provisions of the North Dakota Franchise Investment Act, you will not be required to execute a general release upon either assignment or renewal of your Franchise Agreement.
4. In the event that upon termination of the Franchise Agreement the parties cannot agree on a fair market value for the assets of the Franchisee, the parties will designate an appraiser mutually selected by both the Company and you.
5. You will be required to sign a separate Addendum to the Franchise Agreement which will reflect the modifications described above.

COMMONWEALTH OF VIRGINIA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
OF
EMERGING VISION, INC.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for EVI for use in the Commonwealth of Virginia shall be amended as follows:

1. 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 Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

EXHIBIT "A"

STERLING OPTICAL CENTER
FRANCHISE AGREEMENT

Date of Agreement: _____

Franchisee: _____

Location: _____

Location Number: _____

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STERLING OPTICAL CENTER
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this ___ day of _____, 20__, between EMERGING VISION, INC., a New York corporation, having its principal office located at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530 (the "COMPANY") and _____, a _____ whose principal business address is _____ (the "FRANCHISEE").

WITNESSETH:

WHEREAS, the COMPANY operates and franchises retail optical centers and/or dispensaries ("Centers") specializing in the sale of prescription and non-prescription eye wear, contact lenses and solutions, other optical and ophthalmic products and related optical products and services. These retail optical centers utilize distinctive and common formats, layouts, signs, systems, designs and decor, and certain methods, management techniques, standards, specifications and business operating procedures (the "Business System"), which Business System is embodied in the COMPANY'S Operating Manual, which may be improved, further developed and/or otherwise modified during the term hereof by, and at the sole discretion of, the COMPANY (such existing Operating Manual, as hereinafter so modified, being hereinafter referred to as the "Operating Manual"); and

WHEREAS, the COMPANY uses, promotes and licenses certain proprietary trademarks and service marks (the "Marks") in connection with the operation of such Centers, which marks include, but are not limited to, "STERLING OPTICAL", which is used by the COMPANY in most of the United States; and

WHEREAS, the COMPANY grants to qualified persons, who meet its standards and requirements and are willing to undertake the necessary investment and effort, franchises to operate Centers utilizing the Business System and one or more of the Marks; and

WHEREAS, the FRANCHISEE recognizes the benefits to be derived from being identified with, and franchised by, the COMPANY and desires to obtain the benefits arising out of the right to utilize the Business System and those Marks which the COMPANY makes available to its franchisees; and

WHEREAS, the FRANCHISEE recognizes the necessity of operating such Center in accordance with the COMPANY'S standards and specifications in order to obtain such benefits; and

WHEREAS, the FRANCHISEE desires to become a franchisee of, and to operate a Center pursuant to, the terms hereof, at the location specified herein, the FRANCHISEE having had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of its own choosing.

NOW, THEREFORE, in consideration of the mutual terms, conditions and covenants herein contained, it is hereby agreed as follows:

1. GRANT OF FRANCHISE.

A. GRANT OF FRANCHISE: TERM OF AGREEMENT.

For and in consideration of the payment by FRANCHISEE of the amounts hereinafter specified, and subject to the terms and conditions of this Agreement and the continuing good faith performance thereof by FRANCHISEE, the COMPANY hereby grants to FRANCHISEE a franchise (the "Franchise") to operate a Sterling Optical Center to be located at, and only at, _____ (the "CENTER") and the non-exclusive license to use at said CENTER, only, the Business System and the Marks, STERLING OPTICAL, together with such other insignia, symbols, and trademarks which may be approved and authorized by the COMPANY, for use by the FRANCHISEE from time to time in connection with its operation of the CENTER, and the goodwill to be derived therefrom. FRANCHISEE may only offer the goods and services authorized hereunder at the CENTER only, and not from any other location, through mail order, over the Internet, or through any other channels of distribution. Pursuant to the provisions of Paragraph B of this Section 1, the CENTER is designated as a [NEW] [EXISTING] [CONVERTED] CENTER.

This Franchise is granted for a term equal to ten (10) years, commencing on _____, 202____, and terminating at midnight on the day prior to the tenth anniversary of said date, unless sooner terminated in accordance with the provisions herein specified (the "Term"). Termination or expiration of this Agreement shall constitute a termination or expiration of the Franchise granted hereunder.

FRANCHISEE accepts the grant of the Franchise on the terms herein granted and agrees that FRANCHISEE will, at all times, faithfully, honestly and diligently perform its obligations hereunder, will continuously exert FRANCHISEE's best efforts to promote and enhance the business of the CENTER, and will not engage in any other business or activity that may conflict with the terms and conditions hereof and/or its obligations hereunder.

B. RIGHTS RESERVED BY THE COMPANY.

Except to the extent contemplated by Paragraph C of this Section 1, the COMPANY (on behalf of itself, its licensees, franchisees and/or affiliates) retains the right, in its sole discretion:

(1) to own, operate and grant franchises to others to operate businesses offering some or all of the products and services authorized for sale at the CENTER, under the Marks and/or such other trademarks, service marks and/or commercial symbols designated, from time to time, by the COMPANY, and pursuant to such terms and conditions as the COMPANY deems appropriate;

(2) to itself operate, and to grant to other persons and/or entities the right to operate, other Centers utilizing the Marks and Business System, at such locations, at such times and on such terms and conditions as the COMPANY deems appropriate;

(3) to itself operate, and to grant to other persons and/or entities the right to operate one or more websites under the Marks and/or other trademarks, service marks and/or commercial symbols deemed appropriate, from time to time, by the COMPANY, pursuant to such terms and conditions as the COMPANY deems appropriate;

(4) to sell some or all of the products and services authorized for sale at the CENTER in any channel of distribution other than through retail optical stores and/or dispensaries, including through mail order and over the Internet, and/or to provide management and/or consulting services using the Business System, to ophthalmologists or other professionals, in connection with dispensaries not operated under the Marks;

(5) to purchase, merge, acquire or affiliate with an existing chain of retail optical store(s) having one or more optical stores, even if located within the Designated Territory, as defined in Section C below, and to continue operating (and/or franchising to others the right to operate), under such other name and from said location after the date of such purchase, merger, acquisition or affiliation; and

(6) to modify or revise, in whole or in part, the provisions of the Operating Manual.

C. DESIGNATED TERRITORY.

As used herein, the term "Designated Territory" shall mean the area within a _____ radius of the CENTER, which radius has been determined based upon the provisions of the lease for the CENTER and/or its location within an urban, suburban or rural area. For purposes of this Agreement, including the provisions of Section 19, the CENTER shall be deemed to be located in a [Commercial/Urban Area]; a [Residential/Suburban Area] or a [Rural Area].

Provided the FRANCHISEE is in compliance with all of the terms and conditions of this Agreement, the Sublease (pursuant to which it may occupy the premises of the CENTER) and all other agreements with the COMPANY, its subsidiaries and

affiliates, the COMPANY agrees that, during the Term of this Agreement, it will not hereafter open or cause to be opened (as a COMPANY-operated or franchisee operated Center), within the Designated Territory, a Center bearing the same trade name as the trade name that the COMPANY has authorized the FRANCHISEE hereunder to use at the CENTER, as described in Paragraph 1A above.

The FRANCHISEE acknowledges and agrees that this provision does not, in any way, grant to FRANCHISEE exclusive marketing rights for said area, and the FRANCHISEE hereby acknowledges that such Designated Territory may coincide with the Designated Territory of other franchisees and/or other Centers hereafter being operated by the COMPANY or its franchisees. The FRANCHISEE acknowledges that the Designated Territory may be modified upon renewal or transfer of this Agreement.

2. PREMISES OF THE CENTER.

A. SUBLEASE OF PREMISES.

The COMPANY may require that FRANCHISEE sublease the premises of the CENTER (the "Premises") from the COMPANY or one of its subsidiaries or affiliates, in which event FRANCHISEE shall, simultaneously herewith, execute a sublease for the Premises in substantially the form annexed hereto as Exhibit "A" (the "Sublease"), and deposit with the COMPANY the rent security required thereunder. In lieu of the requirements of the preceding sentence, the COMPANY may, in its sole discretion, permit FRANCHISEE to lease the Premises from a lessor other than the COMPANY, or an entity which it owns or controls; provided, that the FRANCHISEE shall deliver to the COMPANY, as security for its obligations, a Collateral Assignment of Lease, in substantially the form annexed hereto as Exhibit "B", or as otherwise approved by the COMPANY and further provided, that the lease or other instrument under which FRANCHISEE proposes to occupy such Premises, shall be subject to the approval of the COMPANY and shall contain substantially the following provisions:

(1) "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title and interest of the Lessee hereunder, may be assigned by the Lessee to EMERGING VISION, INC., a New York corporation ("EVI"), or its designee, upon the sole condition that EVI or such designee shall execute such documents evidencing its agreement to keep and perform, or cause to be kept or performed, all of the obligations of the Lessee arising under this lease from and after the time and date of such assignment.";

(2) "Lessee hereby agrees that Lessor may, upon the written request of EVI, disclose to EVI all reports, information or data in Lessor's possession respecting sales made in, upon, or from the leased premises."; and

(3) "Lessor shall give written notice to EVI or its designee (concurrently with the giving of any such notice to Lessee) of any default by Lessee under the lease, and EVI or its designee shall have, upon the expiration of the period during which the Lessee may cure such default, an additional period of fifteen (15) days in which to cure, at its sole option, any such default."

In the event the COMPANY cures any default by FRANCHISEE under its lease, all costs and expenses incurred or expended by the COMPANY to cure such default, shall be immediately due and payable by FRANCHISEE to the COMPANY.

B. DEVELOPMENT OF THE CENTER.

(1) NEW CENTER.

(a) If the location of the CENTER specified in Paragraph A of Section 1 of this Agreement relates to, or if no location is specified therein, is intended to relate to, a location not previously operated as a Sterling Optical Center (a "New Center"), to be located within the area described in Exhibit "C", FRANCHISEE agrees that, except as otherwise provided in the next paragraph, FRANCHISEE shall be obligated, at its sole cost and expense, to develop, construct, decorate, furnish, fixture, equip and stock the CENTER in accordance with those standard plans, specifications and regulations as may be provided to the FRANCHISEE by the COMPANY including use of such construction managers, supervisors or other persons required or designated by the COMPANY, and payment of all costs relating thereto. FRANCHISEE agrees that it will arrange for the COMPANY to inspect the same and shall not open the CENTER until the written approval of the COMPANY has been granted.

(b) FRANCHISEE shall be obligated to sublease or lease the Premises of the CENTER in accordance with Paragraph A of Section 2 of this Agreement.

(2) EXISTING CENTER.

(a) If the location of the CENTER specified in Paragraph A of Section 1 of this Agreement relates to a location previously operated as a Sterling Optical Center by the COMPANY or another franchisee (hereinafter referred to as an "Existing Center"), subject to the terms and conditions of this Agreement, FRANCHISEE shall simultaneously with the execution of this Agreement, purchase from the COMPANY or such other franchisee, the leasehold improvements, furnishings, furniture, equipment and other assets related to the ongoing business at the CENTER, in their "As Is" condition, in accordance with the terms of a Purchase and Sale Agreement to be

executed by the parties, and sublease or lease the Premises in accordance with Paragraph A of Section 2 of this Agreement. FRANCHISEE, within thirty (30) days after its acquisition thereof, shall be obligated, at its sole cost and expense, to make all necessary repairs, renovations and/or improvements, and/or purchase such additional furniture, equipment and/or assets, to conform the CENTER to the then-existing specifications and requirements of the COMPANY, including use of such construction managers, supervisors or other persons required or designated by the COMPANY, and payment of all costs relating thereto. Upon completion of the same, FRANCHISEE shall arrange for the COMPANY's inspection of the same and shall not open the CENTER until the written approval of the COMPANY has been granted.

(b) If the location of the CENTER specified in Paragraph A of Section 1 of this Agreement, relates to a CENTER which has previously been operated by the FRANCHISEE, pursuant to a Franchise Agreement with the COMPANY, and the franchise for which is, pursuant to the terms of this Agreement, being renewed, FRANCHISEE, shall be obligated, at its sole cost and expense, to make all necessary repairs, renovations and/or improvements and/or purchase such additional furniture, equipment and/or assets, to conform the CENTER to the then existing specifications and requirements of the COMPANY, including use of such construction managers supervisors or other persons required or designated by the COMPANY, and payment of all costs relating thereto. Upon completion of the same, FRANCHISEE shall arrange for the COMPANY's inspection of the CENTER.

(3) CONVERTED CENTER.

If the location of the CENTER specified in Paragraph A of Section 1 of this Agreement relates to a location operated as a non Sterling Optical Center for at least 12 months, by the FRANCHISEE, and FRANCHISEE has agreed that promptly upon the execution of this Agreement to convert same to a franchised Sterling Optical Center (a "Converted Center"), the FRANCHISEE shall, within thirty (30) days after its execution hereof, and at its sole cost and expense, make all necessary repairs, renovations and/or improvements to the Premises and the equipment, machinery, furniture and fixtures located thereat, and/or purchase such additional furniture, fixtures, machinery, equipment and/or assets, to conform to the COMPANY's then current standards for franchised Sterling Optical Centers including use of such construction managers, supervisors or other persons required or designated by the COMPANY, and payment of all costs relating thereto. Upon completion of the same, FRANCHISEE shall arrange for the COMPANY's inspection of the same and shall not open the CENTER until the written approval of the COMPANY has been granted. Upon expiration of this Agreement, if the FRANCHISEE renews this Agreement, in accordance with the terms hereof, then at such time, the CENTER will be deemed to be an Existing Center, and shall no longer be deemed to be

a Converted Center. If the CENTER has been operated for less than 12 months by the Franchisee the CENTER may be deemed to be an Existing Center and subject to the provisions set forth herein.

3. NON-RECURRING INITIAL FRANCHISE FEE.

A. NEW OR EXISTING CENTER.

If the Agreement relates to a New Center or an Existing Center (as each of said terms is defined in Section 2 above), FRANCHISEE shall pay to the COMPANY, simultaneously with the execution hereof, a non-recurring, initial franchise fee, as follows:

(1) Thirty Thousand (\$30,000) Dollars, if this Agreement relates to a New Center which is being built and developed by the COMPANY or FRANCHISEE and at the time of the execution of this Agreement, FRANCHISEE does not then own any other Sterling Optical/Site for Sore Eyes Center Franchise;

(2) Twenty Thousand (\$20,000.00) Dollars, if this Agreement relates to an Existing Center and FRANCHISEE does not own any other Sterling Optical/Site for Sore Eyes Center Franchise;

(3) Fifteen Thousand (\$15,000) Dollars if, at the time of the execution of this Agreement, the FRANCHISEE is the then owner of another Sterling Optical/Site For Sore Eyes Center Franchise, and is not then in default, in any material respect, in its performance of its obligations, to the COMPANY, under the franchise agreement and other related documents pursuant to which the FRANCHISEE owns and operates such other Sterling Optical/Site for Sore Eyes Center (collectively, the "Other Franchise Documents");

(4) Ten Thousand (\$10,000) Dollars if, at the time of the execution of this Agreement, the FRANCHISEE is the owner of two (2) or more Sterling Optical/Site for Sore Eyes Center Franchises and is not then in default, in any material respect, in its performance of any of its obligations to the COMPANY under the Other Franchise Documents pertaining to each of such other Sterling Optical/Site for Sore Eyes Center Franchises.

(5) Solely for the purpose of determining the amount due for such non-recurring initial franchise fee pursuant to the provisions of this Paragraph A of this Section 3, the FRANCHISEE shall be deemed to own one or more other Sterling Optical or Site For Sore Eyes Center Franchises, only if the then owners of all of the voting and equity interests in the FRANCHISEE (if the FRANCHISEE is a corporation, partnership, limited liability company or other business entity) also own all of the voting and equity interests of the

other Sterling Optical or Site for Sore Eyes Center franchisees, and are not then in default, in any material respect, in their performance of any of their obligations to the COMPANY, pursuant to the Other Franchise Documents pursuant to which such other Franchisee[s] own[s] and operate[s] such other Franchise[s].

B. CONVERTED CENTER.

If this Agreement relates to a Converted Center, as defined in Section 2 above, FRANCHISEE shall pay to the COMPANY a non-recurring initial franchise fee of Ten Thousand (\$10,000) Dollars.

C. DATE OF PAYMENT.

The initial franchise fee shall be due upon the execution of this Agreement, and shall be non-refundable.

4. ROYALTY FEE.

A. NEW OR EXISTING CENTER.

If this Agreement relates to a New Center or an Existing Center, as defined in Section 2 above, FRANCHISEE shall pay to the COMPANY a continuing royalty fee (the "Royalty Fee") in an amount equal to eight percent (8%) of the Gross Revenues of the CENTER (as defined in Section 5 below) which shall be paid in accordance with the provisions of Section 7 of this Agreement.

B. CONVERTED CENTER.

If this Agreement relates to a Converted Center as defined in Section 2 above, and except if the Converted Center shall be a Site for Sore Eyes Center, located in Northern California, in the area north of Bakersfield, California in which case this provision shall not be applicable, FRANCHISEE shall, during the first three (3) years of the Term of this Agreement, pay to the COMPANY a Royalty Fee in accordance with the table set forth below, and commencing with the fourth year of the Term of this Agreement, the FRANCHISEE shall pay to the COMPANY a Royalty Fee equal to eight percent (8%) of the Gross Revenues of the CENTER:

<u>YEAR</u>	<u>PERCENTAGE PAYABLE ON BASE REVENUES</u>	<u>PERCENTAGE PAYABLE ON ADDITIONAL GROSS REVENUES</u>
1	2%	8%
2	4%	8%
3	6%	8%

For purposes of determining the Royalty Fee due each month, to the COMPANY for a Converted Center, each month's Royalty Fees will be based upon one twelfth of the applicable Base Revenues; and to the extent that the Gross Revenues, in any month, exceed one twelfth of the Base Revenues, FRANCHISEE will be obligated, for that month, to pay the percentage required for Additional Gross Revenues, for such excess amounts. Adjustments for said payments will be made quarterly. If at the end of any applicable calendar quarter, a credit is due to FRANCHISEE, based upon the *pro-rata* portion of the Base Revenues from the beginning of the year through the end of that calendar quarter, such credit will be applied to the next applicable payment(s) of Royalty Fees. If, at the end of any calendar quarter, any additional amounts are due to the COMPANY, such amounts will be due on the tenth day of the month following the end of the applicable quarter. If this Agreement relates to a Converted Center which will be operated as a Site For Sore Eyes Center, this provision relating to Base Revenues shall be inapplicable, and commencing with the first day of the Term of this Agreement, the FRANCHISEE shall pay to the COMPANY a Royalty Fee equal to eight percent (8%) of the Gross Revenues of the CENTER.

C. PAYMENTS.

All payments shall be made in accordance with the provisions of Section 7 of this Agreement.

5. DEFINITION OF "GROSS REVENUES", "BASE REVENUES" AND "ADDITIONAL GROSS REVENUES".

A. GROSS REVENUES.

As used herein, the term "Gross Revenues" shall mean and include the aggregate amount of all fees and other charges of every type, kind or nature for professional and other services performed and/or goods and services sold at, from, through or in connection with the operation of the CENTER, whether by FRANCHISEE or the CENTER's employees, independent contractors, affiliated professionals or others, and inclusive of service plans, insurance plans, and rental or other amounts received upon the subletting or any other agreement pursuant to which a licensed professional occupies a portion of the Premises, but excluding the full amount of: (I) any cash refunds and/or

reimbursements or price adjustments issued to customers and/or patients of the CENTER in the ordinary course of FRANCHISEE'S business and in accordance with the Operating Manual; (ii) sales, use, service or excise taxes collected from customers and/or patients and paid to the appropriate taxing authority; (iii) bad debts as determined to be uncollectible by a *bona fide* collection agency, provided that such bad debts do not exceed one (1%) percent of the FRANCHISEE'S Gross Revenues, and further provided that said amount shall be net of any insurance proceeds received by the FRANCHISEE on account of such bad debts; and (iv) optometric fees or services of any nature if, and only to the extent that, the payment or collection of royalties upon said amounts would be a violation of the laws of the State in which the CENTER is located, and then only for as long as, and to the extent prohibited by, such law. Thus, if the law of the State in which the CENTER is located, prohibits payment or collection of royalty fees on eye examinations, but not on the sale of contact lenses and contact lens accessories sold from the Premises, only the examination fees shall be excluded from the calculation of Gross Revenues, and the sale of contact lenses and accessories shall be required to be included in the calculation of Gross Revenues. For purposes of this definition, all such fees and charges shall be included within the CENTER'S Gross Revenues at the time the goods are sold or the services are rendered, notwithstanding the fact that FRANCHISEE does not receive full payment, for the same, at that time. For purposes of this definition, Gross Revenues shall also include the aggregate of all fees and other charges arising from services performed and goods sold at, from, or in connection with the operation of, any other location which shall be in violation of the provisions of Section 19 of this Agreement.

B. BASE REVENUES.

As used herein, the term "Base Revenues" shall mean the sum of \$ _____, which the FRANCHISEE represents:

(a) if FRANCHISEE has been operating the CENTER for twelve (12) months prior to the date of this Agreement, are the aggregate, annualized Gross Revenues of the CENTER from the commencement of FRANCHISEE'S operation to the date of this Agreement; or

(b) if FRANCHISEE has been operating the CENTER for more than twelve (12) months, are the average, annual Gross Revenues for the CENTER for the twenty-four (24) month period immediately preceding the date of this Agreement, or such lesser period as the FRANCHISEE has been operating the CENTER.

C. ADDITIONAL GROSS REVENUES.

As used herein, the term "Additional Gross Revenues" shall mean all Gross Revenues in excess of the Base Revenues.

6. ADVERTISING FUND.

A. CONTINUING CONTRIBUTION.

In addition to the payments required under Section 5 above, FRANCHISEE agrees to pay to the COMPANY simultaneously with its payment to the COMPANY of the Royalty Fees provided for hereinabove, a non-refundable contribution to the Advertising Fund described in Paragraph C of this Section 6, in an amount equal to six percent (6%) of the CENTER's Gross Revenues, which advertising contribution shall be payable to the COMPANY in accordance with the provisions of Section 7 of this Agreement.

B. GRAND OPENING CONTRIBUTION.

Simultaneously upon the execution of this Agreement, and in addition to the payments described in Paragraph A of this Section 6, FRANCHISEE shall pay to the Advertising Fund described in Paragraph C of this Section 6, the sum of \$ _____ (the "Grand Opening Contribution"), which amount will be applied to the initial promotion of the CENTER, in such manner as may be approved by the COMPANY. Unless the COMPANY and the FRANCHISEE agree otherwise in writing, the Grand Opening Contribution will not exceed Five Thousand (\$5,000) Dollars.

C. MANAGEMENT OF ADVERTISING FUND.

Recognizing the value of uniform advertising to the goodwill and public image of all of the COMPANY'S Centers, the COMPANY and FRANCHISEE agree that subject to the provisions of this Section 6, advertising contributions received from FRANCHISEE shall be placed by the COMPANY in an advertising fund (the "Advertising Fund") which the COMPANY shall administer for such advertising, promotions or public relations programs and/or campaigns as the COMPANY, in its sole discretion, may deem necessary or appropriate to advertise and promote all of its Centers. The COMPANY shall direct all such advertising programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials, endorsements and media used therein; geographic, market and media placement; and allocation of the Advertising Fund's assets and, except as set forth in the next paragraph, the FRANCHISEE agrees that the Advertising Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national, regional or local advertising materials, programs, campaigns and/or and public relations activities, including, without limitation, the cost of preparing and conducting television, radio, social media, internet, magazine, billboard, newspaper and other media programs and activities, the cost of employing advertising agencies to assist therewith, the cost of conducting market research programs, and the cost of providing promotional brochures and advertising materials to one or more of the COMPANY'S Centers. In addition, the COMPANY shall have the right to charge the Advertising Fund for all such reasonable salaries, administrative costs and overhead as the COMPANY may incur in connection with activities reasonably related to the administration or direction of the

Advertising Fund and its programs, including without limitation, conducting market research, preparing advertising materials and collecting, administrating and accounting for contributions to the Advertising Fund.

The COMPANY may spend, in any fiscal year, an amount greater or less than the aggregate contributions made to the Advertising Fund in that year; it being understood that there shall be no requirement that all or any part of the Advertising Fund be disbursed, by the COMPANY, within any accounting period. All or a portion of such advertising, marketing and/or sales promotion may be done or disbursed through affiliates of the COMPANY. Neither the COMPANY, nor any of its affiliates, shall be deemed to be a fiduciary or trustee of the Advertising Fund. The COMPANY may make loans to the Advertising Fund, bearing a reasonable rate of interest, to cover any deficits in the Advertising Fund and may cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. The Advertising Fund shall be accounted for separately from the other funds of the COMPANY. A written report of FRANCHISEE's contributions to the Advertising Fund shall be prepared annually by the COMPANY and shall be made available to FRANCHISEE upon request.

The COMPANY shall have no obligation to guarantee that Franchisee will benefit entirely, or on a pro-rata, from the expenditures made from the Advertising Fund, it being understood that all advertising and sales promotion by the COMPANY is intended to maximize the general public's awareness of the entire chain of Centers.

The COMPANY assumes no liability or obligation to FRANCHISEE with respect to the effectiveness of the advertising and promotional campaigns on which its Advertising Fund contributions are expended. For purposes of this provision, media shall include any advertising format, and may be print, radio, television, internet, social media, or any other form of promotion, which is now, or may hereafter become, available.

D. ADVERTISING AND PROMOTION BY FRANCHISEE.

In addition to FRANCHISEE's contributions to the Advertising Fund, FRANCHISEE shall have the right, at its cost and expense, to make further expenditures for advertising and sales promotion within its local area. All advertising conducted by FRANCHISEE shall remain subject to the FRANCHISEE's compliance with such rules and regulations as the COMPANY may, from time to time, establish in the Operating Manual, or otherwise in writing, and shall include the obligation to obtain prior written approval by the COMPANY for all advertising, including the content of the advertising and media utilized, to consult and cooperate with all other Franchisees within the same Area of Dominant Influence ("ADI"), and if required by the COMPANY, to utilize the advertising agencies, designated by the COMPANY, for the preparation and/or placement of the same and to pay all applicable agency fees in connection therewith.

E. APPROVAL BY COMPANY AND COMPLIANCE WITH REGULATIONS.

All advertising and promotion of the CENTER by FRANCHISEE shall be completely factual and shall conform to the highest standards of ethical advertising and shall be consistent with the image required by the COMPANY. FRANCHISEE agrees to refrain from any business or advertising practice, including participation in social media, which may be injurious to the business of the COMPANY, the goodwill associated with the Marks, or any other Center. FRANCHISEE agrees not to use any advertising material or engage in any promotion which is either required or permitted by this Agreement, without the prior written approval of the COMPANY, which approval shall not be unreasonably withheld. FRANCHISEE agrees to submit to the COMPANY, for its prior written approval, all advertising and sales promotion materials which FRANCHISEE desires to use. The COMPANY reserves the right, from time to time, to prescribe in the Operating Manual procedures for the review and approval of FRANCHISEE's advertising and promotion, and FRANCHISEE shall comply with such provisions as if the same were fully set forth herein. FRANCHISEE shall be obligated to conform to all rules, regulations and procedures established, from time to time, by the COMPANY, which may, where necessary, require such advertisement or promotion to conform to the content, style, uniformity, image and quality of any of the Marks or the goodwill associated therewith and, if also required by the COMPANY, to utilize the advertising agencies designated by the COMPANY for the preparation and/or placement of the same, and to pay all applicable agency fees in connection therewith.

F. ADVERTISING COOPERATIVE.

The COMPANY reserves the right to establish a cooperative advertising program pursuant to which FRANCHISEE shall be obligated to participate with other Franchisees and/or COMPANY operated Centers within FRANCHISEE's ADI, in establishing, administering and maintaining an advertising program for said ADI and, in connection therewith, to require FRANCHISEE to make payment of its Advertising Fund contributions directly to said Cooperative. FRANCHISEE shall be obligated, within thirty (30) days after request by the COMPANY, to execute such Cooperative Advertising Agreement as the COMPANY may generally require for the Franchisees participating in said Cooperative. The FRANCHISEE's failure to timely execute the Cooperative Advertising Agreement, or failure to timely comply with the terms thereof, shall be a default under this Agreement. The Cooperative Advertising Agreement may provide the COMPANY and/or the other Franchisees participating in the Cooperative, with the right to take action against FRANCHISEE, if FRANCHISEE fails to comply with the Cooperative Advertising Agreement. In the event that the COMPANY elects to establish an Advertising Cooperative for the CENTER's ADI, it is agreed that the Advertising Fund contributions required under Paragraph A above shall be reduced by the amount required to be

contributed to such Cooperative, it being agreed that FRANCHISEE shall not be required to contribute an amount greater than that required under said Paragraph A of this Section 6.

G. POOLED ADVERTISING CONTRIBUTIONS.

The COMPANY reserves the right to establish advertising pooling arrangements pursuant to which FRANCHISEE shall be obligated to participate with the other Franchisees and/or COMPANY-operated Centers within FRANCHISEE'S ADI, to pool all or a portion of their Advertising Fund contributions in establishing, administering and maintaining an advertising program for said ADI. FRANCHISEE shall be obligated, within thirty (30) days after request by the COMPANY, to execute such Pooled Advertising Agreement as the COMPANY may generally require for the Franchisees participating in said pooling arrangement. The FRANCHISEE's failure to timely execute such Pooled Advertising Agreement, or failure to comply with the terms thereof, shall be a default under this Agreement. The Pooled Advertising Agreement may provide the COMPANY and/or the other Franchisees participating in the pooling arrangement, with the right to take action against FRANCHISEE, if FRANCHISEE fails to comply with the Pooled Advertising Agreement. In the event that the COMPANY elects to establish such a pooling arrangement, it is agreed that the Advertising Fund contributions required under Paragraph A above shall be reduced by the amount required to be contributed under the Pooled Advertising Agreement, it being agreed that FRANCHISEE shall not be required to contribute an amount greater than that required under said Paragraph A of this Section 6.

7. PAYMENTS.

A. PAYMENT DATE.

The Royalty Fees and Advertising Fund contributions shall each be payable to the COMPANY on the same day of each and every week, during the term hereof, as may be designated by the COMPANY, or, if no date has been designated then on Tuesday of each week, and will be calculated on the basis of the CENTER's Gross Revenues for the immediately preceding calendar week ending Saturday, except as otherwise provided in Paragraph B of Section 4; provided, however, that the COMPANY reserves the right, upon not less than ten (10) days prior written notice to FRANCHISEE, to require such Royalty Fees and Advertising Fund contributions to be made on a daily basis, or any other period designated by the COMPANY, in which event such payment will be calculated on the basis of the CENTER's Gross Revenues for the immediately preceding calendar day, or such other period as the COMPANY shall designate. In the event that FRANCHISEE fails to timely provide the COMPANY with the reports described in Section 8A herein, for the purposes of calculating the Royalty Fees and Advertising Fund contributions due hereunder, the COMPANY shall be authorized to estimate said fees and contributions by

utilizing the highest amount of the CENTER's weekly or daily Gross Revenues, whichever the case shall be, during the preceding twelve (12) month period.

B. INTEREST ON LATE PAYMENTS.

If any Royalty Fees, Advertising Fund contributions, amounts due for purchases, rental fees or other amounts which FRANCHISEE owes to the COMPANY, its subsidiaries or its affiliates, are more than ten (10) days overdue, such obligations shall bear interest from and after their respective due dates, and FRANCHISEE shall be obligated to pay to the COMPANY, upon demand therefor, interest, at the rate of one and one-half (1½%) percent per month, or the highest applicable legal rate for open account business credit, whichever is lower.

C. ELECTRONIC TRANSFERS.

All payments to become due from FRANCHISEE to the COMPANY or any of its affiliates during the term of this Agreement, shall be made via an electronic fund transfer process, pursuant to which FRANCHISEE's bank account will be debited directly by (or on behalf of) the COMPANY. FRANCHISEE is required, upon execution of this Agreement and, thereafter, within ten (10) days after written request by the COMPANY, to submit to the COMPANY, such documentation and authorization for such transfers, in such form as may, from time to time, be required by the COMPANY. FRANCHISEE may not change its bank account or financial institution, unless prior to such change, it so notifies the COMPANY of such change, and executes such authorization as may be necessary to continue to permit such electronic transfer. In order to provide for changes in technology or business practices, the COMPANY reserves the right, upon not less than ten (10) days prior written notice to FRANCHISEE, to require that any or all of payments due from FRANCHISEE to the COMPANY or any of its affiliates, be made by such other payment methods as shall then be designated by the COMPANY, and the FRANCHISEE shall be obligated to execute and deliver to the COMPANY, all such documentation and/or authorizations to permit payments to be made by such other methods.

D. RETURNED PAYMENTS.

If any electronic fund transfer, check or other payment which FRANCHISEE delivers or authorizes for payment to the COMPANY or any of its subsidiaries and affiliates is returned unpaid by the bank upon which it is drawn or debited for any reason other than bank error or the payee's endorsement, then FRANCHISEE shall, upon demand, pay to the COMPANY, as a service charge, \$100 for each such unpaid transfer, check or payment. In addition, in the event that, during any six (6) month period, two (2) or more payments delivered or authorized by FRANCHISEE for payment to the COMPANY or any of its subsidiaries or affiliates are returned unpaid by the bank upon which it is drawn or

deposited, the COMPANY and/or its subsidiaries and affiliates shall have the right to require that all subsequent payments be made by certified check, bank check, or other designated method, including wire transfer. In the event that, within any twelve (12) month period, three (3) or more payments are returned unpaid by the bank upon which they are drawn or debited, then such return shall be a non-curable Event of Default pursuant to Paragraph A of Section 17 of this Agreement.

E. ACCEPTANCE AND APPLICATION OF PAYMENTS.

The COMPANY shall have the absolute right to apply any payments received from FRANCHISEE, for any purpose or reason, to any past due indebtedness of FRANCHISEE for Royalty Fees, Advertising Fund contributions, rent, purchases from the COMPANY or its affiliates, interest, note payments, or any other indebtedness owed by FRANCHISEE to the COMPANY or its affiliates, in such order of application as the COMPANY shall consider appropriate, notwithstanding that the FRANCHISEE may have directed such payment be applied in a different manner.

FRANCHISEE acknowledges that this Paragraph E of Section 7 shall not constitute the COMPANY's agreement to accept any such payments after the same are due, or a commitment by the COMPANY to extend credit to, or otherwise finance FRANCHISEE's operation of, the CENTER.

8. RECORDS AND REPORTS.

A. ACCOUNTING AND RECORDS.

(1) FRANCHISEE shall establish and maintain, at FRANCHISEE's own expense, a complete and accurate bookkeeping, accounting, ordering and record keeping system conforming to generally-accepted accounting principles and the requirements and formats prescribed by the COMPANY from time to time. FRANCHISEE's accounting and bookkeeping system shall include: (i) sequentially numbered sales tickets, on such forms as the COMPANY may from time to time prescribe; (ii) daily closeouts and deposits; and (iii) such equipment and records produced by such equipment as the COMPANY may, from time to time, require.

(2) FRANCHISEE, at FRANCHISEE's cost and expense, shall install, use and maintain any point of sale computer system or other technology, which the COMPANY may, from time to time, designate be utilized in its franchised Centers, which point of sale system, or other technology may be required to be upgraded or enhanced, by the FRANCHISEE, from time to time during the Term of this Agreement, as prescribed by the COMPANY. FRANCHISEE acknowledges that in order to provide for continuing technological changes and advances, the COMPANY will have the right during the term

of this Agreement, to establish reasonable new standards and requirements relating to implementation of technology for the Business System and FRANCHISEE will be obligated, at its cost and expense, to comply with such standards and requirements.

(3) FRANCHISEE shall furnish, or caused to be furnished to, the following reports to the COMPANY, all of which shall be transmitted in such manner or on forms as approved or required by the COMPANY and all of which shall be true and correct reports:

(a) daily sales reports, which the COMPANY may obtain directly through the FRANCHISEE'S point of sale system, or if directed by the COMPANY, shall be emailed to the COMPANY, within twenty-four (24) hours from the close of business of each day or at such other times and in such forms as required by the Operating Manual;

(b) by the close of business on Monday of each week, or such other time as may be required by the COMPANY, an electronic statement of the Gross Revenues of the CENTER for the immediately preceding week ending at the close of business on the preceding Saturday, or a written report in such format and together with such accompanying records, or forms as may be required by the Operating Manual or otherwise prescribed by the COMPANY;

(c) on or before the tenth (10th) day of each month, a written statement of the Gross Revenues of the CENTER and related information for the immediately preceding calendar month, certified to be true and correct by the FRANCHISEE, or its appropriate officer or partner;

(d) if the lease for the CENTER is not in the name of the COMPANY, or one of its Subsidiaries, then, on, or before the tenth (10th) day of each month, FRANCHISEE shall provide the COMPANY with proof of payment of all rent and other charges under the Lease for the CENTER.

(e) within ninety (90) days after the end of each calendar year and if required by the COMPANY, an annual profit and loss statement of the CENTER for the year then ended and a balance sheet for the CENTER as of the end of such year, which have been reviewed by an independent certified public accountant or, if requested by the COMPANY, are accompanied by an opinion of a certified public accountant or firm of certified public accountants selected by FRANCHISEE and approved by the COMPANY, which opinion may be qualified only to the extent reasonably acceptable to the COMPANY; and

(f) on or before April 20th of each year FRANCHISEE shall provide the COMPANY with copies of its federal, state and local income tax returns filed for the

preceding year; provided, however, if FRANCHISEE has obtained a valid extension for the date to file such returns, FRANCHISEE shall, on or before April 20th of said year, provide the COMPANY with a copy of such extensions, and shall thereafter provide copies of the income tax returns to the COMPANY within five (5) days after filing of same, but in no event later than October 20th of such year.

(4) FRANCHISEE shall maintain readily available for inspection by the COMPANY, and shall furnish to the COMPANY upon its request, exact copies of all state sales, service, value-added tax, and municipal income tax returns and such other tax returns or portions thereof as reflect the operation of the CENTER. In addition, FRANCHISEE, at its expense, shall furnish to the COMPANY and its agents such additional forms, reports, records, financial statements and other information as the COMPANY may require.

(5) FRANCHISEE shall maintain and make available for inspection by the COMPANY such employment, personnel and payroll records as may be required by the COMPANY or any federal, state or local ordinance to which FRANCHISEE or the COMPANY may be subject.

(6) FRANCHISEE shall preserve and make available for inspection by the COMPANY all books, records, accounts and tapes for a period of seven (7) years or for such other period as may be prescribed in the Operating Manual.

(7) Acceptance by the COMPANY of any payment shall not be conclusive or binding on the COMPANY with respect to the accuracy of such payment to the COMPANY.

(8) In the event that FRANCHISEE subleases or otherwise permits an independent eye care professional to utilize a portion of the CENTER, the FRANCHISEE shall be required to cause said eye care professional to utilize sequentially numbered receipts, cash registers with a locked-in grand total mechanism, or such other records and system as the COMPANY may require, and submit to the audit procedures set forth in Section 14 hereof; and FRANCHISEE shall be obligated, prior to entering into any agreement with said professional, to obtain his or her written consent to these provisions; and FRANCHISEE shall also be required to obtain the prior written consent of the COMPANY to said sublease or agreement, which consent will not be unreasonably withheld. The sublease or other agreement shall require, to the extent permitted by law, that the fees charged by the eye care professional be allocated between examinations and products and shall be consistent with standard industry practices.

(9) In the event FRANCHISEE fails to timely provide any of the reports or records set forth in Paragraph A of this Section 8, then in addition to all other remedies

set forth in this Agreement, the COMPANY shall have the right to the additional remedies described in Section 17D of this Agreement.

(10) The COMPANY shall at all times have the right and authority to verify with third parties, including banks, FRANCHISEE's customers, vendors and third party providers, the amounts reported by FRANCHISEE hereunder, and FRANCHISEE hereby authorizes the COMPANY to contact such persons or institutions and to obtain copies of statements, invoices, payments and other documents provided to FRANCHISEE in connection with its operations hereunder. In furtherance of this provision, FRANCHISEE shall simultaneously upon execution of this Agreement, execute the Authorization Agreement, annexed hereto as Exhibit "D" and shall during the term of this Agreement, within ten (10) days following written request by the COMPANY, execute and deliver to the COMPANY or such other third party, such other documents or authorization, as the COMPANY may from time to time require to enable the COMPANY to verify the information described hereunder.

B. DISCLOSURE OF FINANCIAL INFORMATION.

(1) FRANCHISEE, and each shareholder, partner, member, or owner of FRANCHISEE, if FRANCHISEE is a corporation, partnership, limited liability company, or other business entity, hereby authorizes all banks, other financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which they do business, to disclose to the COMPANY any requested financial or other information in their possession relating to such entity, persons or the CENTER and hereby authorizes the COMPANY to release to FRANCHISEE'S creditors, lenders or prospective lenders financial and operational information relating to the CENTER and the FRANCHISEE.

(2) FRANCHISEE authorizes the COMPANY to disclose data derived from FRANCHISEE's sales reports if the COMPANY determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosures may include disclosure to prospective and/or existing Franchisees.

9. OPERATING MANUAL AND CONFIDENTIAL INFORMATION.

A. OPERATING MANUAL.

(1) The COMPANY will loan to FRANCHISEE, for its use during the term of this Agreement, one (1) copy of the COMPANY's Operating Manual and other written materials, which Operating Manual contains mandatory and suggested specifications, standards, policies and operating procedures which are prescribed or suggested by the COMPANY for use in connection with the operation of the Centers and information relative

to the other duties and obligations of FRANCHISEE which are contemplated by this Agreement. Notwithstanding anything to the contrary contained herein or elsewhere expressed or implied, the Operating Manual shall not be used in any fashion to direct, limit or otherwise control the independent professional judgment of any ophthalmologist, optometrist or optician who provides professional eye care services at, from or through the CENTER.

(2) The COMPANY shall have the right, from time to time, to add to, delete from and to otherwise modify the Operating Manual, upon written notice thereof to FRANCHISEE, to reflect changes in authorized services, approved types and brands of equipment, new or modified Marks, materials and supplies, specifications, standards, policies, techniques, and operating procedures. Each and every addition to, deletion from, or other modification to the Operating Manual shall become effective within thirty (30) days after FRANCHISEE'S receipt of the aforesaid notice from the COMPANY or such greater time period as the COMPANY shall specify in said modification. FRANCHISEE shall keep its copy of the Operating Manual current; provided, however, that the master copy maintained by the COMPANY at its office shall be controlling in the event of a dispute relative to the contents of the Operating Manual.

(3) The Operating Manual shall, at all times, remain the sole property of the COMPANY and shall, at all times, be kept in a secure place at the CENTER.

(4) FRANCHISEE shall, at all times, treat the Operating Manual, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. FRANCHISEE shall not, without the prior written consent of the COMPANY, at any time, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. A breach by the FRANCHISEE of the obligations under the provisions of this paragraph shall, pursuant to Section 17A hereof, be deemed to be a noncurable, material Event of Default under this Agreement, and shall permit the COMPANY to immediately terminate this Agreement in accordance with the provisions of Section 17.

(5) Upon termination or expiration of this Agreement, FRANCHISEE shall return the Operating Manual to the COMPANY. In the event that FRANCHISEE shall, during the term of this Agreement, lose the Operating Manual or shall fail to return it upon termination or expiration, the COMPANY shall have the right to require FRANCHISEE to pay to the COMPANY up to Five Thousand (\$5,000) Dollars.

B. CONFIDENTIAL INFORMATION.

(1) The COMPANY now possesses, and may hereafter acquire or develop, certain confidential information and know-how, consisting of the methods, techniques, computer software, formats, specifications, procedures, information and systems for, and knowledge of and experience in, the development, operation and franchising of its Centers ("Confidential Information"). Confidential Information has been or may be furnished to FRANCHISEE, or the appropriate officers, shareholders, partners, or members of FRANCHISEE and/or the Manager of the CENTER: (i) during the course of their employment by, or other association with, the COMPANY; (ii) in conversations with representatives of the COMPANY prior to the execution of this Agreement; (iii) during the initial training program and any subsequent refresher training programs; (iv) in the Operating Manual; and/or (v) in other guidance and assistance furnished to FRANCHISEE by the COMPANY during the term of this Agreement.

(2) FRANCHISEE acknowledges and agrees that FRANCHISEE will not acquire any interest in the Confidential Information other than the right to utilize the same in connection with the operation of the CENTER in accordance with, and during the term of, this Agreement, and that the use or duplication of the Confidential Information for any other purpose would constitute an unfair method of competition. FRANCHISEE acknowledges and agrees that the Confidential Information is proprietary and contains trade secrets of the COMPANY and has been disclosed to FRANCHISEE by the COMPANY solely on the following conditions, all of which are specifically acknowledged, accepted and agreed to by FRANCHISEE as being reasonable and necessary to protect the COMPANY's proprietary interest in the Confidential Information:

(a) FRANCHISEE will not use the Confidential Information in any other business or capacity;

(b) FRANCHISEE will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement, and will not communicate, divulge, nor disclose it to any unauthorized person;

(c) FRANCHISEE will not make unauthorized copies of any portion of the Confidential Information which is disclosed in written form;

(d) FRANCHISEE will adopt and implement all reasonable procedures prescribed from time to time by the COMPANY to prevent the unauthorized use or disclosure of the Confidential Information including, without limitation, restrictions on the disclosure thereof to FRANCHISEE's employees, owners, contractors and

affiliated professionals, and the incorporation of non-disclosure and non-competition clauses in employment and other agreements with such persons; and

(e) FRANCHISEE will take, at FRANCHISEE's sole cost and expense, but at the COMPANY's option, and, in any event, under the COMPANY's control, any legal action which the COMPANY deems necessary to prevent use of the Confidential Information by any third party or entity which has gained access to the Confidential Information due, in material part, to the fault of FRANCHISEE.

(3) Notwithstanding the restrictions contained in Paragraph 2 of this Section 9B, the restrictions on FRANCHISEE's disclosure and use of the Confidential Information shall not apply to the following:

(a) information, processes or techniques which are or become generally known in the eye care profession or eyewear industry, other than through deliberate or inadvertent disclosure by or through FRANCHISEE or FRANCHISEE's agents, contractors, owners, affiliated professionals, employees or associates; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings, but only to the extent that FRANCHISEE is legally compelled to disclose the same by any competent legal authority; provided, however, that FRANCHISEE shall have used its best efforts to prevent any such disclosure and shall have afforded the COMPANY the opportunity to obtain an appropriate protective order or such other assurances as the COMPANY may choose to seek in order to assure confidential treatment of any Confidential Information which FRANCHISEE is required to disclose.

(4) FRANCHISEE's obligations hereunder shall survive the expiration or sooner termination of this Agreement.

10. MARKS.

A. OWNERSHIP AND GOODWILL OF MARKS.

(1) FRANCHISEE acknowledges that the COMPANY is the owner of the Marks and FRANCHISEE's non-exclusive license to use the Marks is derived solely from this Agreement and is limited to the conduct of its business pursuant to and in compliance with this Agreement, the Operating Manual and all applicable specifications, standards, policies and operating procedures prescribed, from time to time, by the COMPANY and does not give FRANCHISEE any ownership interest in the Marks. Any unauthorized use of the Marks by FRANCHISEE shall constitute an infringement of the rights of the COMPANY in and to the Marks.

(2) FRANCHISEE agrees that all usage of the Marks by FRANCHISEE and any goodwill established thereby shall inure to the exclusive benefit of the COMPANY. FRANCHISEE acknowledges that this Agreement does not confer any goodwill or other interest in the Marks upon FRANCHISEE, except for the right to use the same in accordance with the terms hereof. FRANCHISEE shall not, at any time during the term of this Agreement or after its termination or expiration: (i) register or attempt to register any of the Marks, or assert any right in them, other than as specifically granted in this Agreement; (ii) contest the COMPANY's rights and interests in and to the Marks or the COMPANY's ownership of any of the Marks; or (iii) assist any other person in contesting the COMPANY's rights and interests in and to the Marks or the COMPANY's ownership of any of the Marks.

(3) All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by, and licensed to, FRANCHISEE pursuant to this Agreement.

B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS.

FRANCHISEE shall use the Marks as the sole identification of the CENTER, except to the extent that FRANCHISEE may be required to identify itself, as the independent FRANCHISEE of the CENTER, by the COMPANY and/or any statute or regulation which applies to FRANCHISEE's operation of the CENTER in accordance with this Agreement, but only in the manner prescribed by the COMPANY. FRANCHISEE shall not use any Mark as part of its corporate, partnership or other entity name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form and, if so used, FRANCHISEE shall, upon demand of the COMPANY, immediately cease use of such name, assign all rights in and to said name to the COMPANY and take all legal action to change the name to a name acceptable to the COMPANY. FRANCHISEE shall not use any Mark at any other location, other than the CENTER, nor shall FRANCHISEE use the Mark in connection with the offer or sale of any unauthorized service or product or in any other manner not expressly authorized in writing by the COMPANY, including, but not limited to the offering and/or sale of products or services over the Internet or by mail order; it being agreed that FRANCHISEE may not offer or sell any products or services over the Internet or by mail order. FRANCHISEE agrees to display the Marks prominently and in the manner prescribed by the COMPANY on signs, stationery, packaging materials, forms, labels and other materials used by the FRANCHISEE in connection with the operation of the CENTER. All Marks shall be displayed in the manner prescribed by the COMPANY. FRANCHISEE shall give such notices of trademark and service mark registrations as the COMPANY may specify from time to time and shall obtain such fictitious or assumed name registrations as may be required under applicable law. The COMPANY may require that FRANCHISEE lease certain of the signs for the CENTER from the COMPANY or its designated affiliates, and FRANCHISEE agrees that it shall be

obligated to pay for said signage, on a monthly basis, in accordance with the policies from time to time established by the COMPANY, or its affiliates.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

FRANCHISEE shall notify the COMPANY immediately and in writing of any apparent infringement of, or challenge to, FRANCHISEE's use of any Mark, or any claim by any person of any rights in any Mark or any similar trademark or service mark of which FRANCHISEE becomes aware. FRANCHISEE shall not communicate with any person other than its counsel, the COMPANY and the COMPANY's counsel in connection with any such apparent infringement, challenge or claim. The COMPANY shall have sole discretion to take such actions as it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising out of any such apparent infringement, challenge or claim or otherwise relating to any Mark. FRANCHISEE shall execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the COMPANY's counsel, be necessary or advisable to protect and maintain the interests of the COMPANY in any such litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding, and to otherwise protect and maintain the interests of the COMPANY in the Marks.

D. REPLACEMENT OR DISCONTINUANCE OF USE OF MARKS.

The COMPANY reserves the right to adopt new or modified proprietary marks. If it becomes advisable at any time, in the COMPANY's sole discretion, for the COMPANY and/or FRANCHISEE to modify or discontinue its use of any Mark, and/or use one or more additional or substitute trademarks or service marks, FRANCHISEE shall, at its expense, comply therewith within a reasonable time after receiving written notice thereof from the COMPANY.

E. INDEMNIFICATION OF FRANCHISEE.

The COMPANY shall indemnify and hold FRANCHISEE harmless from and against, and shall reimburse FRANCHISEE for, all damages for which it is held liable in any proceeding in which FRANCHISEE's use of any Mark pursuant to and in compliance with this Agreement, is held to constitute trademark infringement or dilution, and for all costs reasonably incurred by FRANCHISEE in the defense of any such claim brought against it or in any such proceeding in which it is named as a party; provided, however, that the COMPANY's duty to indemnify and hold FRANCHISEE harmless shall arise only if FRANCHISEE has timely notified the COMPANY of such claim or proceeding and has otherwise complied with this Agreement, the Operating Manual and any instructions issued by the COMPANY following its receipt of any such notice from FRANCHISEE. The

COMPANY shall, at all times, have the sole and exclusive right (but not the obligation) to defend, compromise, settle or otherwise dispose of any such claim.

11. OPERATION OF THE CENTER.

A. CONDITION AND APPEARANCE OF THE CENTER.

(1) FRANCHISEE agrees:

(a) that neither the Premises nor the CENTER will be used for any purpose other than the operation of a franchised Center in compliance with this Agreement;

(b) that FRANCHISEE will maintain, at FRANCHISEE's cost and expense, the condition and appearance of the Premises and the CENTER in accordance with the standards of the COMPANY and consistent with the image of its CENTER as a clean, attractive, professional and efficiently operated retail optical center offering quality products and services, including, without limitation: (i) the continuous and thorough cleaning and sanitation of the interior and exterior of the CENTER to keep the CENTER in the highest degree of sanitation, cleanliness and repair; (ii) repair and alteration of the CENTER, as may be reasonably required by the COMPANY and/or as may be required by the terms of the Lease and/or Sublease pursuant to which FRANCHISEE occupies the CENTER, including the repair of public areas, the recovering, refinishing, or replacement of display cases, furniture, fixtures or equipment, the renovation or replacement of flooring, and the repainting of the CENTER; and (iii) the upgrading and/or remodeling of the Premises of the CENTER, at such times as may be required under the terms of the Lease and/or Sublease pursuant to which FRANCHISEE occupies the CENTER and/or at such times as the COMPANY deems reasonably necessary to conform the CENTER to the COMPANY's then current standards and specifications for decor, layout, furnishings and/or equipment, for its Centers, at such times during the term of this Agreement as the COMPANY may require, and to allow representatives of the COMPANY to supervise any such construction, repair, or refixturing; and

(c) to place or display at the Premises of the CENTER only such signs, emblems, lettering, logos and display and advertising materials as are, from time to time, provided, required or approved in writing by the COMPANY.

(2) In the event FRANCHISEE does not maintain the condition and appearance of the Premises of the CENTER in accordance with this Agreement, the COMPANY may, in addition to its other rights and remedies hereunder, and upon not less than ten (10) days prior written notice to FRANCHISEE: (i) arrange for any necessary

cleaning or sanitation, repair, remodeling, upgrading, painting or decorating; and/or (ii) replace the necessary fixtures, equipment or signs; and FRANCHISEE shall thereupon be required to pay the entire cost thereof to the COMPANY on the due date for the next subsequent Royalty Fee payment.

B. CONSTRUCTION OF, AND ALTERATIONS TO, THE CENTER.

FRANCHISEE shall not construct nor make any alterations to the Premises of the CENTER, nor shall FRANCHISEE modify or replace the decorating materials, fixtures, furniture or signs of the CENTER, without the COMPANY's prior written approval and, if and to the extent required, the Landlord of the Premises of the CENTER. Any construction or alteration to the CENTER or the Premises or any additional or replacement decorating materials, furnishings, furniture, signs and other materials to be used in the CENTER shall meet the COMPANY's then current specifications and standards therefor, shall be of brands or types approved by the COMPANY, and shall be obtained from suppliers approved by the COMPANY, which approval shall not be unreasonably withheld. The COMPANY has the right, in connection with any construction or alteration of the CENTER, to require that FRANCHISEE utilize such construction managers, supervisors or other persons designated or required by the COMPANY and FRANCHISEE shall be obligated to pay all amounts due on account thereof.

C. TRAINING OF FRANCHISEE'S EMPLOYEES.

FRANCHISEE shall hire all employees, and contract with all professional and other independent contractors who are to render services at, from or through the CENTER; shall be exclusively responsible for the terms of their employment or other contracts and compensation, as well as with their compliance with all applicable federal, state and local statutes and regulations; and shall provide for their training in compliance with the COMPANY's requirements. Such persons shall, at all times, be the employees or agents of FRANCHISEE and not the COMPANY and FRANCHISEE shall be solely responsible for all day to day operations including, hiring employees, terms of employment and scheduling, delegation of responsibilities, disciplining and termination of employees and the COMPANY shall have no administrative or financial responsibility for any such employees. If the location set forth in Paragraph A of the Section 1 of this Agreement is within an area now or hereafter subject to a collective bargaining agreement, FRANCHISEE shall, at all times, comply with the provisions of said agreement, as the same may, from time to time, be amended. FRANCHISEE shall, at all times, maintain a staff of trained employees, affiliated professionals and other independent contractors sufficient to operate the CENTER in compliance with applicable statutes and regulations, the Operating Manual and the COMPANY's standards of quality, dress, appearance and performance for its Centers; provided, however, that FRANCHISEE shall not employ or seek to employ any person who is, at the time, employed by the COMPANY or by any

other Franchisee of the COMPANY, or to otherwise, directly or indirectly, induce any such person to leave his or her employment thereat.

D. APPROVED PRODUCTS AND SUPPLIES.

(1) In order to maintain set standards for the products and services provided by all of the COMPANY's Centers, FRANCHISEE agrees that FRANCHISEE shall purchase or lease all equipment, fixtures, furnishings, products or other items required hereunder for use in connection with the operation of the CENTER solely from suppliers approved by the COMPANY. Such suppliers will be ones who demonstrate, to the continuing satisfaction of the COMPANY, their ability to meet the COMPANY'S reasonable standards and specifications for such items; who possess adequate quality controls and capacity to supply and service FRANCHISEE's needs promptly and reliably; and who have been approved, in writing, by the COMPANY and not thereafter disapproved.

(2) For purposes of this Agreement, and unless FRANCHISEE is otherwise notified to the contrary, any vendor or supplier listed now or at any time hereafter in FRAMEDATA.COM, or any successor thereto, or other listing designated by the COMPANY, and any vendor or supplier from whom the COMPANY is purchasing or has purchased goods or services for its COMPANY-operated Centers, shall be deemed to be an approved vendor or supplier, and FRANCHISEE may purchase or lease equipment, fixtures, furnishings, products or other items from any such vendor or supplier without first obtaining approval from the COMPANY.

(3) In the event that FRANCHISEE desires to purchase or otherwise obtain any equipment, fixtures, furnishings, products, or other items required hereunder or for use in connection with the operation of the CENTER from a supplier not previously approved by the COMPANY, the COMPANY shall have the right to require, as one of the conditions to its approval, that financial information as to such supplier be furnished to the COMPANY, and that, at FRANCHISEE's expense, samples and/or specifications of such products be delivered to the COMPANY for inspection to determine such item's compliance with the specifications set forth in the Operating Manual, or otherwise required by the COMPANY. The COMPANY may require, subsequent to any such approval, that additional financial information and/or that such product be resubmitted for inspection pursuant to this Paragraph, from time to time, as the COMPANY may deem desirable in the exercise of its discretion. The COMPANY shall have the right to charge the FRANCHISEE a reasonable fee in making such determination.

(4) The COMPANY shall, in the reasonable exercise of its discretion, be entitled to withdraw its approval of any item or supplier on the ground that such item or supplier does not then meet the standards set forth in the Operating Manual or other written stated specifications.

(5) Prior to opening, FRANCHISEE shall have stocked the CENTER with not less than the minimum inventory levels as may be specified by the COMPANY based upon the size and location of the CENTER, as may be set forth in the Operating Manual.

(6) If FRANCHISEE operates a Converted Center, FRANCHISEE agrees that, within six (6) months from the date of this Agreement, FRANCHISEE shall sell or otherwise dispose of products and supplies in its inventory not approved by the COMPANY.

(7) FRANCHISEE agrees that all products, supplies or materials used or dispensed at, from or through the CENTER shall comply with all applicable laws and shall be fit for their intended uses. The COMPANY may require FRANCHISEE, at FRANCHISEE's cost and expense, to install, use and maintain a designated point of sale computer system and related software which the COMPANY may, during the term of this Agreement, develop or require for use by its franchisees, which point of sale or other computer system may change from time to time.

(8) FRANCHISEE acknowledges that it is obligated to pay for all products in accordance with vendor's specified terms, as well as to comply with all rules and regulations relating to purchases of products, supplies and materials, and participation in promotional activities, as may, from time to time, be set forth in the Operating Manual or otherwise required by the COMPANY.

E. STANDARDS OF SERVICE.

(1) The CENTER shall at all times give courteous, efficient and professional service to the customers and patients served at, by or through the CENTER. The CENTER shall, in all dealings with its suppliers, the public, the COMPANY, and the customers and patients served by or through the CENTER, adhere to the highest standards of honesty, integrity, professionalism, fair dealing and ethical conduct.

(2) FRANCHISEE agrees to participate in, and provide services for, such third party benefit plans as may, from time to time, be designated by the COMPANY. Simultaneously with the execution of this Agreement, FRANCHISEE shall execute such Managed Care Provider Agreement as is currently required by the COMPANY; FRANCHISEE agrees that during the Term of this Agreement, it will execute such modifications to the Managed Care Provider Agreement as the COMPANY may, from time to time, generally require its Franchisees to execute.

F. SPECIFICATIONS, STANDARDS AND PROCEDURES.

(1) FRANCHISEE acknowledges that each and every detail of the appearance and operation of the CENTER is important to the COMPANY and its other Centers. For that reason, FRANCHISEE shall cooperate with the COMPANY in maintaining high standards of quality and service at the CENTER and shall comply with all mandatory specifications, standards, policies and operating procedures, whether contained in the Operating Manual or in any other written or oral communication given by the COMPANY to FRANCHISEE, relating to the appearance or operation of a Sterling Optical Center, including, without limitation, the: (a) range of non-professional and professional services provided and products dispensed from, at or through the CENTER; (b) hours and days during which the CENTER will be open for business; (c) safety, maintenance, cleanliness, sanitation and appearance of the Premises of the CENTER and its furnishings, equipment, furniture, decor and signs; (d) general appearance and demeanor of the CENTER's employees, independent contractors and affiliated professionals; (e) use of the Marks; (f) sales and marketing procedures related to and customer services made available to the patients and customers of the CENTER; (g) use and illumination of signs, displays, standard formats and similar items; (h) identification of FRANCHISEE as the operator of the CENTER; (i) advertising and promotion of the CENTER; (j) handling of claims and disputes; (k) quality control of bench work and dispensing; and (l) construction and equipping of the CENTER.

(2) Mandatory specifications, standards and operating procedures prescribed from time to time by the COMPANY in the Operating Manual or otherwise communicated to FRANCHISEE in writing shall constitute provisions of this Agreement, with the same force and effect as if the same were fully set forth herein.

(3) Nothing contained herein shall be deemed to prohibit the COMPANY from specifying, in the Operating Manual, several alternative methods of treating any item or matter relating to the operation or appearance of the CENTER (including, without limitation, specifying that the COMPANY shall, in the reasonable exercise of its discretion, have the right to approve variations from those specifications contained in the Operating Manual in individual situations).

G. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

(1) FRANCHISEE shall secure and maintain in full force and effect throughout the Term hereof, all required licenses, permits and certificates relating to the operation of the CENTER, and shall operate the CENTER in full compliance with all applicable laws, ordinances and regulations including, but not limited to, those promulgated by the Federal Trade Commission, the United States Food and Drug Administration, the

United States Department of Health & Human Services, as well as any federal, state or local regulatory bodies which govern the practice of medicine, optometry or opticianry or which govern the operation of a business or employer-employee relationships. FRANCHISEE shall be obligated to comply with all applicable federal, state and local laws and regulations including (i) any anti discrimination laws such as Title VII of the Civil Rights Act of 1964, as amended ("Title VII"); the Age Discrimination in Employment Act ("ADEA"), the Americans with Disabilities Act (the "ADA") and similar state and local statutes and regulations; (ii) all building codes, fire and safety codes, Occupational Safety and Health Administration, sanitation and environmental laws; and (iv) federal, state and local health care laws, including the Health Insurance Portability and Accountability Act of 1996, and the related regulations, as amended from time to time ("HIPAA"). Franchisee shall execute such further agreements and certifications as may from time to time be required by the COMPANY or any governmental agency to comply with applicable law, including the Business Associate Agreement annexed hereto as Exhibit "F".

(2) FRANCHISEE shall hire or contract with such opticians, optometrists and ophthalmologists as may be required to provide and dispense lawfully the services and goods authorized to be provided or dispensed by the CENTER. FRANCHISEE shall ensure that all professional services provided from or through the CENTER are rendered in accordance with all applicable professional standards. FRANCHISEE shall prominently display at the CENTER the names of all opticians, optometrists and ophthalmologists who are employed by, or rendering eye care services at, from or through the CENTER.

(3) In the event of the commencement of any action, suit, investigation or other proceeding against FRANCHISEE, the CENTER or the COMPANY by any patient, customer, employee, former employee, affiliated professional, formerly affiliated professional, public agency, private group, professional organization, vendor, or any other person or entity which may adversely affect the operation or financial condition of FRANCHISEE, the CENTER, the COMPANY, or the goodwill associated with the Business System and/or the Marks, FRANCHISEE shall promptly notify the COMPANY in writing of such action or proceeding. The COMPANY shall thereafter have the right to require that FRANCHISEE not settle, compromise or otherwise resolve any such action, suit, investigation or proceeding without granting the COMPANY an opportunity to become a party to the same and/or obtain such releases and other similar protection as its counsel shall consider appropriate. FRANCHISEE shall promptly notify the COMPANY of the resolution of any such action, suit, proceeding or investigation or the issuance of any order, writ, injunction, award or decree, by any court or agency, against FRANCHISEE.

(4) FRANCHISEE shall not engage in any activity, directly or indirectly, which could disparage, defame, or discredit the business of the COMPANY, any of its franchisees or any of their respective officers, directors or employees, or which could otherwise be prejudicial or harmful to the goodwill or business of the COMPANY.

(5) FRANCHISEE shall cooperate with the COMPANY's other Franchisees and the COMPANY in promoting and developing the national recognition of the Business System and Marks, and shall use the identifying insignia, name, and other marks or logos of the COMPANY in such a manner and with such prominence as required by the COMPANY including, but not limited to, listing and maintaining, in its local telephone directory, a trademark or bold type listing prescribed by the COMPANY, as well as and servicing customers of the COMPANY's other Franchisees and of the COMPANY in such manner as it would service its own customers.

H. MANAGEMENT OF THE CENTER.

(1) The CENTER shall at all times have one or more of the following persons devoting their full time, energy, and best efforts to the management and operation of the CENTER and who shall be obligated to operate the CENTER in accordance with the terms of this Agreement and the Operating Manual:

(a) FRANCHISEE, if FRANCHISEE is an individual or sole proprietor; or

(b) One or more of the principal shareholders of FRANCHISEE, if FRANCHISEE is a corporation; or

(c) One or more of the general partners or members of FRANCHISEE, if FRANCHISEE is a partnership or limited liability company, respectively; or

(d) A manager who may, from time to time, be designated by FRANCHISEE and approved by the COMPANY, provided that the COMPANY reserves the right to revoke its approval if at any time such person is not operating the CENTER in compliance with this Agreement and/or the Operating Manual.

(2) In the event the FRANCHISEE is a corporation, a partnership, a limited liability company, or other entity, all obligations of FRANCHISEE to the COMPANY, its subsidiaries or affiliates, under this Agreement, the Sublease and any other agreement relating to the CENTER, shall be jointly and severally guaranteed by each individual who, directly or indirectly, owns or controls any of the equity or voting power of said corporation, partnership or limited liability company, in the form attached hereto as Exhibit "E".

(3) The FRANCHISEE and each of its shareholders or partners represent that Exhibit "G" annexed hereto is a true and accurate statement of the names, addresses and percentage of ownership of each of the shareholders, partners or members of the FRANCHISEE as of the date of this Agreement.

I. INSURANCE.

(1) FRANCHISEE shall, at all times during the Term of this Agreement maintain in full force and effect, at its sole expense: (i) workers' compensation and disability insurance, which policies shall have such face amounts, coverage provisions and exclusions as required by applicable law and as the COMPANY shall approve; (ii) comprehensive public and product liability insurance and professional liability or malpractice insurance against claims for bodily and personal injury, death and property damage and a broad form comprehensive general liability endorsement against claims arising from, or occurring in conjunction with, the conduct of business by FRANCHISEE pursuant to this Agreement and all services performed at or through the CENTER, which general liability insurance policies shall have policy limits of not less than \$1,000,000/\$2,000,000 for personal injury and malpractice, with umbrella coverage of \$5,000,000 for any one incident, and \$200,000 for property damage or such greater amounts as may, from time to time, be required by the Operating Manual, which insurance shall contain such coverage provisions and exclusions as the COMPANY shall approve for its franchised Centers which are located in the State in which the CENTER is located; (iii) property and casualty insurance covering the CENTER's and/or Premises assets, inventory, equipment, leasehold improvements and fixtures on an "all-risk" basis and in an amount not less than their aggregate replacement cost but, in any event, no less than the principal amount remaining on any Promissory Note(s) which may have been executed by FRANCHISEE in connection with any financing provided by or through the COMPANY to any FRANCHISEE; (iv) business interruption insurance covering not less than six (6) months of loss or such greater amount as may be required hereunder the Lease for the Center; and (v) any additional insurance which may be required under the terms of the lease or Sublease for the CENTER. The COMPANY may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including without limitation, excess liability insurance, to reflect newly identified risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

(2) All such insurance policies shall name the COMPANY, its designated affiliates and, where required, the landlord and sublessor of the Premises, as an additional insured for liability insurance, and as an additional loss payee, as its interest may appear, for casualty insurance; shall contain a waiver, by the insurance company, of all rights of subrogation against the COMPANY and its affiliates; and shall provide that the COMPANY shall receive not less than thirty (30) days' prior written notice of any termination, expiration, modification or cancellation of any such policy. In addition to any notice requirements contained in any insurance policy required by this Agreement, FRANCHISEE shall notify the COMPANY of all claims made under any insurance policy required by this Agreement within ten (10) days of FRANCHISEE's receipt of the same. FRANCHISEE shall submit to the COMPANY a copy of the certificate or other evidence of such insurance

simultaneously upon its execution hereof and annually thereafter upon the renewal or extension of each such insurance policy. If requested by the COMPANY, FRANCHISEE shall also submit an exact copy of any insurance policy required hereby.

(3) If FRANCHISEE, at any time, fails or refuses to maintain in effect any such insurance coverage required by the COMPANY, or fails to furnish satisfactory evidence thereof to the COMPANY, the COMPANY may, at its option and in addition to its other rights and remedies hereunder, obtain such insurance coverage on behalf of FRANCHISEE, and FRANCHISEE shall promptly execute any applications or other forms or instruments which may be required in order to obtain any such insurance and pay to the COMPANY, on demand, any costs and premiums which the COMPANY may pay or incur in order to obtain such insurance policies for FRANCHISEE, together with such service charges as the COMPANY may, from time to time, impose for such procurement.

(4) FRANCHISEE's obligation to obtain and maintain the insurance coverage described herein shall not be limited, in any way, by reason of any insurance policies maintained by the COMPANY, nor shall the COMPANY's performance of such obligations relieve FRANCHISEE of any obligations and/or liabilities under this Agreement.

J. REPAIR AND RECONSTRUCTION OF THE CENTER.

In the event the Premises and/or the CENTER are damaged by fire or any other casualty through no fault of the FRANCHISEE, and provided that FRANCHISEE's lease, Sublease or other instrument under which it occupies the Premises, is not terminated as a result of such casualty, FRANCHISEE shall, at its sole cost and expense, within sixty (60) days after the occurrence of such damage, initiate such repairs or reconstruction, and thereafter in good faith and with due diligence continue the same in order to restore the Premises and the CENTER to their condition immediately prior to such casualty. If, in the COMPANY's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for FRANCHISEE to instead repair or reconstruct the Premises in conformity with the COMPANY's then current standards and specifications for decor, layout, furnishings, equipment and furniture for Sterling Optical Centers, without requiring FRANCHISEE to incur substantial additional cost and expense therefor, the COMPANY may, upon written notice thereof to FRANCHISEE, require FRANCHISEE to repair or reconstruct the Premises and/or the CENTER in conformity with the COMPANY's then current standards and specifications for Sterling Optical Centers.

K. RELOCATION OF THE CENTER.

(1) If FRANCHISEE's lease, Sublease or other instrument which evidences its right to use and occupy the Premises in accordance with this Agreement is terminated as a result of the damage to, or condemnation or destruction of the Premises,

or any other reason which results, through no fault of FRANCHISEE (including expiration) in the terms and conditions of such lease, Sublease or other instrument, prior to the expiration of this Agreement, and FRANCHISEE has complied, in all material respects, with the Sublease or such other instrument, this Agreement, and any ancillary documents executed by FRANCHISEE in connection herewith, the COMPANY shall, if requested by FRANCHISEE, permit FRANCHISEE to relocate the CENTER to another location approved by the COMPANY and operate the same at such alternative location for the balance of the term of this Agreement; subject, however, to the following terms and conditions:

a. FRANCHISEE shall have obtained the COMPANY's approval of such new location not later than ninety (90) days after the termination or expiration of FRANCHISEE's right to use and occupy the original Premises. In granting such approval, the COMPANY shall have the right to consider such factors as location, demographic characteristics of the site, traffic patterns, competition from other businesses, and proximity to, and other rights to the area of, other Franchisees of the COMPANY;

b. The lease for said Premises must be acceptable to the COMPANY, and FRANCHISEE must sublease the substitute premises from the COMPANY, or its subsidiary or affiliate or obtain the right to use and occupy the same from such other party as the COMPANY may designate or approve, and FRANCHISEE shall pay all of the COMPANY's or said subsidiary's or affiliate's costs in procuring said lease, if the lease is in the name of the COMPANY or a subsidiary or affiliate thereof, or, if the lease is in the name of the FRANCHISEE for reviewing the lease or negotiating same on behalf of FRANCHISEE, including travel expenses and attorneys' fees and expenses.

c. FRANCHISEE shall pay all costs and expenses which are incurred in connection with such relocation; and FRANCHISEE shall, at FRANCHISEE's sole cost and expense, construct, develop, decorate, furnish, equip, stock and place signs at the substitute premises in accordance with the COMPANY's then current standards and specifications, using only furnishings, furniture, equipment, material and supplies which meet the COMPANY's then specifications and standards; and

d. FRANCHISEE shall not open for business as a Sterling Optical Center at the substitute premises until the COMPANY shall have inspected such substitute premises and FRANCHISEE has received the COMPANY's prior written consent to such opening.

e. If substitute premises, mutually acceptable to both parties are not obtained within said ninety (90) day period, then either party shall have the right to terminate this Agreement.

L. TELEPHONE NUMBER.

FRANCHISEE acknowledges that all rights to the telephone number(s) of the CENTER upon expiration or sooner termination of this Agreement belong to the COMPANY. Simultaneously herewith, FRANCHISEE shall execute and deliver to the COMPANY an assignment of such telephone number(s) substantially in the form annexed hereto as "H", pursuant to which all rights to said telephone number(s) shall be transferred to the COMPANY upon the expiration or sooner termination of this Agreement. During the term of this Agreement, FRANCHISEE shall be obligated to pay all costs and expenses in connection with the telephone service furnished to the CENTER, and shall not change said telephone number(s) without the prior written approval of the COMPANY, which approval shall not be unreasonably withheld.

12. TRAINING AND GUIDANCE.

A. TRAINING.

(1) FRANCHISEE or its principal shareholder(s), if the FRANCHISEE is a corporation, or its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, together with such other persons may be responsible for the operation of the CENTER, shall, prior to commencement of the Franchise, complete an initial training program covering the operation of a franchised Sterling Optical Center and the FRANCHISEE's use of the Business System and the Marks, to the satisfaction of the COMPANY within the time period specified by the COMPANY. Initial training shall be held at such times and locations as the COMPANY may select, and may include on-the-job training and instruction at existing store locations, as well as classroom training.

(2) FRANCHISEE and such other persons as the COMPANY deems appropriate shall, from time to time, also complete any mandatory refresher or other training courses which the COMPANY may, from time to time, implement for its Franchisees.

(3) Except for the cost of the training programs and the instructors, which shall be paid for by the COMPANY, FRANCHISEE shall be responsible for all other costs and expenses relating to, and/or incurred in connection with said training, including, but not limited to, travel and living expenses for FRANCHISEE and such other persons as may be required to complete said course, and any compensation due to such persons.

(4) In addition to the training programs required pursuant to subparagraphs (1) and (2) of this Paragraph A, FRANCHISEE may, from time to time, request that the COMPANY provide additional training for FRANCHISEE and its employees, and if the COMPANY, in its discretion, elects to provide such additional

training, in addition to the costs described in subparagraph (3) of this Section A above, FRANCHISEE shall also be obligated to pay to the COMPANY, the costs which the COMPANY then charges for providing such additional training, including the cost for the instructors.

B. GUIDANCE.

(1) The COMPANY may, during the Term of this Agreement, furnish to FRANCHISEE such non-professional guidance and assistance in connection with the operation of the CENTER as the COMPANY may, from time to time, deem appropriate, including such merchandising, marketing, advertising and general operating and management advice as may, from time to time, be developed by the COMPANY and/or deemed to be helpful in the operation of the CENTER.

(2) Such guidance shall, in the sole discretion of the COMPANY, be furnished in the form of the COMPANY's Operating Manual, bulletins or other written materials, electronic communications, telephonic conversations and/or consultations at the offices of the COMPANY, the CENTER or such other locations as the COMPANY shall select, and may be in the form of individual consultation or as part of Franchisee meetings. If requested, the COMPANY may provide FRANCHISEE with such additional guidance and assistance as FRANCHISEE may reasonably request. FRANCHISEE shall pay any agreed upon fees for these additional services and shall reimburse the COMPANY for any out-of-pocket expenses incurred by the COMPANY in providing any such additional guidance and assistance.

13. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

(1) It is understood and agreed by the parties hereto that neither this Agreement, nor the rights, privileges, duties and obligations evidenced hereby, create a fiduciary relationship between FRANCHISEE and the COMPANY. The COMPANY and FRANCHISEE are and shall be deemed to be independent contractors for all purposes, and nothing in this Agreement is intended to make FRANCHISEE a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the COMPANY for any purpose, or to make the COMPANY a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of FRANCHISEE for any purpose. Nothing herein contained shall be deemed or construed to permit or authorize the COMPANY, or any agent, employee or representative of the COMPANY, to direct, limit or otherwise control the independent professional judgment of any ophthalmologist, optometrist or optician who provides professional eye care services from or through the CENTER.

(2) FRANCHISEE shall conspicuously identify itself at the CENTER and in all dealings with its customers, patients, lessors, contractors, employees, suppliers,

public officials and others, as the independent operator of the CENTER pursuant to a franchise agreement executed by FRANCHISEE and the COMPANY, and shall place such other notices as to the franchise nature of the business on such signs, forms, stationery, advertising, labels and other materials as the COMPANY and/or any statute or regulation which applies to the FRANCHISEE's operation of the CENTER may require. FRANCHISEE shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name of and/or on behalf of the COMPANY. FRANCHISEE shall not represent that it has any relationship with the COMPANY other than as its FRANCHISEE pursuant to this Agreement. Neither the COMPANY nor FRANCHISEE shall be obligated by, or have any liability under, any agreements or representations made by the other which are not expressly authorized by this Agreement.

B. INDEMNIFICATION.

(1) The COMPANY shall not be obligated for any damage or injury to any person or property, or for any fine or penalty which, directly or indirectly, arises out of FRANCHISEE's operation of the CENTER and/or the Premises, whether or not the same is the result of FRANCHISEE's negligent or willful action or failure to act. The COMPANY shall have no liability for any sales, service, value added, use, excise, payroll, gross receipts, property or other taxes, whether levied upon FRANCHISEE, the Premises, the CENTER or its assets, or upon the COMPANY or its agents, in connection with sales made, services performed, or business conducted by FRANCHISEE at or through the CENTER, or payments made by FRANCHISEE to the COMPANY or its agents hereunder, nor shall the COMPANY be liable for any failure of the FRANCHISEE to comply with any statute, regulation or other legal obligation. The COMPANY shall have no liability for any claims arising out of or in connection with the employment by the FRANCHISEE of any of its employees, it being acknowledged that FRANCHISEE has sole control and responsibility for all employees and employment matters.

(2) FRANCHISEE shall indemnify and hold the COMPANY, its subsidiaries, affiliates, and each of their respective shareholders, directors, officers, employees, agents and assigns, harmless from and against, and shall reimburse such persons for, any loss, liability, taxes or damages, whether actual or consequential, and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them are named as a party, including, without limitation, reasonable accountants', attorneys' and expert witness fees and expenses, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, which any of them may suffer, sustain or incur by reason of any matter, arising from, or in connection with FRANCHISEE's operation of the CENTER and/or the Premises, including, but not limited to, the rendering of nonprofessional and professional eye care services from, through or at the CENTER by FRANCHISEE and/or FRANCHISEE's employees, agents and/or independent contractors; the failure to make any payment, tax or otherwise, or the failure to comply with any law, regulation or other legal obligation.

(3) The indemnities and assumptions of liabilities and obligations herein contained shall continue in full force and effect subsequent to, and notwithstanding the termination or expiration, without renewal, of this Agreement.

14. INSPECTIONS AND AUDITS.

A. THE COMPANY'S RIGHT TO INSPECT THE CENTER.

In order to determine whether FRANCHISEE is complying with this Agreement and with the specifications, standards and operating procedures prescribed by the COMPANY for the operation of a Sterling Optical Center, the COMPANY and its agents shall have the right, at any time during business hours, and without prior notice to FRANCHISEE, to inspect the CENTER, and to conduct a quality audit of the CENTER and its operations to insure FRANCHISEE's compliance with the COMPANY's standards for quality bench work, fitting and customer care. FRANCHISEE shall fully cooperate with any representatives of the COMPANY who are authorized to make any such inspection and shall permit representatives of the COMPANY to take photographs or video recordings of the CENTER, interview employees, affiliated eye care professionals, other staff, customers and patients of the CENTER, and participate and/or request its customers to participate in any surveys performed by or on behalf of the COMPANY. In furtherance of the rights granted hereunder, the COMPANY shall have the right, at the COMPANY'S expense, to place an employee of the COMPANY in the CENTER, for as long as the COMPANY shall deem necessary or advisable.

B. THE COMPANY'S RIGHT TO EXAMINE BOOKS AND RECORDS.

(1) The COMPANY shall have the right, at any time during or after normal business hours and without prior notice to FRANCHISEE, to examine or audit, or cause to be examined or audited, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales, service, income tax records and returns, employment records, personnel files, payroll records, and other books and records of the FRANCHISEE and/or the CENTER to verify the accuracy of the statements rendered and remittance made by FRANCHISEE and its compliance with the requirements set forth herein.

(2) FRANCHISEE shall maintain all such books, records and supporting documents at all times at the Premises or at such other or additional locations as the COMPANY shall have consented to in writing. FRANCHISEE shall fully cooperate with representatives of the COMPANY and any independent accountants or other persons hired by the COMPANY to conduct any such examination or audit. The COMPANY and its agents shall have the right to make extracts from, and copies of, all such documents and information.

(3) In the event that any such examination or audit shall disclose an understatement of Gross Revenues, FRANCHISEE shall pay to the COMPANY, within five (5) days after receipt of the examination or audit report, the Royalty Fees and Advertising Fund contributions due and payable with respect to the amount of such understatement, plus interest (at the rate and on the terms provided in Section 7 hereof) from the date originally due until the date of payment. If such examination or audit is made necessary by the failure of FRANCHISEE to furnish reports, supporting records, financial statements or other documents or information as herein required, or the failure by FRANCHISEE to furnish such reports, records, financial statements, documents or information on a timely basis, or if the audit discloses an understatement of Gross Revenues by two (2%) percent or more, FRANCHISEE shall also be obligated to reimburse the COMPANY for any and all expenses incurred in connection with said audit, including, but not limited to, accounting and legal fees, travel and lodging expenses and compensation of the COMPANY's agents and employees. In the event that the audit indicates a willful and deliberate understatement of Gross Revenues, and/or in the event that the understatement is ten (10%) percent or more for any three (3) month period, said misstatement shall automatically be deemed to be a breach of this Agreement, and the COMPANY may terminate this Agreement as described in Section 17 of this Agreement. The foregoing remedies shall be in addition to all other remedies and rights of the COMPANY hereunder or under applicable law, including, but not limited to, the right to demand strict compliance with the terms of this Agreement and the right to terminate this Agreement in accordance with its terms.

(4) In the event that any such examination or audit discloses an overstatement of Gross Revenues, the COMPANY shall, within ten (10) days of its receipt of the examination or audit report, apply the Royalty Fees and the Advertising Fund contributions which were paid with respect to such overstatement of Gross Revenues to any indebtedness which is then due and owing or will become due and owing to the COMPANY in the future, which amounts shall be applied in accordance with Section 7 of this Agreement.

15. TRANSFER.

A. BY THE COMPANY.

This Agreement and all or any part of the COMPANY's interest hereunder and/or under the Sublease, any Promissory Note or Notes delivered by the FRANCHISEE to the COMPANY (the "Notes") and/or any and all documents executed by FRANCHISEE in connection herewith, are each fully assignable by the COMPANY and shall inure to the benefit of any assignee or other legal successor to the interest of the COMPANY therein.

B. FRANCHISEE MAY NOT TRANSFER
WITHOUT APPROVAL OF THE COMPANY.

FRANCHISEE understands and acknowledges that the rights and duties created by this Agreement are personal to FRANCHISEE, its shareholders, if the FRANCHISEE is a corporation, its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, and that the COMPANY has granted FRANCHISEE the right to operate the CENTER in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of FRANCHISEE, or its shareholders, partners, or members, as appropriate. Therefore, except as hereinafter expressly provided, neither this Agreement, the right to operate the CENTER as a franchised Sterling Optical Center, the Sublease, the assets of the CENTER, the CENTER (or any interest therein), nor the ownership, equity or control of FRANCHISEE may, in whole or in part, be voluntarily or involuntarily, directly or indirectly, transferred, conveyed, assigned, sold, subdivided, sub-franchised, pledged, mortgaged, hypothecated, given as security for an obligation, or otherwise transferred or encumbered by FRANCHISEE or its shareholders, partners or members, as appropriate, including, without limitation, transactions which result from: (i) a merger or consolidation; (ii) the issuance of additional securities representing an ownership interest in FRANCHISEE; (iii) the sale of the voting stock of FRANCHISEE or any security convertible or exercisable with respect to the voting stock of FRANCHISEE; (iv) the death of FRANCHISEE or a shareholder, partner, member or other owner of FRANCHISEE, and the enforcement of any will, declaration of, or transfer in trust, or the laws of intestate succession; (v) the occurrence of a divorce, bankruptcy, insolvency and/or corporate, partnership or limited liability company dissolution proceeding which results in the issuance of an appropriate decree or court order; or (vi) otherwise by operation of law, without in each instance, the prior written approval of the COMPANY. Any such assignment, transfer or encumbrance without the COMPANY's prior written approval shall constitute a material breach hereof and shall convey no right, title or interest to the purported transferee. FRANCHISEE represents that Exhibit "G" annexed hereto is a true and correct statement of the names, addresses and ownership interests of each of its shareholders, partners or members, as the case may be, as of the date hereof, and each of its shareholders, partners or members, by their signatures on said Exhibit "G", have confirmed the same, as well as their agreement to comply, and cause the FRANCHISEE to comply, with all of the terms and provisions of this Agreement and all such other agreements and/or instruments.

C. CONDITIONS FOR APPROVAL OF TRANSFER.

If FRANCHISEE and its shareholders, if FRANCHISEE is a corporation, its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, are in compliance with this Agreement the Sublease and all other documents pertaining hereto, in all material respects, the COMPANY shall not

unreasonably withhold its approval of any transfer requested by FRANCHISEE or its shareholders, partners, or members, as appropriate. A transfer of any ownership interest in the CENTER may be made only in conjunction with a simultaneous transfer of a like interest in the Franchise or the FRANCHISEE, as appropriate. Each transfer of all or any portion of, or interest in, the CENTER, the Franchise or the FRANCHISEE, as appropriate, shall be subject to the satisfaction or waiver by the COMPANY of all of the following conditions prior to, or concurrently with, the effective date of the transfer:

(1) the transferee shall meet the COMPANY's then current criteria for new Franchisees, which means, among other things, demonstration to the COMPANY's satisfaction of the good character, business experience, credit rating, and financial responsibilities, of the transferee and its partners, members, managers, directors, officers or shareholders, as appropriate, and will have sufficient equity capital in the Franchise to result in a debt-to-equity ratio as may be approved by the COMPANY in the reasonable exercise of its discretion;

(2) all accrued monetary obligations of FRANCHISEE and its shareholders, if FRANCHISEE is a corporation, its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, to the COMPANY and its affiliates or subsidiaries, incurred in connection with this Agreement, the Sublease, the Notes, or otherwise in connection with the operation of the CENTER, and all other financial obligations to any financial institution, lender or other entity to whom the COMPANY deems itself liable, in whole or in part, as a guarantor, surety or otherwise for FRANCHISEE, have, at the COMPANY's election, been either assumed by the transferee or satisfied by FRANCHISEE;

(3) if required, the lessor of the Premises shall consent to FRANCHISEE's assignment of its lease for, or Sublease of, the Premises, in connection with the proposed transfer, in each case, on terms and conditions which are acceptable to the COMPANY;

(4) the transferee and its shareholders, partners or members, as appropriate, shall have executed and agreed to be bound by the form of Franchise Agreement, Sublease, personal guaranty and such ancillary agreements as are then customarily used by the COMPANY to grant Franchises for Sterling Optical Centers in the State in which the CENTER is located, which Franchise Agreement and ancillary documents may provide for different rights and obligations than are provided by this Agreement, including an increase in the Royalty Fees and Advertising Fund contributions required hereunder;

(5) the transferee shall pay to the COMPANY a transfer fee equal to the then required initial Franchise Fee;

(6) the transferee shall complete, to the satisfaction of the COMPANY, the training then required by the COMPANY for new Franchisees and pay all costs and expenses relating thereto;

(7) the transferee or the transferor shall have paid to the COMPANY all of its reasonable costs and expenses, including attorneys' and accountants' fees and expenses, as were incurred in connection with said transfer;

(8) FRANCHISEE, and each of its shareholders, if FRANCHISEE is a corporation, its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, shall execute a general release, in form and substance satisfactory to the COMPANY, of any and all claims which any of them may have against the COMPANY, its subsidiaries or affiliates, and each of their respective officers, directors, shareholders, employees and agents; provided, however, that all rights enjoyed by FRANCHISEE and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder, shall remain in full force, it being the intent of this proviso that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied;

(9) the COMPANY shall have approved the material terms and conditions of the transfer and shall have determined that the price and terms of payment are not so burdensome as to reasonably be anticipated to adversely affect the future operations of the CENTER or the transferee's ability to perform all duties and obligations under the new franchise agreement and sublease to be entered into between the parties;

(10) the COMPANY shall not have exercised its right of first refusal as set forth in Paragraph F of this Section 15;

(11) each transferor shall have entered into an agreement with the COMPANY, in form and substance satisfactory to the COMPANY, agreeing to subordinate to the payments to become due hereunder (and under all other documents executed in connection herewith), including, without limitation, the payment of Royalty Fees and Advertising Fund contributions, any obligations which any transferee may have to make any payments to the transferor;

(12) each transferor, and each of its shareholders, if the transferor is a corporation, its partners, if the transferor is a partnership, or its members, if the transferor is a limited liability company, must agree, in form and substance satisfactory to the COMPANY, to guarantee the obligations of the transferee for a minimum period of one (1) year from the date of the transfer, as reasonably determined by the COMPANY;

(13) if FRANCHISEE requests the COMPANY to assist FRANCHISEE in finding a purchaser of the Franchise or the CENTER and the COMPANY does find such a purchaser, then upon consummation of such purchase, in addition to all other amounts due hereunder, FRANCHISEE shall pay to the COMPANY a fee in an amount equal to six (6%) percent of the total purchase price, as compensation for such services rendered by the COMPANY.

Consent by the COMPANY to a transfer of any interest subject to the restrictions of Paragraph B or C of this Section 15, shall not constitute a waiver of any claims which the COMPANY may have against the transferor, nor shall it be deemed a waiver by the COMPANY of the right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

Notwithstanding the foregoing, it is agreed that in the event FRANCHISEE is a corporation or partnership, then, provided a transfer or series of transfers during the term of this Agreement does not result in the transfer of more than forty-nine (49%) percent of the equity and or voting power of the FRANCHISEE, as on the date of this Agreement, the COMPANY shall not have a right of first refusal (as provided for in Paragraph F below) with respect to said transfer(s) and the FRANCHISEE shall not be required to execute a new Franchise Agreement or Sublease, nor pay an initial franchise fee; provided, however, that each shareholder, partner or member, as appropriate, shall jointly and severally guarantee to the COMPANY, its subsidiaries and affiliates, all obligations of the FRANCHISEE.

D. DEATH OR DISABILITY OF FRANCHISEE.

(1) In the event of the mental or physical disability of FRANCHISEE, if FRANCHISEE shall be a sole proprietor, or any shareholder, partner or member of FRANCHISEE, if FRANCHISEE is a corporation, partnership or limited liability company, which prevents the person from performing his or her obligations hereunder, FRANCHISEE shall provide and maintain (or if applicable, cause the corporation, partnership or limited liability company to provide and maintain) a replacement to perform such obligations who shall be satisfactory to the COMPANY in the reasonable exercise of its discretion. In the event that FRANCHISEE fails to provide or maintain such replacement, the COMPANY, in addition to all other remedies which it may have under this Agreement, including termination of this Agreement as specified in Section 17 of this Agreement, shall be entitled to hire and maintain such a replacement on behalf of, and for the account of, FRANCHISEE in accordance with the provisions of Section 20 hereof. For purposes of this Agreement, the term "permanent disability" shall mean a disability which is likely to last or has lasted for more than ninety (90) days in any twelve (12) month period and which prevents the affected individual from substantially performing his or her customary duties in connection with the operation of the CENTER.

(2) Upon the death or permanent disability of FRANCHISEE, if FRANCHISEE shall be a sole proprietor, or of any shareholder, partner or member of FRANCHISEE, if FRANCHISEE is a corporation, partnership or limited liability company, the executor, administrator, conservator, guardian or other personal representative of such person shall transfer such deceased person's interest within a reasonable time, not to exceed nine (9) months from the date of death or permanent disability, to a transferee approved by the COMPANY. If the decedent was actively participating in the operation of the CENTER, the FRANCHISEE or the appropriate personal representative shall, during the period prior to said transfer, be obligated to continue the operation of the CENTER by providing and maintaining a replacement to perform his or her obligations hereunder, which replacement shall be satisfactory to the COMPANY in the reasonable exercise of its discretion. In the event that FRANCHISEE or the appropriate personal representative fails to provide or maintain such replacement, the COMPANY, in addition to all other remedies which it may have under this Agreement, including termination as specified in Section 17 of this Agreement, shall be entitled to hire and maintain such a replacement on behalf of and for the account of FRANCHISEE, or the estate of the decedent, in accordance with the provisions of Section 20 of this Agreement. All transfers made pursuant to this provision, including, without limitation, transfers by devise or inheritance, shall be subject to all of the terms and conditions for transfers contained in this Section 15; provided, however, it is agreed that in the event that the transfer being made is otherwise in compliance with the provisions of Section 15, if the transfer is to either the spouse, the children or other members of the immediate family of the decedent, and provided the appropriate documents, including personal guaranties, are executed, the transfer may be effected for the balance of the term of this Agreement and, in such event, no transfer fee shall be due with respect to said transfer. It is further agreed that, notwithstanding the foregoing, if the transfer is made to the spouse, children, or other members of the immediate family of the decedent, such transfer shall be conditioned upon the Gross Revenues during the one (1) year period following the death of the decedent being maintained at an amount equal to at least ninety (90%) percent of the Gross Revenues during the twelve (12) month period immediately prior to the death of the decedent. In the event that the Gross Revenues shall be less than ninety (90%) percent of the preceding year's Gross Revenues, then the COMPANY shall have the right, upon written notice to the FRANCHISEE, to require that the FRANCHISEE sell the assets and business of the CENTER in accordance with the terms of this Agreement. In the event that such sale does not occur within six (6) months after any such notification by the COMPANY that it will require such transfer, said failure shall be deemed a default under this Agreement. The executor, administrator, conservator or other personal representative of such person shall, from time to time as requested by the COMPANY, provide the COMPANY with a monthly written report of the progress being made with respect to the required transfer, from the date of death until the transfer is completed.

E. TRANSFER TO A WHOLLY-OWNED ENTITY.

If FRANCHISEE is an individual, and provided FRANCHISEE is in compliance, in all material respects, with all of the terms and provisions of this Agreement, the Sublease and all other agreements with the COMPANY shall not unreasonably withhold its approval of a transfer (in the case of a proposed assignment or transfer of this Agreement and the Franchise) to a corporation, partnership or limited liability company which conducts no business other than the operation of the CENTER, which entity is actually managed by the FRANCHISEE and in which FRANCHISEE owns and controls at least fifty-one percent (51%) of the equity and voting powers. Subsequent transfers of any interest in such corporation, or partnership or limited liability company shall be subject to the provisions set forth in Paragraph C of this Section 15. Notwithstanding the transfer of the Franchise and this Agreement in accordance with this Paragraph E, FRANCHISEE shall remain personally liable to the COMPANY under this Agreement to the same extent as if the transfer to such corporation, partnership or limited liability company, had not occurred, and each other shareholder, partner or member, as appropriate, shall be obligated to jointly and severally guarantee the obligations of FRANCHISEE in accordance with the terms of this Agreement, and shall execute a guaranty and assumption agreement in the form then required by the COMPANY for the shareholders of new franchisees.

F. THE COMPANY'S RIGHT OF FIRST REFUSAL.

If FRANCHISEE, or its shareholders, if FRANCHISEE is a corporation, its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, shall, at any time, determine to sell or transfer this Agreement, the Franchise, the CENTER (or an interest therein) or an ownership interest in FRANCHISEE to any third party, including, without limitation, transfers contemplated by this Section 15, FRANCHISEE or its shareholders, partners or members shall first be required to obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to the COMPANY, which offer must include the proposed date of disposition and all the terms and conditions thereof, including the price (which must be reducible to monetary consideration), if any, which FRANCHISEE is to receive in connection therewith. In addition, there shall be submitted to the COMPANY a current income statement and balance sheet of the proposed assignee and the FRANCHISEE, and all relevant information concerning the proposed assignee so requested by the COMPANY. The COMPANY shall thereupon have the right and option, to be exercised within thirty (30) days after receipt of said information, to either: (i) consent in writing to the proposed assignment; (ii) disapprove the assignment; (iii) accept the assignment itself at the monetary price and upon the same terms and conditions specified in the notice, except as set forth herein; or (iv) request additional information regarding the proposed assignment. In the event additional information is timely requested by the COMPANY, the thirty (30) day time period may be extended to ten (10) days after the COMPANY'S receipt of a full and

complete response thereto. In the event that the COMPANY elects to purchase said interest, it will be entitled to purchase such interest and/or additional property subject to all customary representations and warranties given by the seller of the assets of a business, and the COMPANY shall have not less than sixty (60) days to prepare for closing. In the event that the COMPANY does not exercise its right of first refusal, FRANCHISEE or its shareholders, partners or members, as appropriate, may complete the sale to such purchaser pursuant to and on the terms of such offer; subject, however, to it obtaining the consent of the COMPANY and otherwise complying with the applicable provisions of Section 15 of this Agreement. If the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of the aforesaid notice to the COMPANY, or if there is a material change in the terms of the sale or the identity of the purchaser, FRANCHISEE or its shareholders, partners or members, as appropriate, may not consummate the proposed transfer without again complying with the provisions of this Paragraph F.

The provisions of this Paragraph F shall not apply to any transfer made pursuant to, and in accordance with, the provisions of Paragraph E of this Section 15.

G. RESTRICTIVE LEGEND.

If FRANCHISEE is a corporation, a partnership, or limited liability company, or if this Agreement is subsequently assigned to a corporation, partnership or limited liability company in accordance with the provisions of this Agreement, then the by-laws of the corporation or the partnership or membership agreement, whichever is applicable, shall state that such corporation, partnership or limited liability company, is subject to the terms of this Agreement and the issuance and transfer of stock of the corporation or of any interest in the partnership or limited liability company, are restricted by the terms and conditions hereof, and each stock certificate or certificate evidencing a corporate, partnership or membership interest shall bear the following legend, printed conspicuously and legibly on the front thereof:

"The transfer of the interest represented by this certificate is subject to, and limited by, the terms and conditions of that certain Franchise Agreement, dated the _____ day of _____, 202___, by and between EMERGING VISION, INC., a New York corporation, and FRANCHISEE."

16. RENEWAL OF FRANCHISE.

A. FRANCHISEE'S RIGHT TO RENEW.

(1) FRANCHISEE shall have the option to renew the term of this Agreement and the Franchise granted hereunder for such period which shall be equal to

the term as is then being offered by the COMPANY to new franchisees; provided, however, that the COMPANY reserves the right, in its discretion, to reduce the renewal term of the renewed Franchise Agreement so that the term of the renewed Franchise Agreement will expire simultaneously with the expiration of the term of the Lease or Sublease for the CENTER, as such term exists on the effective date of the renewed Franchise Agreement. FRANCHISEE'S right to renew shall require that:

(a) FRANCHISEE shall give the COMPANY written notice of its election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the then current term of this Agreement;

(b) FRANCHISEE, and its shareholders, if FRANCHISEE is a corporation, its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, is not then in default, in any material respect, in its performance of all the terms and provisions of this Agreement, the Sublease or other instrument under which it uses and occupies the Premises and the CENTER, any Note or any other agreements with the COMPANY and has, during the term of this Agreement, complied in all material respects, with all of the provisions of this Agreement, the Sublease, such Note and all of such other agreements;

(c) FRANCHISEE, or the COMPANY or one of its subsidiaries or affiliates, if it is the lessee of the Premises, shall have renewed or extended the lease for the Premises on terms and conditions mutually acceptable to the COMPANY and the FRANCHISEE, for the period of time equal to the renewal term or such other period as the parties have agreed upon, or obtained a new lease in accordance with the provisions of Paragraph B hereof;

(d) FRANCHISEE shall agree to make such renovations to the Premises of the CENTER as may be required by the landlord of the Premises and as may be reasonably required by the COMPANY to renovate and modernize the CENTER, including all equipment, furniture, fixtures and improvements contained therein, in accordance with the specifications set forth in the COMPANY's then current Operating Manual; and

(e) FRANCHISEE shall have paid to the COMPANY and any of its subsidiaries or affiliates all amounts which may be due to them under the terms of this Agreement, the Sublease, the Note, or any other agreement relating to the CENTER;

(2) Upon renewal, any CENTER previously operated by a FRANCHISEE, for purposes of this Agreement, shall be deemed to be an Existing Center, and shall be subject to all fees and obligations then required for such Centers.

(3) In the event FRANCHISEE meets the requirements for renewal of the Franchise, but elects not to renew the Franchise, FRANCHISEE shall, for a period of sixty (60) days immediately prior to the date of the expiration of this Agreement, have the right to sell the Franchise to a third party approved by the COMPANY. Any such transfer shall be subject to the terms and conditions of Section 15 of this Agreement, including, without limitation, the COMPANY's right of first refusal, as set forth in Paragraph F thereof. Any such purchaser of the Franchise in accordance with this Section 16 shall execute the then current form of franchise agreement being used by the COMPANY to grant franchises for Sterling Optical Centers in the state in which the CENTER is located. In the event that: (i) FRANCHISEE elects not to renew this Agreement and fails to sell the Franchise to the COMPANY or a third party in accordance with this Paragraph A; or (ii) the COMPANY determines that FRANCHISEE has not met the requirements for renewal, this Agreement and the Franchise shall expire and the COMPANY shall have the benefits of Section 18 of this Agreement, including the right to purchase the assets of the CENTER in accordance with Paragraph D thereof.

B. RENEWAL OF LEASE OR SUBLEASE.

(1) In the event that the COMPANY or one of its subsidiaries or affiliates is the lessee of the Premises pursuant to which the CENTER is operated, then, upon receipt of the notice of FRANCHISEE's election to renew as referred to in Paragraph A above, the COMPANY, either directly or through one of its subsidiaries or affiliates, shall attempt to extend or renew the lease for the Premises for the period of the renewed agreement on terms and conditions mutually acceptable to the COMPANY and the FRANCHISEE, in their sole and absolute discretion. The COMPANY shall have no obligation to renew or extend the term of the lease beyond the renewal term of this Agreement. Notwithstanding the foregoing, it is agreed that the COMPANY shall not be required to attempt to renew or extend the lease if the notice to renew the Franchise is not timely received, or if at the time of said notice, FRANCHISEE is in default in its performance of any of the provisions of this Agreement, the Sublease, or any other agreement with the COMPANY or one of its subsidiaries and affiliates, relating to the CENTER, including, but not limited to, any promissory note previously issued by the FRANCHISEE in favor of the COMPANY.

(2) In the event that the COMPANY or its affiliate or subsidiary is unable to renew or extend the lease for the Premises, on terms and conditions acceptable to it, in its sole and absolute discretion, or in the event that FRANCHISEE, through no fault of its own, is unable to maintain possession to the Premises, and FRANCHISEE or the COMPANY, or one of its subsidiaries or affiliates, secures substitute premises which are acceptable to the COMPANY and FRANCHISEE, and FRANCHISEE complies with the provisions of Section 11K of this Agreement, then said location shall, subject to the terms herein contained, become the location for the Franchise under the renewed Franchise Agreement. Notwithstanding the foregoing, the COMPANY, in its sole discretion, may elect

to renew the term of the Franchise Agreement even though it is unable to extend the term of the lease.

C. RENEWAL AGREEMENTS/RELEASES.

(1) If the FRANCHISEE has satisfied the obligations of Paragraph A, above, and if a lease has been obtained pursuant to Paragraph B, above, then FRANCHISEE, as a condition to renewing the terms of this Agreement, together with its shareholders, if FRANCHISEE is a corporation, or its partners, if FRANCHISEE is a partnership, or its members, if FRANCHISEE is a limited liability company, shall:

(a) execute the form of franchise agreement, sublease, guaranty and such ancillary agreements as are then customarily used by the COMPANY to grant franchises for the operation of Sterling Optical Centers in the State in which the CENTER is located, which may differ in material ways from the terms and conditions herein and may include an increase in the Royalty Fees and/or the Advertising Fund contributions, otherwise payable hereunder, which agreements shall be forwarded to the FRANCHISEE as soon as is reasonably practicable after its receipt of the notice to renew and upon renewal or extension of the lease for the Premises; such agreement, however, shall include appropriate modifications to reflect the fact that the agreements relate to the renewal of the Franchise, all of which the COMPANY may receive and hold until the expiration of the then current term of this Agreement;

(b) pay to the COMPANY a renewal fee equal to the amount then being required under the terms of the Franchise Agreement; provided, however, that in the event that the term of the Franchise Agreement is reduced to expire simultaneously with the expiration of the term of the lease or Sublease for the CENTER, as set forth in Paragraph A above, then, in such event, the renewal fee will be pro-rated based upon such reduced renewal term of the Franchise Agreement;

(c) pay to the COMPANY, or the Sublessor, any other amounts which may be due under the Sublease;

(d) execute general releases, in form and substance satisfactory to the COMPANY, of any and all claims against the COMPANY, its subsidiaries and affiliates, and each of their respective officers, directors, shareholders, employees and agents; provided, however, that all rights enjoyed by the FRANCHISEE and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder, shall remain in force; it being the intent of this proviso that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

(2) Failure by FRANCHISEE and its shareholders, partners or members, as applicable, to notify the COMPANY of its desire to renew this Agreement and/or to sign such agreements and releases, to deliver the same to the COMPANY and/or to pay the above described renewal fee within thirty (30) days after receiving the necessary documents from the COMPANY, may be deemed by the COMPANY to be an election by FRANCHISEE not to renew this Agreement.

(3) Provided that FRANCHISEE has otherwise complied with the provisions of this Section 16 and has executed all of the documents referred to herein, the new agreement shall become effective on the day immediately following the expiration of this Agreement, whereupon the COMPANY will execute and return a fully executed set of the documents to FRANCHISEE. If, however, on the last day of the term hereof, FRANCHISEE or its shareholders, partners or members, as appropriate, shall be in default in the observance or performance of any provisions of this Agreement or have not otherwise complied with the provisions of any other agreement with the COMPANY or its affiliates or subsidiaries relating to the CENTER, or shall have not fully satisfied all of its monetary obligations thereunder, then, at the election of the COMPANY, the new agreements may be rejected by the COMPANY, whereupon the election by the FRANCHISEE to renew shall be deemed to be null and void and the COMPANY shall, upon said election, refund to the FRANCHISEE any amount paid for the initial non- recurring, renewal franchise fee payable under the renewed franchise agreement or apply the same to amounts due from the FRANCHISEE under this or any other agreement.

17. TERMINATION OF THE FRANCHISE/OTHER REMEDIES.

A. EVENTS OF DEFAULT WITHOUT OPPORTUNITY TO CURE.

The COMPANY may automatically terminate this Agreement and the Franchise by delivering a written Notice of Termination to FRANCHISEE stating that the COMPANY has terminated this Agreement and the Franchise as the result of the occurrence of any one (1) or more of the Events of Default set forth below, without providing FRANCHISEE with an opportunity to cure, if FRANCHISEE, or any shareholder, partner or member of FRANCHISEE, as appropriate, or the CENTER:

(1) is insolvent and/or fails to generally pay its or their debts as they become due; makes an assignment for the benefit of creditors; or files a petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors;

(2) fails, within sixty (60) days after the filing or appointment thereof, to have set aside, withdrawn or otherwise canceled any petition filed against it and/or any of them under any bankruptcy, reorganization, insolvency or moratorium law, or to have any appointment of any receiver or trustee to take possession of its or their property canceled;

(3) abandons or ceases to do business at the CENTER during normal business hours for a period in excess of five (5) consecutive days, or ten (10) days in any thirty (30) day period, unless such cessation shall be the result of the physical damage to the Premises of the CENTER, which damage shall have been beyond the control of the FRANCHISEE;

(4) is convicted of, or pleads no contest to, a felony, or is convicted of, or pleads no contest to, any other crime or offense which, in the reasonable opinion of the COMPANY, may adversely affect the reputation of the CENTER or the goodwill associated with the Marks, or becomes addicted to or dependent on alcohol or drugs;

(5) makes an unauthorized assignment or transfer of this Agreement, the CENTER, the assets of the CENTER, the Premises, or an ownership interest in FRANCHISEE in violation of the provisions of Section 15 hereof;

(6) has any guaranty of FRANCHISEE's obligations under this Agreement, the Sublease, the Notes and/or any other ancillary document terminated, whether by operation of law or otherwise;

(7) is dissolved or liquidated, if FRANCHISEE is a corporation, partnership, or limited liability company;

(8) loses, by reason of the expiration or termination, or for any other reason, the Sublease or lease or other agreement pursuant to which FRANCHISEE occupies the Premises of the CENTER, or any other loss by FRANCHISEE of possession of the Premises of the CENTER; provided, however, that no default hereunder shall be deemed to occur upon such loss, if such loss was not due to the fault of the FRANCHISEE and if, within ninety (90) days thereafter, FRANCHISEE, at its sole cost and expense, relocates the Franchise to another location approved by the COMPANY, pursuant to the provisions of Section 11K hereof;

(9) submits Gross Revenue reports covering any period of three (3) consecutive months or more where an audit reveals that the correct Gross Revenues for such period either exceeds the reported Gross Revenues by ten percent (10%) or more, or were willfully and deliberately understated;

(10) misstates any material fact, or fails to disclose any material fact, in any report furnished to the COMPANY pursuant to this Agreement, the COMPANY's Operating Manual, or the application for the Franchise, whether or not such misstatement or failure to disclose is intentional;

(11) engages in any conduct or practice that is a fraud upon consumers, or that is an unfair, unethical or deceptive trade act or practice;

(12) commits a default under this Agreement which, by its very nature, is incapable of being cured;

(13) knowingly maintains and/or causes to be maintained false and/or misleading books or records, or knowingly submits or causes to be submitted any false and/or misleading reports to the COMPANY, including such books, records and reports which the FRANCHISEE, or its officers, shareholders, partners, or members, as the case may be, in the exercise of reasonable judgment, should have known were false and/or misleading;

(14) makes or permits any unauthorized copies or disclosure of any Confidential Information obtained by it/him/her and/or the contents of the Operations Manual;

(15) has three (3) or more checks, electronic transfers or other form of payment returned unpaid by its bank during any twelve (12) period;

(16) has been provided, on three (3) or more separate occasions within any twenty-four (24) month period, written notice from the COMPANY of any one (1) or more defaults under or failures to comply with the terms of this Agreement, or any other agreement with the COMPANY, and whether or not such other defaults or failures to comply have been cured or corrected by FRANCHISEE;

(17) defaults in any obligation under any financing agreement with a third party lender, and such third party lender accelerates the amounts due under said financing agreement; or

(18) fails to attend, or cause its employees to attend, at least fifty (50%) percent of the Franchisee meetings required by the COMPANY, during any twelve (12) month period.

B. EVENTS OF DEFAULT WITH OPPORTUNITY TO CURE.

The COMPANY may terminate this Agreement and the Franchise by delivering a written Notice of Termination to the FRANCHISEE stating that the COMPANY has terminated this Agreement and the Franchise as a result of the occurrence of any one (1) or more of the following Events of Default and FRANCHISEE's failure to cure the same, to the satisfaction of the COMPANY, within any applicable cure period set forth herein, which cure period shall commence upon the date such Notice of Default from the COMPANY is deemed to have been delivered to the FRANCHISEE, as set forth in Section 24 hereof. Such Events of Default shall occur if FRANCHISEE, and/or any shareholder, partner, or member of FRANCHISEE, or the CENTER;

(1) fails to make complete and timely payment of Royalty Fees, Advertising Fund contributions, Sublease rents, Note payments and/or any other amounts which are due to the COMPANY, its affiliates or subsidiaries, and such failure continues for five (5) days after written notice thereof; provided, however, that no notice need be given if FRANCHISEE fails to make any such payment, and has received, during the immediately preceding twelve (12) month period, three (3) prior notices from the COMPANY pursuant to this provision;

(2) fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by the COMPANY in the Operating Manual or otherwise, and such is not cured within ten (10) days after notice thereof;

(3) defaults in any of its obligations under the Sublease or other instrument under which FRANCHISEE uses and occupies the Premises of the CENTER or in any of the obligations under any other agreement between FRANCHISEE, any shareholder, partner, member or guarantor of the FRANCHISEE, or any entity owned or controlled by the FRANCHISEE, or any of its shareholders, partners, members or guarantors, and the COMPANY or any of its subsidiaries or affiliates, regarding the CENTER or any other franchised Center in which FRANCHISEE, or any of its shareholders, partners, members or guarantors or any entity owned or controlled by the FRANCHISEE, any of its shareholders, partners, members or guarantors, may have an interest, and such default is not cured in accordance with the terms of said other agreement(s);

(4) defaults in any obligations under any financing agreement with third parties which relates to the Franchise or the CENTER and which entitles the holder thereof to accelerate the debt prior to its stated maturity, which default is not cured in accordance with the terms of such financing agreement or, if no time period is specified, within ten (10) days after notice, irrespective of whether said third party elects to accelerate the obligations thereunder;

(5) fails to submit, when due, financial statements, reports or other data, information or supporting records and such is not cured within ten (10) days after notice thereof;

(6) makes or permits any unauthorized use of the Marks which is not cured within ten (10) days after notice thereof;

(7) fails to maintain or cause to be carried the insurance policies required by Paragraph I of Section 11 hereof including, without limitation, professional liability or malpractice insurance covering FRANCHISEE and each eye care professional performing services from, at or through the CENTER, and such is not cured within ten (10) days after notice thereof;

(8) creates a threat or danger to public health or safety resulting from the maintenance or operation of the Premises and/or CENTER, unless within five (5) days after notice thereof, FRANCHISEE commences to correct such problem and thereafter promptly completes said correction;

(9) engages in any conduct or practice that, in the reasonable opinion of the COMPANY, is detrimental or harmful to the good name, goodwill or reputation of the COMPANY, its services, other Franchisees of the COMPANY or the public, and such conduct or practice continues for a period in excess of ten (10) days after notice to FRANCHISEE;

(10) by act or omission, suffers a continued violation, in connection with the operation of the Premises and/or the CENTER, of any law, ordinance, rule or regulation of a government agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for resolution thereof, which continues for a period in excess of ten (10) days after notice to FRANCHISEE;

(11) fails to execute and deliver the appropriate banking documentation and/or authorization to permit the COMPANY to collect payments via electronic fund transfer systems, or other system then in effect, and such failure continues for a period of ten (10) days after notice, or if the FRANCHISEE changes its banking arrangements and fails to notify the COMPANY and/or execute and deliver the proper documentation and authorization for electronic funds transfer, or other payment, from the new accounts and such failure continues for a period of ten (10) days after notice to FRANCHISEE.

C. NOTICE OF TERMINATION.

Upon the occurrence of any one (1) or more of the foregoing Events of Default and, if applicable, the failure to cure within the appropriate period, the COMPANY may terminate this Agreement and the Franchise relationship by giving written Notice of Termination to the FRANCHISEE stating the specific reason for the termination and the effective date of the termination. This Agreement and the Franchise relationship will terminate on the date specified in the notice.

D. ADDITIONAL REMEDIES UPON DEFAULT.

(1) In the event that FRANCHISEE shall fail to comply with any of the provisions of this Agreement and shall fail to cure same within ten (10) after written notice thereof, the COMPANY shall have the right, in addition to all other remedies specified hereunder, to charge FRANCHISEE for its non compliance and FRANCHISEE shall be obligated to pay to the COMPANY, the sum of \$500 for such failure, and if FRANCHISEE thereafter fails to cure such default FRANCHISEE shall be obligated to pay to the

COMPANY an additional \$500 for each month that such failure to comply continues without cure, or, if such failure was the subject of a prior notice to the FRANCHISEE, within the same twelve (12) month period, then no notice to cure shall be necessary, and the COMPANY shall have the right to immediately require payment of said fee.

(2) The COMPANY shall have the right to collect any fees due pursuant to this Paragraph D, in accordance with the payment provisions described in Paragraph C of Section 7 of this Agreement.

18. RIGHTS OF THE COMPANY AND OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION OF AGREEMENT.

A. PAYMENT OF AMOUNTS OWED TO THE COMPANY/ SURRENDER OF PREMISES.

(1) FRANCHISEE shall pay to the COMPANY, within fifteen (15) days after the effective date of termination or expiration of this Agreement, all amounts due to the COMPANY or its affiliates or subsidiaries including, but not limited to, Royalty Fees, Advertising Fund contributions, rent, interest payable to the COMPANY on any of the foregoing, the unpaid principal balance of the Notes and any accrued interest thereon, and all costs and expenses, including legal fees and expenses, incurred by the COMPANY in connection with said termination. Contemporaneously with such payment, FRANCHISEE shall furnish a complete accounting of all such amounts owed to the COMPANY and/or its affiliates or subsidiaries. In addition, if this Agreement is terminated by reason of default by the FRANCHISEE, the COMPANY shall have the right to require the FRANCHISEE to pay to the COMPANY, the estimated amount of the Royalty Fees which would have otherwise become due during the remaining term of the Agreement. For purposes of this provision, for each year remaining on the term of this Agreement the FRANCHISEE, upon termination of this Agreement, will pay to the COMPANY, the percentage required for Royalty Fees in Section 4 of this Agreement, on an amount equal to the average annual gross revenues of the CENTER for the two (2) year period immediately preceding the date of termination, or such lesser period as the CENTER shall have been in operation.

(2) FRANCHISEE shall, upon demand by the COMPANY, simultaneously with said termination or expiration, immediately surrender the Premises to the COMPANY or its affiliate, subsidiary or designee and shall take all appropriate steps, if the COMPANY so directs, to permit another Franchisee or the COMPANY to become the assignee or sublessee of the Premises.

B. MARKS.

Upon the termination or expiration of this Agreement, the FRANCHISEE, its shareholders, partners or members, as appropriate, shall:

(1) not directly or indirectly, at any time or in any manner, identify itself, himself or herself, and/or any business in which they are employed and/or associated with as a current or former franchisee or licensee of, or otherwise associated with, the COMPANY, or use any Marks or any colorable imitation thereof in any manner or for any purpose, or utilize, for any purpose, any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with the COMPANY;

(2) at their sole cost and expense, remove all signs containing any Mark and, at the COMPANY's option, return to the COMPANY or destroy all forms, materials, supplies and labels containing any Mark or otherwise identifying or relating to a Sterling Optical Center, and upon direction of the COMPANY and consent of the COMPANY to continue operating the Premises, repaint, redecorate or refurbish the Premises to change its appearance so that it does not substantially resemble a Sterling Optical Center;

(3) at their sole cost and expense, take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to FRANCHISEE's use of any Mark;

(4) change or assign to, or authorize the COMPANY to change or assign, the telephone number of the CENTER and, if applicable, instruct or authorize the COMPANY to instruct all applicable telephone directory publishers, including internet listings, to modify all telephone directory listings in which the CENTER is listed to modify their references to the CENTER when the directories are next published, provided, however, the COMPANY shall have the absolute right to take all of said action in accordance with the terms of the assignment delivered to the COMPANY pursuant to the provisions of Paragraph L of Section 11 of this Agreement;

(5) furnish to the COMPANY, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to the COMPANY of FRANCHISEE's compliance with the foregoing obligations; and

(6) upon request of the COMPANY, deliver to the COMPANY all of the CENTER's customer and patient records and prescriptions.

The FRANCHISEE hereby irrevocably appoints the COMPANY, or its designee, as its Attorney-in-Fact, which power of attorney is coupled with an interest, to take the action specified herein; and in the event FRANCHISEE fails to take any of the actions required by this Paragraph B, the COMPANY, or its designee, shall be automatically authorized to take all of such action and execute all such documents in the name of, and on behalf of, the FRANCHISEE as may be reasonable or advisable to effect same.

C. CONFIDENTIAL INFORMATION; BUSINESS SYSTEM.

Upon termination or expiration of this Agreement, FRANCHISEE will immediately cease to use in any business or otherwise the Business System and any Confidential Information disclosed to FRANCHISEE pursuant to this Agreement. FRANCHISEE shall return to the COMPANY all copies of the Operating Manual which have been loaned to it and all copies of any Confidential Information which has been disclosed to FRANCHISEE in written form.

D. RIGHT TO PURCHASE CENTER ASSETS.

(1) In the event that this Agreement expires or is terminated in accordance with its provisions, FRANCHISEE shall not, unless authorized by the COMPANY in writing, remove any furniture, fixtures, signs, inventory, supplies, equipment, other property and/or leasehold improvements from the Premises. The COMPANY shall have the option (but not the obligation) up to the date of expiration, termination or the date of surrender of possession of the Premises and/or the CENTER to it (provided that FRANCHISEE shall notify the COMPANY at least ten (10) business days prior to such surrender), whichever shall be later, to purchase for itself or its designee all of the FRANCHISEE's right, title and interest in the assets of the CENTER (including, without limitation, all furniture, fixtures, equipment, inventory, supplies and improvements) for a sum equal to the lesser of: (i) the depreciated book value of all tangible assets located therein and owned by FRANCHISEE as of the date of the sale, transfer and assignment of FRANCHISEE's interest to the COMPANY or its designee; or (ii) the fair market value of all such tangible assets. FRANCHISEE shall receive no payment or adjustment whatsoever for any goodwill FRANCHISEE may have established either prior to or during its operation of the CENTER. There shall be deducted from the purchase price: (i) the amount of any indebtedness then remaining against or secured by any such items; (ii) the amount of any indebtedness or obligation then owing from FRANCHISEE to the COMPANY, its affiliates or subsidiaries; (iii) the amount of any indebtedness or obligation for which FRANCHISEE or the CENTER is liable (directly or indirectly, contingently or otherwise) and for which the COMPANY is or may become liable (directly or indirectly, contingently or otherwise) upon acquiring the assets of the CENTER; and (iv) all amounts advanced by the COMPANY, for which the COMPANY has paid, or for which the COMPANY has become obligated to pay, on behalf of FRANCHISEE, for any reason whatsoever (including, but not limited to, interim store operations, prior to the date of the sale, transfer and assignment of FRANCHISEE's interest to the COMPANY).

(2) The purchase price shall be paid in cash or by bank or certified check at the closing of the purchase, which shall take place no later than sixty (60) days after the delivery of the COMPANY's notice to FRANCHISEE. At the closing of any such purchase, FRANCHISEE shall: (i) deliver instruments transferring good and marketable title to the assets being purchased to the COMPANY or its assignee or designee, free and clear of all

liens and encumbrances, and pay all sales and other transfer taxes arising out of the transaction; (ii) transfer or assign to the COMPANY all licenses or permits which may be assigned or transferred; and (iii) in the event that FRANCHISEE is not subleasing the Premises of the CENTER from the COMPANY or one of its subsidiaries or affiliates in accordance with this Agreement, assign to the COMPANY or its designee FRANCHISEE's leasehold interest in the Premises or, if an assignment is prohibited, sublease the same to the COMPANY or its designee for the remaining term and on the same terms and conditions contained in the lease therefor, including all renewal and/or purchase options. In the event that FRANCHISEE cannot deliver good and marketable title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale may, at the COMPANY's option, be accomplished through an escrow. Prior to closing, FRANCHISEE and the COMPANY shall comply with the applicable Bulk Sales provisions of the Uniform Commercial Code of the State in which the CENTER is located.

(3) If the parties cannot agree on either the depreciated book value or fair market value of such assets within thirty (30) days after the COMPANY's exercise of its option to so purchase such assets, an independent appraiser shall be designated by the COMPANY within twenty (20) days thereafter, and its/his/her determination shall be binding. The cost of said appraisal shall be deducted from the amount due to the FRANCHISEE.

E. CONTINUING OBLIGATIONS.

All obligations of the COMPANY (if any), and FRANCHISEE which expressly, or by their nature, survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to, and notwithstanding, its expiration or termination and until they are satisfied or by their nature expire.

19. COVENANT NOT TO COMPETE.

A. DURING TERM OF AGREEMENT.

FRANCHISEE agrees that during the term of this Agreement, neither FRANCHISEE, nor any shareholder, partner, member, owner or guarantor of FRANCHISEE, if FRANCHISEE is a corporation, partnership, limited liability company or other business entity, nor any member of the immediate family of FRANCHISEE or of any shareholder, partner, member, owner or guarantor of FRANCHISEE, shall have any direct or indirect interest as an owner, investor, partner, lender, director, officer, employee, consultant, representative or agent, or in any other capacity, in any entity which owns, develops, operates or franchises or licenses other to operate, retail optical stores, centers or businesses which are engaged in the sale of contact lenses, prescription and/or non-prescription eyewear and/or related eye care products.

B. UPON TERMINATION.

(1) FRANCHISEE covenants and agrees that for a period of two (2) years, commencing on the date of the assignment, termination or expiration of this Agreement for any reason whatsoever, neither FRANCHISEE, nor any shareholder, partner, member, owner or guarantor of FRANCHISEE, if FRANCHISEE is a corporation, partnership, limited liability company or other business entity, nor any member of the immediate family of FRANCHISEE or of any shareholder, partner, member, owner, or guarantor of FRANCHISEE, shall have any direct or indirect interest as an owner, investor, partner, lender, director, officer, employee, consultant, representative or agent, or in any other capacity, in any entity which owns, develops, operates or franchises or licenses others to operate retail optical stores, centers or businesses which are engaged in the sale of contact lenses, and/or prescription and non-prescription eyewear and/or related eye care products, which is located:

- (a) at the Premises where the CENTER is located; or
- (b) within a fifteen (15) mile radius of the Premises where the CENTER is located, except if the CENTER has been designated in Paragraph C of Section 1 to be located in (x) a Residential/Suburban area, in which case the fifteen (15) mile radius shall be changed to a ten (10) mile radius from the CENTER, or (y) a Commercial/Urban area, in which case the fifteen (15) mile radius shall be changed to a five (5) mile radius from the CENTER; or
- (c) within a five (5) mile radius of any other Sterling Optical/Site for Sore Eyes Center.

(2) In the event that, at any time during said two (2) year period, FRANCHISEE or any of its shareholders, partners, members, owners, or guarantors, or any of the members of any of their respective immediate families, shall violate any of the obligations of the covenant set forth in this Paragraph B of Section 19, then, in said event, and in addition to all other remedies which the COMPANY may have, as a consequence thereof, the two (2) year period, set forth in the preceding Subsection (1) of this Paragraph B of Section 19, shall automatically be extended and shall continue in effect until the expiration of two (2) years from the date that FRANCHISEE and each of its shareholders, partners, members, owners, or guarantors and the members of any of their respective immediate families, shall cease all violation of this covenant.

C. NON-SOLICITATION.

(1) FRANCHISEE further agrees that for a period of two (2) years from the later of either (i) the date of expiration, termination or assignment of this Agreement, or FRANCHISEE's obligations hereunder for any reason, or (ii) FRANCHISEE's cessation of the use of the Marks, neither FRANCHISEE, nor any shareholder, partner, member, owner or guarantor of FRANCHISEE, if FRANCHISEE is a corporation, partnership, limited liability

company or other business entity, nor any member of the immediate family of FRANCHISEE or of any shareholder, partner, member, owner or guarantor of FRANCHISEE, shall, directly or indirectly, solicit any person who was a customer of the FRANCHISEE at any time during the two (2) year period prior to the termination date for the purpose of providing to such customer any optical related goods or services. Further, during said two (2) year period, neither the FRANCHISEE nor any shareholder, partner, member, owner or guarantor of the FRANCHISEE shall be permitted, without the COMPANY's prior written consent, to include in any advertisement or solicitation, any reference to FRANCHISEE's prior affiliation with the COMPANY or the CENTER.

D. APPLICABILITY.

(1) It is expressly agreed that the provisions of Paragraphs A and B of this Section 19 shall not apply to: (i) any other Sterling Optical/Site for Sore Eyes Center which is operated by the FRANCHISEE pursuant to a franchise agreement executed by the COMPANY; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market which represent five (5%) percent or less of the shares of that class of securities which are issued and outstanding. For purposes of this paragraph, the interests of an individual and such individual's spouse and minor children shall be aggregated.

(2) In the event that, during the term of this Agreement, any shareholder, partner or member of FRANCHISEE shall assign or transfer all of his or her interest in the FRANCHISEE pursuant to the provisions of Section 15 hereof, the provisions of this Section 19 shall be applicable to the transferor for a period of two (2) years after the effective date of said transfer.

(3) In the event that the obligations under this Section 19 are found to be invalid or unenforceable (as a result of a judicial decree, for a period of time or in the area or a portion of the area specified in Paragraph A, B or C of this Section 19), such obligations shall be deemed and construed to apply only to the remainder of such period and/or area and shall be valid and enforceable therein according to their terms.

(4) FRANCHISEE expressly agrees that the existence of any claims it may have against the COMPANY, whether or not arising from this Agreement, shall not constitute a defense to the enforcement, by the COMPANY, of the covenants set forth in this Section 19. FRANCHISEE agrees to pay all costs and expenses (including reasonable attorneys' fees and expenses) incurred by the COMPANY in connection with the enforcement of its rights pursuant to this Section 19.

(5) FRANCHISEE acknowledges that FRANCHISEE's violation of the terms of this Section 19 would result in irreparable injury to the COMPANY for which no adequate remedy at law exists. Accordingly, FRANCHISEE understands and acknowledges, and as to its shareholders, partners and/or members, by their execution of "G" to this Agreement,

understand and acknowledge, that the COMPANY shall be entitled to seek an injunction prohibiting any conduct by (FRANCHISEE and/or at such shareholder, partner or member) in violation of the terms of this Section 19.

(6) FRANCHISEE acknowledges that, in addition to any other remedies in law or in equity, including the remedies which the COMPANY may have pursuant to subparagraph (5) above of this Section 19D, in the event of the violation of this Section 19, the COMPANY shall also have the right to require that FRANCHISEE pay to the COMPANY, an amount equal to eight (8%) percent of the Gross Revenues (as defined in Section 5A of this Agreement) at each and every location which FRANCHISEE or any shareholder, partner, member or owner of FRANCHISEE, or any member of the immediate family of FRANCHISEE or of any shareholder, partner, member or owner of FRANCHISEE, shall, directly or indirectly, be in violation of the provisions of Paragraph A, B or C of this Section 19. Such payments shall be due for all periods during which the restrictions set forth in Paragraphs A, B and/or C of this Section 19 shall be violated, including any periods following termination of this Agreement as specified in Paragraph B or C of this Section 19.

20. TEMPORARY MANAGEMENT OF THE CENTER BY THE COMPANY.

In the event that FRANCHISEE does not have a person devoting his or her full time and attention to the CENTER in accordance with Paragraph H of Section 11 of this Agreement, or in the event a temporary Manager is not appointed as required pursuant to Paragraph D of Section 15 hereof, or in the event there exists a controversy, dispute or other disagreement between FRANCHISEE and the COMPANY in which FRANCHISEE threatens to close or closes the CENTER without the prior written consent of the COMPANY, or the COMPANY has exercised its option to purchase the assets of the CENTER in accordance with Paragraph F of Section 15 of this Agreement, the COMPANY shall have the right, but not the obligation, to appoint a temporary Manager to maintain the operation of the CENTER until the closing of any such purchase of the assets of the CENTER, or the situation is satisfactorily resolved. All funds arising out of the operation of the CENTER during the period of management by the temporary Manager appointed by the COMPANY, shall be kept in a separate fund and all associated expenses of the COMPANY, including compensation, other costs and travel and living expenses of the temporary Manager, shall be charged to such fund. During any such period, the COMPANY shall operate the CENTER for and on behalf of FRANCHISEE, provided that the COMPANY shall only have a duty to utilize its reasonable, good faith efforts in connection therewith and shall not be liable to FRANCHISEE or its owners for any debts, losses or obligations incurred by the CENTER, or to any creditor of FRANCHISEE for any merchandise, materials, supplies or services purchased for use in connection with the operation of the CENTER during any period in which it is managed by the temporary Manager selected and appointed by the COMPANY.

The COMPANY's election to operate the CENTER by appointing a temporary Manager in accordance with this Section 20 shall not constitute a waiver of any claims it may have against FRANCHISEE, nor shall it be deemed a waiver of the COMPANY's right to demand exact compliance with any of the terms or conditions of this Agreement.

21. SECURITY INTEREST.

As security for the payment and performance of all of its obligations under this Agreement and the Sublease for the Premises, the FRANCHISEE hereby grants to the COMPANY a continuing security interest in all of the assets of the Premises and/or the CENTER, including, but not limited to, furniture, fixtures, equipment, leasehold improvements, inventory, accounts receivable, pertinent recording and customer tests, in each case now or hereafter located at the Premises or the CENTER, and any and all proceeds and products arising from any of the foregoing; and FRANCHISEE further agrees that in addition to all other rights and remedies provided herein and in any other agreements made by FRANCHISEE, in the event of the occurrence of an Event of Default by the FRANCHISEE, and/or any shareholder, partner, or member of FRANCHISEE, in its and/or their performance of, any of its and/or their obligations hereunder, the COMPANY shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State where the CENTER is located. For purposes of the Uniform Commercial Code, this Agreement shall be deemed to be a Security Agreement and the COMPANY may, if it deems advisable, file this Agreement as evidence thereof. The FRANCHISEE, hereby authorizes the COMPANY to take all such action as the COMPANY may deem reasonably necessary or appropriate to perfect the rights of the COMPANY in the security interest granted herein. The FRANCHISEE hereby agrees to execute and deliver to the COMPANY all such documents as the COMPANY may reasonably request to perfect the security interest granted hereunder, including the Security Agreement annexed hereto as Exhibit "I", and the UCC Financing Statement annexed hereto as Exhibit "J". The FRANCHISEE agrees that the COMPANY shall have the right to file, with or without the signature of the FRANCHISEE, all Uniform Commercial Code Financing Statements which the COMPANY shall reasonably deem necessary to perfect, amend, or continue its interest in the security granted herein. Notwithstanding the foregoing, the COMPANY agrees that, provided FRANCHISEE is not then in default of its obligations under this Agreement or any other agreement with the COMPANY, its subsidiaries or affiliates, the COMPANY will not unreasonably withhold its consent to subordinate the lien granted hereunder to the lien of a financial institution when such lien is required by such financial institution to permit FRANCHISEE to obtain purchase money financing in connection with its purchase or operation of the Franchise; provided, however, the COMPANY shall have the right to require that the lender provide the COMPANY with copies of all notices of default. The COMPANY shall not be required to give such consent if FRANCHISEE is then in default of any of its obligations or if the COMPANY maintains a lien in connection with purchase money financing provided by the COMPANY to the FRANCHISEE.

22. ENFORCEMENT.

A. GOVERNING LAW.

This Agreement and the Franchise granted hereunder shall be construed and enforced, in all respects, in accordance with the laws of the State of New York without giving effect to any principles relating to conflict of laws.

B. DISPUTE RESOLUTION/CONSENT TO JURISDICTION.

(1) The parties hereto consent that, except as otherwise expressly set forth in this Section 22, any legal or equity, action and/or proceeding brought in connection with or arising out of any matter relating to this Agreement, and the Franchise relationship to which it relates, shall be instituted only in a federal or state court of competent jurisdiction within the State and County where the principal corporate office of the COMPANY shall be located on the date that any such action or proceeding is commenced to the exclusion of any other court or jurisdiction. FRANCHISEE and each Guarantor each hereby irrevocably consent and submit to the jurisdiction, in any such matter, of the courts of such State and County (where the principal corporate office of the COMPANY shall be located on the date that any such action or proceeding is commenced), to the exclusion of any other court or jurisdiction and waive any objection it or they may have to either the jurisdiction or venue of such courts.

(2) FRANCHISEE and each Guarantor hereby consent and agree, without limiting any other method of obtaining jurisdiction, that in any action or proceeding commenced under the terms of this Agreement, service of a summons and complaint, or any other process, in any action or proceeding, shall be sufficient if made on the FRANCHISEE and/or such Guarantor by registered or certified mail to the FRANCHISEE and/or such Guarantor at the address specified in Section 24 of this Agreement, whether such address shall be within or without the jurisdiction of the court where such action or proceeding is pending, and FRANCHISEE and each Guarantor hereby unconditionally and irrevocably waive personal service of such process.

(3) The parties hereto consent and agree that, notwithstanding the provisions of Paragraph B(1) of this Section 22, the COMPANY shall have the right, but not the obligation, with respect to all controversies, disputes or claims arising between the COMPANY and FRANCHISEE and/or any of the officers, shareholders, partners and/or members thereof which is a Guarantor of the FRANCHISEE's obligations, in connection with, arising from, or with respect to: (1) this Agreement; (2) the relationship of the parties created hereunder; or (3) the validity of this Agreement between the parties, or any provision thereof (except with respect to the Sublease or the Marks) which shall not have been resolved within fifteen (15) days after either party shall notify the other, in writing, of such controversy,

dispute or claim, to require that such controversy, dispute or claim, be submitted for arbitration to the office of American Arbitration Association which shall be located in the State and County where the principal offices of the COMPANY are located on the date any such arbitration proceeding is commenced. In the event that the COMPANY shall elect to proceed to resolve such dispute through arbitration, the COMPANY shall, by written notice, so advise the FRANCHISEE and/or such guarantor of the COMPANY's election. Such arbitration proceedings shall be conducted in the State and County where the principal offices of the COMPANY are located on the date such arbitration proceedings are commenced, and, shall be conducted in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall have the right to award or include in the award any relief which the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from date due), specific performance and injunctive relief. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. The parties acknowledge and agree that any arbitration award may be enforced against either or both of them in any such court of competent jurisdiction and each waives any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder.

(4) In the event that the FRANCHISEE and/or any of the officers, shareholders, partners and/or members thereof, which is a Guarantor of the FRANCHISEE's obligations hereunder, shall commence any action against the COMPANY, the COMPANY shall have the right, by written notice given to the FRANCHISEE and/or such Guarantors within forty-five (45) days after the COMPANY shall receive written notice of the commencement of such action, to require that said controversy, dispute or claim be submitted to arbitration in accordance with the provisions of Paragraph B(2) of this Section 22, and FRANCHISEE and each Guarantor hereby consent, upon receipt of such notice from the COMPANY, that such action shall be dismissed and shall be submitted to arbitration in accordance with the provisions of Paragraph B(2) of this Section 22.

C. PRELIMINARY INJUNCTIVE RELIEF.

Nothing herein contained shall bar the COMPANY's or FRANCHISEE's right to obtain preliminary injunctive relief against any threatened conduct that would be likely to cause loss or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. FRANCHISEE agrees that the COMPANY may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at law or in equity, and the sole remedy of FRANCHISEE, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon a hearing duly had, all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby.

D. COSTS AND ATTORNEYS' FEES.

The FRANCHISEE shall promptly reimburse the COMPANY for all costs and expenses, including attorneys' fees and expenses, incurred in enforcing any provision of this Agreement and/or any of the FRANCHISEE's and/or its shareholders', partners' or members' obligations hereunder.

E. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

(1) Except as expressly provided to the contrary herein, each Section, Paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal having competent jurisdiction in any action or proceeding to which the COMPANY is a party, no such ruling shall impair the operation of, or have any other effect upon, such other portions of this Agreement, each of which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if FRANCHISEE is a party thereto, or otherwise upon FRANCHISEE's receipt of a notice of non-enforcement thereof from the COMPANY.

(2) If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the COMPANY is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and the COMPANY shall have the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make the same valid and enforceable. FRANCHISEE agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking any of the provisions hereof, or any specification, standard or operating procedure prescribed by the COMPANY, any portion or portions which a court may hold to be unenforceable in a final decision to which the COMPANY is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless the COMPANY elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

F. RIGHTS OF PARTIES ARE CUMULATIVE.

The rights of the COMPANY and FRANCHISEE hereunder are cumulative and no exercise or enforcement by the COMPANY or FRANCHISEE of any right or remedy hereunder shall preclude the exercise or enforcement by the COMPANY or FRANCHISEE of any other right or remedy hereunder to which they may be entitled by law to enforce.

G. WAIVER OF OBLIGATIONS.

The COMPANY and FRANCHISEE may, by written instrument, unilaterally waive or reduce any obligation of, or restriction upon, the other as evidenced by this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by the COMPANY shall be without prejudice to any other rights which the COMPANY may have, will be subject to continuing review by the COMPANY, and may be revoked, in the COMPANY's sole discretion, at any time and for any reason, effective upon delivery of ten (10) days' prior written notice to FRANCHISEE. The COMPANY and FRANCHISEE shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement, including, without limitation, the right to demand exact compliance with every term, condition and covenant herein contained, or to declare any breach thereof to be a default and to terminate this Agreement and the Franchise prior to the expiration of its term, by virtue of: (I) any custom or practice of the parties at variance with the terms hereof; (ii) any failure, refusal or neglect of the COMPANY or FRANCHISEE to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by the COMPANY to exercise any right, power or option, whether of the same, similar or different nature, with respect to any other Center; or (iv) the acceptance by the COMPANY of any payments from FRANCHISEE after any breach by FRANCHISEE of this Agreement. Neither the COMPANY nor FRANCHISEE shall be liable for any loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (I) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof; (iii) acts of God; (iv) fires, strikes, embargoes, war or riot; or (v) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, under the circumstances, except that said causes shall not excuse payment of amounts owed at the time of such occurrence or payment of Royalty Fees or Advertising Fund contributions due on any sales thereafter.

H. BINDING EFFECT.

This Agreement is binding upon, and shall inure to the benefit of, the parties hereto and their respective executors, administrators, heirs, permitted assigns and successors in interest, and shall not be modified except by a written agreement executed by the COMPANY and FRANCHISEE which, by its express terms, modifies this Agreement.

I. CONSTRUCTION.

The preambles to this Agreement are a part of this Agreement. This Agreement, the Exhibits attached hereto, the documents contemplated hereby, and any riders executed by the COMPANY and FRANCHISEE and attached hereto constitute the entire agreement of the parties with respect to the terms and conditions under which the COMPANY has granted FRANCHISEE the right to operate a franchised Sterling Optical Center. There are no other oral or written understandings or agreements between the COMPANY and FRANCHISEE or any of them relating to the subject matter of this Agreement.

Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several Sections and Paragraphs hereof are for convenience only and do not define, limit or construe the contents of such Sections or Paragraphs. Words of any gender or number herein shall include any other gender or number where the context so requires. The term "FRANCHISEE" as used herein may be applicable to one or more persons, a corporation, a partnership, a limited liability company, or other business entity, as the case may be. The obligations of the FRANCHISEE hereunder shall apply with the same force and effect to each shareholder, partner or member of the FRANCHISEE and each shareholder, partner and member shall be obligated to personally comply with all provisions herein including, but not limited to, Sections 8, 9, 10, 11, 12, 13, 15, 18, 19, and 22. If two or more persons are at any time the FRANCHISEE hereunder, their obligations and liabilities to the COMPANY hereunder shall be joint and several. Similarly, the obligations of each shareholder, member and partner of FRANCHISEE, as guarantor, shall be joint and several with the FRANCHISEE and all other partners, shareholders and members. References to "FRANCHISEE" and "transferee" or "assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of FRANCHISEE, the transferee or assignee, if FRANCHISEE, the transferee or assignee, is a corporation, partnership, limited liability company or other business entity.

Nothing in this Agreement or in any related agreement requires the FRANCHISEE to waive reliance on the representations made by the COMPANY in its Franchise Disclosure Document.

J. COUNTERPARTS.

This Agreement may be executed in two (2) or more counterparts, all of which, taken together shall constitute one and the same agreement; signatures transmitted by facsimile or electronically, as a PDF file, shall be binding to the same extent as an original signature.

23. CHANGE OF LAW OR REGULATION.

The parties acknowledge and agree that a significant object of this Agreement is the furnishing by the COMPANY to FRANCHISEE of the Business System, the license granted to FRANCHISEE to use the Marks and related support for the management, administration and promotion of a retail optical center located at the Premises, and the compensation of the COMPANY therefor at the level and in the manner herein provided. Recognizing that changes in applicable law or regulation may render the manner of performance herein provided illegal or otherwise impossible, in whole or in part, the parties agree that, upon any such determination, if there is an alternative manner of performance in which the object of this Agreement may be lawfully achieved, they will substitute such alternative manner of performance for the manner herein provided, and memorialize the same in one or more written instruments executed by the parties hereto. If the COMPANY is then offering Franchises for Centers in the State in which the CENTER is located and in a manner which conforms to the applicable laws and regulations of that State, then the parties will adopt such an alternative manner of performance and execute a conforming substitute franchise agreement and such related documents as are then being used for such purpose. Otherwise, the parties shall adopt the manner of performance and execute such conforming agreements as are selected by the COMPANY and which provide a lawful manner of performance in the State in which the CENTER is located.

Any alternative manner of performance, and any conforming franchise agreement and related documents, shall be modified as necessary to avoid an increase in the level of compensation paid to the COMPANY by FRANCHISEE or a material increase in the duties and obligations incurred by FRANCHISEE in connection with the operation of the CENTER.

24. NOTICES AND PAYMENTS.

All written notices and reports which are permitted or required to be delivered by the provisions of this Agreement or of the Operating Manual shall be deemed so delivered: (I) upon delivery, if delivered by hand, by messenger or by any courier service, such as Federal Express, which obtains a signed receipt for same; or (ii) three (3) business days after the

date of deposit, if the same are deposited with the U.S. Postal Service, Registered or Certified Mail, Return Receipt Requested, first-class postage prepaid and addressed to the party to be notified at the address set forth below, or such other address as the COMPANY or FRANCHISEE shall designate by like notice to the other party.

All Notices to the COMPANY shall be sent to:

Emerging Vision, Inc.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: Chief Financial Officer

with copies to be sent to:

Emerging Vision, Inc.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: President

All Notices to the FRANCHISEE shall be sent to:

with a copy to be sent to:

All payments and reports required by this Agreement shall be directed to the COMPANY at the address set forth on the first page of this Agreement for or to such other persons and places as the COMPANY may from time to time designate by like notice. Any required payment or report which is not delivered to the COMPANY as aforesaid shall be deemed delinquent.

25. ACKNOWLEDGMENTS.

FRANCHISEE acknowledges that it, he or she has received and has read, the COMPANY's Franchise Disclosure Document at least fourteen (14) calendar days prior to the execution of this Agreement, and that it, he or she understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the COMPANY's high standards of quality and service and the uniformity of those

standards at all Centers and protect and preserve the goodwill of the Marks, the Business System and all other Centers. FRANCHISEE acknowledges that it, he or she has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that it involves business risks and that the success of the venture is largely dependent upon the business ability of FRANCHISEE. The COMPANY expressly disclaims the making of, and FRANCHISEE acknowledges that it, he or she has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement, and that it, he or she has based the decision to acquire a Franchise only upon the representations and warranties contained in this Agreement or the COMPANY's Franchise Disclosure Document. As an inducement to the COMPANY to enter into this Agreement and grant FRANCHISEE the Franchise to operate the CENTER, FRANCHISEE represents and warrants to the COMPANY that no misrepresentations of any type, kind or nature have been made by or on behalf of FRANCHISEE in connection with FRANCHISEE's acquisition of the Franchise for the CENTER. Nothing in this Agreement or in any related agreement is intended to disclaim any of the representations made by the COMPANY in its Franchise Disclosure Document.

FRANCHISEE and each of its shareholders, partners, members and guarantors (each of which is referred to in this paragraph as a "Franchisee Party"), represent, warrant and covenant that it, he and/or she, is not now, and shall not become a person or entity with whom the COMPANY is restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") at the Department of Treasury (including, but not limited to those named on OFAC's Specially Designated and Blocked Persons lists), or under any other statute, executive order or other, including, without limitation, Executive Order 13224, effective on September 24, 2001, Blocking Property, and Prohibiting Transaction with Persons Who Commit, Threaten To Commit or Support Terrorism, as the same has, or may be amended, or other governmental actions (the "Order"), and is not now engaged in and shall not in the future engage in any dealing or transactions otherwise be associated with such persons or entities. Each of the Franchisee Parties further represents, warrants and covenants, that it, he or she is not acting directly or indirectly, for or on behalf of any person, group, entity or nation with whom the COMPANY is restricted from doing business under the regulations of OFAC, including the Order, or by other governmental action, and is not and shall not engage in any dealings or transaction or employ or otherwise be associated with any such person, group, entity or nation.

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement as of the day and year first above written.

COMPANY:

FRANCHISEE:

EMERGING VISION, INC.

By: _____

By: _____

Title _____

STATE ADDENDA

**ADDENDUM TO FRANCHISE AGREEMENT
FOR FRANCHISEES OF EMERGING VISION, INC.
IN THE
STATE OF CALIFORNIA**

Addendum to the Franchise Agreement dated ____, 20__ by and between Emerging Vision, Inc., a New York corporation (the "COMPANY"), having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530; and _____, having an address at _____, California (the "FRANCHISEE").

A. This Addendum is being executed simultaneously and in conjunction with the Franchise Agreement dated of even date herewith to which this Addendum is attached (the "Franchise Agreement"), and is hereby incorporated in and made a part thereof. This Addendum is being executed in accordance with the laws of the State of California and, to the extent this Addendum shall conflict with or be inconsistent with any of the terms, conditions or covenants of the Franchise Agreement, the terms of this Addendum shall govern and prevail.

B. In the event that this Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

C. Notwithstanding the provisions of Paragraph 17 of the Franchise Agreement which provides for termination upon bankruptcy, the parties acknowledge that this provision may not be enforceable under federal bankruptcy law.

D. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

E. Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of California or requiring the application of the laws of another state may be void or otherwise unenforceable under the laws of the State of California

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and each understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date set forth above.

EMERGING VISION, INC.

By:_____

FRANCHISEE:

By:_____

**ADDENDUM TO FRANCHISE AGREEMENT
FOR FRANCHISEES OF EMERGING VISION, INC.
IN THE
STATE OF ILLINOIS**

Addendum to the Franchise Agreement dated ____, 20__ by and between Emerging Vision, Inc., a New York corporation (the "COMPANY"), having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530; and _____, having an address at _____, Illinois (the "FRANCHISEE").

(1) This Addendum is being executed simultaneously and in conjunction with the Franchise Agreement dated of even date herewith to which this Addendum is attached (the "Franchise Agreement"), and is hereby incorporated in and made a part thereof. This Addendum is being executed in accordance with the laws of the State of Illinois and, to the extent this Addendum shall conflict with or be inconsistent with any of the terms, conditions or covenants of the Franchise Agreement, the terms of this Addendum shall govern and prevail.

(2) Paragraphs A and B of Section 22 of the Franchise Agreement are hereby deleted in their entirety and the following provision is substituted in its place:

"GOVERNING LAW/ARBITRATION.

This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois. The parties hereto consent and agree that all controversies, disputes or claims arising between the COMPANY and FRANCHISEE in connection with, arising from, or with respect to: (1) this Agreement; (2) the relationship of the parties created hereunder; or (3) the validity of this Agreement between the parties, or any provision thereof (except with respect to the Sublease or the Marks) which shall not be resolved within fifteen (15) days after either party shall notify the other in writing of such controversy, dispute or claim, shall be submitted for arbitration to the New York office of American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in Nassau County, in New York and, except as otherwise provided in this Agreement, shall be conducted in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall have the right to award or include in his award any relief which he deems proper under the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance and injunctive relief. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of

competent jurisdiction. The parties acknowledge and agree that any arbitration award may be enforced against either or both of them in any such court of competent jurisdiction and each waives any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder.

Nothing herein contained shall bar the COMPANY'S or FRANCHISEE's right to obtain preliminary injunctive relief against threatened conduct that will cause it loss or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. FRANCHISEE agrees that the COMPANY may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of FRANCHISEE, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had, all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby."

(3) The first Paragraph of Section 25 of the Franchise Agreement is deleted in its entirety, and the following provision is substituted in its place:

"25. ACKNOWLEDGMENTS.

FRANCHISEE acknowledges that it, he or she has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that it involves business risks and that the success of the venture is largely dependent upon the business ability of FRANCHISEE. As an inducement to the COMPANY to enter into this Agreement and grant FRANCHISEE the Franchise to operate the CENTER, FRANCHISEE represents and warrants to the COMPANY that no misrepresentations of any type, kind or nature have been made by or on behalf of FRANCHISEE in connection with FRANCHISEE's acquisition of the Franchise for the CENTER.

No condition, stipulation, or provision contained in this Agreement shall act as a waiver of compliance with any provision under the Illinois Franchise Disclosure Act or any other law of the State of Illinois."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and each understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date set forth above.

EMERGING VISION, INC.

By: _____

FRANCHISEE:

By: _____

**ADDENDUM TO FRANCHISE AGREEMENT
FOR FRANCHISEES OF EMERGING VISION, INC.
IN THE
STATE OF MARYLAND**

Addendum to the Franchise Agreement dated ____, 20__ by and between Emerging Vision, Inc., a New York corporation (the "COMPANY"), having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530; and _____, having an address at _____, Maryland (the "FRANCHISEE").

1. This Addendum is being executed simultaneously and in conjunction with the Franchise Agreement dated of even date herewith to which this Addendum is attached (the "Franchise Agreement"), and is hereby incorporated in and made a part thereof. To the extent this Addendum shall conflict with or be inconsistent with any of the terms, conditions or covenants of the Franchise Agreement, the terms of this Addendum shall govern and prevail.

2. Notwithstanding anything to the contrary contained in Paragraph C(8) of Section 15 or Paragraph C(1)(c) of Section 16 of the Franchise Agreement, the COMPANY agrees that such general release shall not relieve the COMPANY from any liability under the Maryland Franchise Registration Disclosure Law. A copy of this Release is annexed to this Addendum to Franchise Agreement.

3. The first sentence of Paragraph B(1) of Section 22 of the Franchise Agreement is amended to read as follows:

" (1) The parties hereto consent that, except as otherwise expressly set forth in this Section 22, and except for claims arising under the Maryland Franchise Registration and Disclosure Law, any legal or equity proceeding brought in connection with or arising out of any matter relating to this Agreement, and the Franchise relationship to which it relates, shall be instituted in a federal or state court of competent jurisdiction within the State of New York and County where the principal offices of the COMPANY are located on the date such proceeding is commenced".

4. Paragraph F of Section 22 of the Franchise Agreement is amended to add the following sentence at the end of the provision: "Notwithstanding anything contained in this paragraph to the contrary, any claims arising under the Maryland Franchise Registration and Disclosure Law will be barred unless a judicial or arbitration proceeding is commenced within three (3) years from the date of this Agreement".

5. Section 25 of the Franchise Agreement is amended to include the following sentence at the end of the provision: "Notwithstanding anything contained in this Section 25 to the contrary, no representation contained in this Section shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and each understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date set forth above.

EMERGING VISION, INC.

By: _____

FRANCHISEE:

By: _____

Exhibit "K"
FOR USE IN THE STATE OF MARYLAND
GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN,

KNOW THAT _____, a _____, and _____, a _____ (hereinafter collectively referred to as the "**RELATORS**"),

In consideration of the aggregate sum of **TEN and 00/100 (\$10.00) DOLLARS**, and **FOR OTHER GOOD AND VALUABLE CONSIDERATION**, received from **EMERGING VISION, INC. (f/k/a Sterling Vision, Inc.; "RELEASES")**, receipt whereof is hereby acknowledged, releases and discharges the **RELEASES**, and **RELEASES'S** subsidiaries and affiliates, and their respective officers, directors, shareholders, executors, administrators, legal representatives, successors and assigns, from and against any and all debts, sums of money, accounts, contracts, cause or causes of action, suits, dues, reckonings, bonds, bills, specialties, covenants, controversies, agreements, promises, variances, trespasses, damages, judgments, extent, executions and demands whatsoever, in law or in equity, which against the **RELEASES**, or any of them, the **RELATORS** and/or the **RELATORS'** respective heirs, executors, administrators, legal representatives, officers, directors, shareholders, employees, successors and assigns ever had, now have or hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this **RELEASE**, including, without limitation, any and all of the foregoing that arise out of or in connection with (i) that certain Franchise Agreement, dated _____, between _____ and **RELEASES**, relating to the Sterling Optical Center franchise located at _____ (the "Store"), as well each of the instruments, documents and agreements executed in connection therewith, and (ii) the operation of the Store and/or any and all obligations and/or liabilities arising therefrom or in connection therewith.

Notwithstanding the foregoing, nothing herein shall release **RELEASES** from its obligations under Article 33 of the General Business Law of the State of New York, the Maryland Franchise Registration Disclosure Law, or any of the regulations issued thereunder.

Whenever the sense of the text hereof shall require, the use of the singular number shall include the appropriate plural, and the masculine, the feminine, as the text of the within instrument shall require.

This **RELEASE** may not be changed, rescinded or amended orally.

IN WITNESS WHEREOF, the **RELATORS** have each executed this **RELEASE** as of the day and year first above written.

[_____]

By: _____

STATE OF _____)
): ss.
COUNTY OF _____)

On the ___ day of _____ 20 , before me, the undersigned, a notary public in and for the said state, personally appeared _____, known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
): ss.
COUNTY OF _____)

On the ___ day of _____ 20 , before me, the undersigned, a notary public in and for the said state, personally appeared _____, known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

**ADDENDUM TO FRANCHISE AGREEMENT
FOR FRANCHISEES OF EMERGING VISION, INC.
IN THE
STATE OF NORTH DAKOTA**

Addendum to the Franchise Agreement dated _____, 20____, by and between Emerging Vision, Inc., a New York corporation (the "COMPANY"), having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530; and _____, having an address at _____, North Dakota (the "FRANCHISEE").

1. This Addendum is being executed simultaneously and in conjunction with the Franchise Agreement dated of even date herewith to which this Addendum is attached (the "Franchise Agreement"), and is hereby incorporated in and made a part thereof. To the extent this Addendum shall conflict with or be inconsistent with any of the terms, conditions or covenants of the Franchise Agreement, the terms of this Addendum shall govern and prevail.

2. Sections 15C and 16(C)(1)(c) relating to the FRANCHISEE'S obligations to execute general releases upon assignment or renewal of the Franchise Agreement are hereby deleted.

3. Notwithstanding any provision of Section 19B of the Franchise Agreement to the contrary, the parties acknowledge that covenants not to compete may be unenforceable in the State of North Dakota.

4. Paragraphs A and B of Section 22 of the Franchise Agreement are hereby deleted in their entirety and the following provision is substituted in their place:

"GOVERNING LAW/ARBITRATION

This Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota, except to the extent governed by the United States Trademark Act of 1946 (Langham Act, 15, U.S.C. Sections 1051 et seq., as amended.

Nothing herein contained shall bar the COMPANY'S or FRANCHISEE'S right to obtain preliminary injunctive relief against threatened conduct that will cause it loss or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. FRANCHISEE agrees that the COMPANY may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of FRANCHISEE, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had, all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby".

5. Section 18D(3) of the Franchise Agreement is hereby deleted, and the following is substituted in its place and stead.

“(3) If the parties cannot agree on either the depreciated book value or fair market value within thirty (30) days after the COMPANY’s exercise of its option to so purchase the assets, then, within ten (10) days thereafter, the parties shall designate a mutually acceptable independent appraiser to determine the value thereof, and its determination shall be binding upon the parties. In the event that within said ten (10) day period the COMPANY and the FRANCHISEE, are unable to agree upon a mutually acceptable appraiser, then, in said event, within the next ten (10) day period, the COMPANY shall designate one appraiser and the FRANCHISEE shall designate a second appraiser. The two (2) appraisers shall then be obligated to designate a third appraiser. The third appraiser shall determine the value of the assets, and such determination shall be binding upon the parties. The cost of said appraisal shall be deducted from the amount due to the FRANCHISEE.”

6. Section 22E of the Franchise Agreement is hereby deleted and the following is substituted in its place and stead:

“In the event that either party commences any action to enforce any of the provisions or obligations under this Agreement, including any obligation of any shareholder, partner or member of any FRANCHISEE, then, in said event, the prevailing party in such action shall be entitled to promptly recover from the other party(ies) all costs and expenses, including reasonable attorneys fees and expenses, which said prevailing party incurred in connection with said action”.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and each understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date set forth above.

EMERGING VISION, INC.

By:_____

FRANCHISEE:

By:_____

**ADDENDUM TO FRANCHISE AGREEMENT
FOR FRANCHISEES OF EMERGING VISION, INC.
IN THE
COMMONWEALTH OF VIRGINIA**

Addendum to the Franchise Agreement dated ____, 20__, by and between Emerging Vision, Inc., a New York corporation (the "COMPANY"), having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530; and _____, having an address at _____, Virginia (the "FRANCHISEE").

1. This Addendum is being executed simultaneously and in conjunction with the Franchise Agreement dated of even date herewith to which this Addendum is attached (the "Franchise Agreement"), and is hereby incorporated in and made a part thereof. To the extent this Addendum shall conflict with or be inconsistent with any of the terms, conditions or covenants of the Franchise Agreement, the terms of this Addendum shall govern and prevail.

2. Notwithstanding any provision of Section 17 of the Franchise Agreement to the contrary, it is agreed it is acknowledged that 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 this Franchise Agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and each understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date set forth above.

EMERGING VISION, INC.

By _____

FRANCHISEE:

By: _____

**ADDENDUM TO FRANCHISE AGREEMENT
FOR FRANCHISEES OF EMERGING VISION, INC.
IN THE
STATE OF WISCONSIN**

Addendum to the Franchise Agreement dated ____, 20__, by and between Emerging Vision, Inc., a New York corporation (the "COMPANY"), having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530; and _____, having an address at _____, Wisconsin (the "FRANCHISEE").

1. This Addendum is being executed simultaneously and in conjunction with the Franchise Agreement dated of even date herewith to which this Addendum is attached (the "Franchise Agreement"), and is hereby incorporated in and made a part thereof. To the extent this Addendum shall conflict with or be inconsistent with any of the terms, conditions or covenants of the Franchise Agreement, the terms of this Addendum shall govern and prevail.

2. Notwithstanding anything to the contrary contained in the Franchise Agreement, Ch. 135, Stats., Wisconsin Fair Dealership, supersedes any provision of the Franchise Agreement, which is inconsistent with said law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and each understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date set forth above.

EMERGING VISION, INC.

BY _____

FRANCHISEE

By _____

EXHIBIT "A" TO FRANCHISE AGREEMENT

SUBLEASE

(Attached as Exhibit "B" to Franchise Disclosure Document")

EXHIBIT "B" TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

(Attached as Exhibit "C" to Franchise Disclosure Document")

EXHIBIT "C" TO FRANCHISE AGREEMENT

AREA FOR LOCATION OF CENTER

[Description to be inserted]

EXHIBIT "D" TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT AND DISCLOSURE

Store No.:

AUTHORIZATION AGREEMENT

THIS AUTHORIZATION AGREEMENT is given as of this ___ day of _____ 20___, by _____, a corporation having an address at _____, and being the Franchisee of the Sterling Optical/Site For Sore Eyes Center located at _____ (the "Franchisee"), to EMERGING VISION, INC. ("EVI"), a New York corporation having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530.

RECITALS:

WHEREAS, Franchisee has been granted a license to operate that certain Sterling Optical/Site For Sore Eyes Center located at _____ (the "Center"), pursuant to the terms of a certain Franchise Agreement, dated as of the date hereof (the "Franchise Agreement"); and

WHEREAS, pursuant to the terms of the Franchise Agreement, EVI has the right, from time to time, to verify from third parties information provided by Franchisee to EVI; and

WHEREAS, as a condition to EVI's grant of its consent to the assignment of the Franchise Agreement to Franchisee, Franchisee is required to authorize EVI to obtain from third parties doing business with the Franchisee, including, customers, vendors, banks, and third party providers, information relating to Franchisee's account with such third party.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee, intending to be legally bound, hereby agrees as follows:

1. Franchisee hereby confirms that EVI is authorized, from time to time, to obtain on its behalf, and on behalf of Franchisee, from third parties doing business with the Franchisee, including but not limited to customers, suppliers, contractors, banks, service providers, third party benefit plan providers, landlords and utility service providers (hereinafter collectively "Third Party Providers"), copies of all records and information relating to the business conducted by Franchisee, including, but not limited to statements of accounts provided by or to Franchisees, and payments made to or by Franchisee.

2. In furtherance of the rights provided hereunder, Franchisee shall execute the authorization form annexed hereto and hereby irrevocably appoints EVI or its nominee to be Franchisee's attorney-in-fact to execute, in Franchisee's name and on its behalf, any authorization, request or other document, which such Third Party Provider may request or

require, in order to provide the requested information to EVI. Such power of attorney is a Special Power of Attorney coupled with an interest, and is irrevocable.

3. Franchisee further agrees that it shall be obligated, within ten (10) days after written request by EVI, to execute and deliver to EVI or such Third Party Provider, such further instruments or documents as such Third Party Provider may require to confirm that it is authorized to provide the requested information, records or documentation to EVI. Failure to timely comply with such request shall be a default under the terms of the Franchise Agreement to which this Authorization Agreement is annexed.

4. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of New York. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and the benefit of its successors and assigns.

IN WITNESS WHEREOF, the Franchisee has executed this Authorization Agreement as of the day and year first written above.

FRANCHISEE

By: _____

INFORMATION DISCLOSURE AUTHORIZATION

The undersigned (the "Franchisee"), being the Franchisee of the Sterling Optical/ Site For Sore Eyes Center located at _____ (the "Premises"), pursuant to the terms of a Franchise Agreement dated the date hereof, hereby confirms that Emerging Vision, Inc. and its designated agents ("EVI"), are authorized to obtain from all third parties with whom Franchisee does business in connection with the Site For Sore Eyes/Sterling Optical Center operated at the Premises, including, but not limited to all customers, suppliers, contractors, banks, service providers, third party benefit plan providers, landlords and utility service providers (hereinafter collectively "Third Party Providers"), copies of all records and information relating to the business conducted by Franchisee, statements of accounts provided by or to Franchisee, and payments made to or by Franchisee by or to the Third Party Provider.

Franchisee hereby confirms that it has appointed EVI as its attorney in fact, to obtain all of such information, and authorizes each Third Party Provided upon request of EVI, to provide all of the requested information to EVI.

Franchisee hereby directs each Third Party Provider upon receipt of a copy or facsimile transmission of this authorization to provide all account information, payment information and other documentation relating to the business of Franchisee directly to EVI.

Dated:

By: _____

STATE OF _____)
) ss:
COUNTY OF _____)

On the ____ day of _____, 20__ before me, the undersigned, a notary public in and for the said state, personally appeared _____, known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

EXHIBIT "E" TO FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION AGREEMENT
(Attached as Exhibit "D" to Franchise Disclosure Document")

EXHIBIT "F" TO FRANCHISE AGREEMENT
BUSINESS ASSOCIATE AGREEMENT
(Attached as Exhibit "L" to Franchise Disclosure Document")

EXHIBIT "G" TO FRANCHISE AGREEMENT

PARTNERS/SHAREHOLDERS/MEMBERS

The undersigned, being all of the Partners/Shareholders/Members of _____, the FRANCHISEE under the annexed Franchise Agreement, each hereby represent and warrant that the following is a true and correct list of each of the Partners/Shareholders/Members of the FRANCHISEE, together with the respective addresses and ownership interest of each said Partner/Shareholder/Member.

<u>NAME</u>	<u>ADDRESS</u>	<u>PERCENTAGE OF OWNERSHIP</u>
-------------	----------------	--------------------------------

[TO BE INSERTED]

Each of the undersigned further represents that he/she has read the annexed Franchise Agreement, and hereby agrees to be bound by each of the terms, conditions and covenants applicable to the Partners/Shareholders/Members of the FRANCHISEE, including, but not limited to, the provisions relating to Transfers of Interests and the Restrictive Covenants.

EXHIBIT "H" TO FRANCHISE AGREEMENT

Store No. _____ :

TELEPHONE ASSIGNMENT AGREEMENT

THIS TELEPHONE ASSIGNMENT AGREEMENT is made effective as of this ___ day of _____, 20___, by and between _____, a _____ corporation (hereinafter "Assignor") in favor of Emerging Vision, Inc., a New York corporation (hereinafter "Assignee").

W I T N E S S E T H:

WHEREAS, Assignee is the owner of all right, title and interest in and to its proprietary systems (collectively, the "System") relating to the operation of Sterling Optical/Site for Sore Eyes Centers; and

WHEREAS, Assignor has been granted a license to operate that certain Sterling Optical/Site for Sore Eyes Center located at _____, _____, _____, (the "Center") pursuant to the terms of a certain Franchise Agreement, dated of even date herewith (the "Franchise Agreement"); and

WHEREAS, in order to operate its Center, Assignor shall be acquiring one or more telephone number(s) and telephone listings(s); and

WHEREAS, as a condition to the execution of the Franchise Agreement, Assignee has required that Assignor assign to it all of its right, title and interest in and to any and all telephone number(s) and telephone listing(s) obtained by the Assignor, from time to time, in connection with its operation of the Center.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In order to secure continuity and stability in the operation of the System, Assignor hereby sells, assigns, transfers and conveys to Assignee all of its right, title and interest in and to all telephone number(s) and telephone listing(s) pursuant to which Assignor shall, from time to time during the term of the aforesaid Franchise Agreement, operate the Center, and agrees to execute, concurrently with the execution hereof, that certain Letter of Direction attached hereto, which Assignee is hereby authorized to present, at any time, to any provider of any such telephone service.

2. Representation and Warranties of the Assignor. Assignor hereby represents and warrants to the Assignee, and hereby covenants with the Assignee, as follows:

(a) Assignor shall be obligated to pay all charges arising out of its use of said numbers and directories; and as of the effective date of the Assignment, Assignor covenants that all telephone bill(s) shall be paid up to such effective date, and Assignor shall indemnify and hold Assignee harmless from and against all charges arising prior to such effective date;

(b) As of the date hereof, Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c) This Agreement is the legal and binding obligation of the Assignor, enforceable against it in accordance with the terms hereof;

(d) The execution, delivery and performance of this Agreement does not conflict with, violate, breach or constitute a default under, any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound; and

(e) The Assignor has the specific power to assign and transfer all of its right, title and interest in and to said telephone number(s) and listing(s).

3. Miscellaneous. The validity, construction and performance of this Agreement shall be governed by the laws of the State of New York. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and the benefit of its successors, transferees and/or assigns.

IN WITNESS WHEREOF, each of the parties hereto have executed this Agreement as of the day and year first written above.

EMERGING VISION, INC.

By: _____
President

By: _____
, President

TO: _____ TELEPHONE COMPANY

The undersigned, the Franchisee of the Sterling Optical/Site for Sore Eyes Center located at _____, _____, _____, and the owner of the following telephone number[s]:

hereby assigns all of its right, title and interest in and to said telephone number[s], and all directory listings and services related thereto, to Emerging Vision, Inc., a New York corporation, and hereby authorizes _____ Telephone Company to transfer all rights in and to said numbers and directory listings to the said Emerging Vision, Inc. or its designee.

Dated:

By: _____
 , President

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of _____, 20__ , before me, the undersigned personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity and that, by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

EXHIBIT "I" TO FRANCHISE AGREEMENT

SECURITY AGREEMENT

(Attached as Exhibit "H" to Franchise Disclosure Document")

EXHIBIT "J" TO FRANCHISE AGREEMENT

UCC FINANCING STATEMENTS

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
<div style="display: flex; justify-content: space-between; width: 80%; margin: auto;"> <div style="border-left: 1px solid black; border-top: 1px solid black; width: 40%; height: 40%;"></div> <div style="border-right: 1px solid black; border-top: 1px solid black; width: 40%; height: 40%;"></div> </div> <div style="display: flex; justify-content: space-between; width: 80%; margin: auto; margin-top: 20px;"> <div style="border-left: 1px solid black; border-bottom: 1px solid black; width: 40%; height: 40%;"></div> <div style="border-right: 1px solid black; border-bottom: 1px solid black; width: 40%; height: 40%;"></div> </div>

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME				
OR	1b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	
		ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	
		ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME				
EMERGING VISION, INC.				
OR	3b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	
		ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
100 Quentin Roosevelt Boulevard		Garden City	NY	11530
				COUNTRY
				USA

4. COLLATERAL: This financing statement covers the following collateral:
All furniture, fixtures, equipment, leasehold improvements, inventory, accounts receivable, chattels and all other tangible and intangible property, all now existing and hereinafter acquired, and all improvements, repairs, replacements and additions thereto and proceeds therefrom and patent and customer records, and all telephone numbers relating to the Debtor's Sterling Optical Center located at , all as more fully set forth in Schedule A annexed hereto.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check <u>only</u> if applicable and check <u>only</u> one box:	6b. Check <u>only</u> if applicable and check <u>only</u> one box:
<input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	<input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

SCHEDULE A

The foregoing Financing Statement (to which this Schedule A is attached) is executed by the following DEBTOR:

Said Financing Statement is for the benefit of the following SECURED PARTY:

Emerging Vision, Inc.
100 Quentin Roosevelt Boulevard
Garden City, NY 11530

Said Financing Statement covers all personal property and fixtures of the Debtor, located at:
whether now owned or hereafter acquired by the Debtor and whether now existing or hereafter arising or created by the Debtor, including, without limitation:

- (a) all accounts receivable and, to the extent such assignment is not prohibited by the terms thereof, contract rights of the Debtor;
- (b) all inventory owned by the Debtor;
- (c) all equipment, machinery and fixtures owned by the Debtor, including all accessories and additions thereto, tools, parts, accessories and attachments used in connection therewith, and all spare parts relating thereto;
- (d) to the extent such assignment is not prohibited by the terms thereof, all contracts, contract rights, bills, notes, drafts, acceptances, instruments, documents, chattel paper, choses in action and general intangibles relating to arising from any of the foregoing;
- (e) to the extent such assignment is not prohibited by the terms thereof, all books, records and tangible documents (including, without limitation, computer programs, tapes and related electronic data processing software) relating to any of the foregoing; and
- (f) all cash and non-cash proceeds and products of any of the foregoing, including, without limitation, all insurance proceeds payable under insurance policies relating to any of the foregoing.

STORE NO.

EXHIBIT "B"

SUBLEASE

THIS SUBLEASE, made as of the ___ day of _____ 20___, by and between _____, a _____ corporation with offices at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530 (the "Sublessor"), and _____, a _____ corporation with offices at _____, _____, _____ (the "Sublessee").

1. **PREMISES LEASED-USE:**

1.1 The Sublessor hereby leases to the Sublessee, and the Sublessee hereby hires and takes from the Sublessor, the premises (the "Premises") located at _____, _____, _____, as more fully described in the Base Lease (as hereinafter defined in Section 3), to be used and occupied by the Sublessee for the operation of a STERLING OPTICAL CENTER/SITE FOR SORE EYES on the Premises and for no other purpose, in accordance with the terms of that certain Franchise Agreement between the Sublessee, as Franchisee, and Emerging Vision, Inc. ("EVI"), as Franchisor, dated the date hereof (the "Franchise Agreement"). Sublessee agrees that this Sublease may be terminated by Sublessor immediately upon the termination or expiration of said Franchise Agreement or upon Sublessee's default or failure to comply with any of the terms and conditions of the Franchise Agreement, said terms and conditions of the Franchise Agreement being incorporated herein by this reference.

2. **TERM:**

2.1 The term of this Sublease shall commence as of the date hereof and shall expire at midnight on the date which is seven (7) days prior to the date of the expiration of the Base Lease referred to in Article 3 below, unless sooner terminated as herein provided.

3. **BASE LEASE:**

3.1 The said Premises are the same premises referred to in a certain Lease, dated _____, _____, _____, between _____, as Landlord (the "Base Landlord"), and Sublessor, as Tenant (the "Base Lease").

3.2 The Sublessee represents that, prior to the date hereof, it received and reviewed a copy of the Base Lease.

3.3 The terms, covenants, provisions and conditions of the Base Lease are hereby incorporated herein and shall be binding upon both parties hereto; and those applying to the Base Landlord therein shall apply to the Sublessor herein, and

those applying to the Tenant therein shall apply to the Sublessee herein, subject to the following:

- a. The security to be deposited hereunder (which shall be held in accordance with the provisions of Section 6 hereof), shall be as follows:
 - (i) \$__, representing the amount which Sublessor has deposited with the Base Landlord under the terms of the Base Lease; or
 - (ii) \$___, representing one month's rent due hereunder.
- b. The place of payment and notices as set forth in the Base Lease, shall not apply to this Sublease.
- c. As between the parties hereto, Sublessor shall perform each and every obligation of the Base Landlord under the Base Lease; provided, however, that to the extent that the Base Lease requires the Base Landlord to provide any services, alterations, repairs or improvements with respect to the Premises, or to consent to or approve of any action by the Sublessor, as the Tenant thereunder, Sublessor's sole obligation to Sublessee hereunder shall be to promptly request such service, repair, consent or approval from the Base Landlord in accordance with the terms and conditions of the Base Lease; and provided, further, that Sublessee shall not be entitled to abate, offset or otherwise fail to pay any amount due hereunder as the result of the Sublessor's or Base Landlord's failure to provide any such service, repair, consent or approval.
- d. As between the parties hereto, Sublessee hereby assumes and agrees to be bound by the covenants and agreements set forth in the Base Lease and by any terms and limitations imposed upon Sublessor as the Tenant thereunder; subject, however, to the exclusions set forth below. Notwithstanding any contrary term or provision herein contained or set forth in the Base Lease, it is hereby expressly agreed that: (i) the terms of this Sublease do not grant Sublessee any rights of first refusal, any options to purchase, or any extensions or renewal rights with respect to the Base Lease; and (ii) Sublessee shall not use or occupy the Premises in a manner contrary to the terms of the Franchise Agreement.

3.4 Except as otherwise specifically set forth above, Sublessee does hereby assume and agree to be bound by and perform all of the terms, covenants and conditions on the Sublessor's part (as the Tenant under the Lease) to be performed under the Base Lease with respect to the Premises, and Sublessee agrees to indemnify, defend and hold Sublessor harmless from and against any and all liability, damages, costs or expenses, including attorneys' fees and expenses, arising from or relating to: (i) any act, omission, or negligence of Sublessee, or any of its officers, contractors, licensees, agents, employees, guests, invitees or visitors, in or about the Premises and/or the Shopping Center in which the Premises are located; (ii) any breach or default under the Base Lease

or this Sublease by Sublessee, or any of its officers, contractors, licensees, agents, employees, guests, invitees or visitors; and (iii) the enforcement by Sublessor of the provisions of this Sublease as against Sublessee.

3.5 Conflict, if any, between the terms of this Sublease and the terms of the Base Lease, except to the extent specifically set forth herein, shall be resolved pursuant to the terms of the Base Lease. Unless the context of this Sublease expressly otherwise provides, all terms, words and phrases used herein shall have the same meaning that the same terms, words and phrases have in the Base Lease.

3.6 Sublessor represents and warrants, as follows:

(a) The Base Lease and all amendments thereto are in full force and effect;

(b) No consent of the Base Landlord is required to effect this Sublease or, if required, such consent has been obtained; and

(c) To the best of Sublessor's knowledge, all rents and other payments due to Base Landlord under the Base Lease as of the date hereof have been paid.

4. CONSIDERATION:

4.1 Sublessee agrees to pay to Sublessor and Sublessor agrees to accept, in equal monthly installments, in advance, on the 25th day of each and every calendar month during the term hereof for the next succeeding month, or at such other time or date as directed by the Sublessor in accordance with the terms of the Base Lease (and except with respect to the first installment, which shall be paid upon the execution hereof), an annual rental equal, in all respects, to the sum specified in the Base Lease plus all additional rents, escalations and other charges and costs due from Sublessor of any nature whatsoever, as Tenant, to the Base Landlord, under the terms of the Base Lease including, but not limited to, taxes, insurance, common area maintenance charges, percentage rent, association dues, advertising fees and utilities. All such rental payments shall be made at the offices of Sublessor herein specified or at such other place as Sublessor may from time to time designate in writing, and shall be made without any prior demand therefor, and without any abatement, set off or deduction whatsoever. The provisions of this Article 4.1 shall survive the expiration or sooner termination of this Sublease. Notwithstanding the foregoing, Sublessor shall have the right to require, in lieu of monthly payments, that Sublessee pay the amounts due hereunder in four (4) approximately equal weekly installments, commencing with the 1st day of each and every month, and continuing weekly thereafter for the next three (3) succeeding weeks, with all of such payments to be applied to the amounts due for the next succeeding month. Sublessor shall have the right to require that all payments be made by electronic transfer as provided under the terms of the Franchise Agreement.

4.2 Sublessor shall have no obligation to Sublessee to forward any payments to the Base Landlord, unless and until said payment is received from Sublessee. Sublessee further acknowledges that all payments received by Sublessor may take several days to process. In the event that full payment of any payment due herewith is not received by Sublessor at least five (5) days prior to the date it is due to the Base Landlord, Sublessee shall be responsible for all late fees which are incurred with the Base Landlord, notwithstanding that payment to Sublessor may have been made prior to the actual date said payment is due to Base Landlord.

4.3 All rental payments due from Sublessee under this Article 4, shall be prorated on the basis of the number of days or months of such calendar month or fiscal year, if less than the whole, during which Sublessee occupies the Premises.

4.4 All payments of rent and additional rent due hereunder, shall be due without defense, offset or counterclaim of any nature.

5. DEFAULT

5.1 Sublessee agrees that it shall be a default under this Sublease, if Sublessee:

a. shall be in default in the performance of any of the terms, covenants and conditions on its part to be performed under this Sublease and such is not cured within five (5) days after Sublessee's receipt of written notice thereof;

b. shall be in default in the performance of any action or condition required by Sublessee which would constitute a default by the Sublessor, as the Tenant under the Base Lease, regardless of whether or not the Base Landlord seeks to enforce the applicable default provision of the Base Lease, and such is not cured within five (5) days after Sublessee's receipt of written thereof, or such lesser period as may be required by the terms of the Base Lease; or

c. shall be in default under any of the terms, conditions, covenants or obligations under the Franchise Agreement including, but not limited to, the payment of all amounts due thereunder, and such default is not cured in accordance with the terms of such Franchise Agreement;

then, and in any of said events, Sublessor, upon written notice to Sublessee, may immediately terminate and cancel this Sublease, and upon such cancellation this Sublease, and the term hereunder, shall end and expire and Sublessee shall forthwith quit and surrender the Premises to Sublessor, but Sublessee shall remain liable as herein provided.

5.2 If the notice provided for in paragraph 5.1 above shall have been given and the term shall expire as aforesaid, Sublessor may, at its option, reenter the Premises and expel and remove Sublessee and its property without service of notice or resort to legal process (all of which Sublessee hereby expressly waives); and in addition,

Sublessor shall have any and all other rights and/or remedies available to it at law and/or in equity and/or pursuant to this Sublease including, but not limited to, the reletting of the Premises and charging Sublessee with all costs and rental deficiencies incurred thereby, and the collection from Sublessee of past and future rents, attorneys' fees and expenses incurred by Sublessor in connection therewith. It is expressly understood and agreed that the foregoing rights and remedies shall be available to Sublessor in addition to, and not in lieu of, or in substitution for, any rights and remedies that may be available to Sublessor pursuant to the Base Lease.

5.3 If Sublessee shall default in the performance of any of the terms, covenants and/or conditions on its part to be performed under this Sublease, Sublessor, without thereby waiving such default, may, at Sublessor's option, after five (5) days written notice to Sublessee, except in the case of any emergency, in which event Sublessor shall give such notice as may be practicable under the circumstances, perform the same for the account of Sublessee. If Sublessor makes any expenditures or incurs any obligation for the payment of money, including attorneys' fees and expenses, in connection with curing Sublessee's defaults, or in instituting, prosecuting or defending any action or proceeding by reason of any default of Sublessee hereunder, such sums paid or obligations incurred, together with interest thereon at 1-1/2% per month, or the maximum rate permitted by law, whichever is less, shall be paid by Sublessee to Sublessor as additional rent within five (5) days after Sublessor's rendition of any bill or statement to Sublessee therefor, and Sublessee shall have the same obligations therefor as if the same constituted consideration hereunder.

6. SECURITY DEPOSIT:

6.1 Pursuant to the provisions of Paragraph 3.3(a) above, Sublessee has, simultaneously with the execution of this Sublease, deposited with Sublessor the Security Deposit described in Paragraph 3.3(a) above (hereinafter called the "Security Amount"), as security for the faithful performance and observance by Sublessee of all of the terms, provisions and/or conditions on its part to be observed and/or performed pursuant to this Sublease. Sublessor shall have no obligation to maintain said Security Amount in an interest bearing account. Sublessee agrees that, in the event that Sublessee defaults in respect of any of the terms, provisions and/or conditions of the Base Lease or of this Sublease (including the payment of rent and additional rent), or in the event the Base Landlord applies any portion of the security deposited by the Sublessor to amounts due from Sublessee, Sublessor may use, apply or retain the whole or any part of the Security Amount so deposited, to the extent required, for the payment of any rent, additional rent or any other sum as to which Sublessee is in default, or for any sum that Sublessor may expend or may be required to expend by reason of Sublessee's default, in respect of any of the terms, covenants and conditions of this Sublease (including any damages or deficiency accrued before or after summary proceedings or other re-entry by Sublessor or any amounts due to the Base Landlord). In the event that Sublessor applies or retains any portion or all of such Security Amount, as the case may be, Sublessee shall forthwith restore the amount so applied or retained so that, at all times, the amount deposited shall be the then Security Amount. In the event that Sublessee shall fully and faithfully comply with

all of the terms, provisions, covenants and conditions of this Sublease, the Security Amount shall be returned to Sublessee after the expiration date of this Sublease and after delivery of possession of the entire Premises to Sublessor in accordance with the provisions of the Base Lease.

6.2 In the event of an assignment of this Sublease by Sublessor, Sublessor shall have the right to transfer the cash security deposited hereunder to the assignee, and Sublessor shall thereupon be released by Sublessee from all liability for the return of such security. In such event, Sublessee agrees to look solely to the new sublessor for the return of said security.

6.3 Sublessee covenants that it will not assign or encumber, or attempt to assign or encumber, the monies deposited hereunder as security, and that neither Sublessor, the Base Landlord, nor any of their respective successors and/or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

7. MISCELLANEOUS PROVISIONS:

7.1 Liability of Sublessor: Notwithstanding anything to the contrary contained in the Base Lease or this Sublease, the Sublessor shall not be liable to Sublessee, its successors and/or permitted assigns, with respect to any of the affirmative covenants to be performed by the Base Landlord under the terms of the Base Lease, and Sublessor shall have no liability to Sublessee hereunder except upon its failure to deliver possession of the Premises to Sublessee, subject to the terms of this Sublease, or upon its breach of any of the provisions of the Base Lease. In the event that the Base Lease shall be terminated for any reason whatsoever, this Sublease shall also terminate as of the date thereof, and Sublessor shall have no liability to Sublessee as a result of such termination, nor any obligation to commence or defend any action, suit or proceeding in connection therewith.

7.2 Obligations of Sublessor: Sublessor shall not be required to furnish to Sublessee any service or facility under the terms of this Sublease, and wherever in this Sublease (including, without limitation, the Base Lease incorporated by reference herein) Sublessor is required to furnish any service or perform any act or refrain from the performance thereof, Sublessee agrees that Sublessor shall not be obligated to furnish such service or perform such act or refrain from the performance thereof and that Sublessor's sole responsibility with respect to such services and any such acts shall be to give prompt written notice thereof to the Base Landlord of the Base Landlord's default under the Base Lease in furnishing such services or in performing or refraining from performing such acts and to cooperate with Sublessee (at the Sublessee's sole cost and expense) in compelling the Base Landlord to cure any default by it under the Base Lease. Sublessee agrees that it will give prompt written notice to Sublessor of the Base Landlord's default under the Base Lease in furnishing such services or in performing or refraining from performing such acts. In the event there is any abatement of rent payable to the Base Landlord for any reason whatsoever, such abatement shall be passed through to Sublessee. Sublessor shall have

no liability of any nature whatsoever to Sublessee for the Base Landlord's failure to perform or render such services, and Sublessee shall look solely to the Base Landlord for all such services and shall not, under any circumstances, seek, nor require Sublessor to perform, any of such services, nor shall Sublessee make any claim upon Sublessor by way of setoff, counterclaim or otherwise, for any damages which may arise by reason of the Base Landlord's default under the Base Lease, or the Base Landlord's negligence, whether by omission or commission.

7.3 Sublessee's Right to Cure Sublessor's Default: In the event Sublessor shall be in default of the Base Lease including, without limitation, its obligation to pay rent and additional rent to the Base Landlord, and provided that Sublessee shall not then be in default under this Sublease or under the Franchise Agreement, Sublessee, after ten (10) days' prior written notice to Sublessor, shall have the right to cure such default or make direct payment of such rent or additional rent to the Base Landlord and deduct the same from any monies due the Sublessor under this Sublease.

7.4 Sublessor's Covenant not to Default or Terminate: Sublessor, except for reasons beyond its reasonable control, and provided that Sublessee is not then in default in its performance of any of the terms and conditions of this Sublease or of the Franchise Agreement, shall not commit any act or refrain from the performance of any act which shall place the Sublessor, as the Tenant under the Base Lease, in default thereof. Furthermore, provided Sublessee is not then in default in its performance of any of its obligations under this Sublease or under the Franchise Agreement, Sublessor shall not agree to a termination or modification of the Base Lease without the prior written consent of Sublessee.

7.5 Acceptance of Premises: Sublessee acknowledges that it has inspected the Premises and is familiar with the condition thereof and agrees to accept the same in an "ASIS" condition. Sublessee further acknowledges that, except as expressly set forth in this Sublease, Sublessor has made no representations or warranties with respect to the Premises or the condition thereof.

7.6 Obligation for Repair: Sublessee, at its sole cost and expense, shall keep the Premises in good order and repair and shall, upon any termination of this Sublease, surrender up the Premises in the same manner as provided for in the Base Lease and, in any event, broom clean and in good order, repair and condition.

7.7 Renewal: Provided Sublessee is still a franchisee of Emerging Vision, Inc. and is not in then default in its performance or observance of any of the terms and provisions of this Sublease or the Base Lease on its part to be performed or observed, or of the Franchise Agreement, Sublessee may, by written notice given to Sublessor at least 120 days but not more than 180 days prior to the expiration of this Sublease, advise Sublessor of its intention to elect to renew or extend this Sublease, as well as the Franchise Agreement, for a period terminating seven (7) days prior to the termination of any renewal or extended term of the Base Lease. Any such renewal and extension shall be subject to Sublessor obtaining a new or extended Base Lease in form satisfactory to Sublessor, in its

sole and absolute discretion, and shall be on, and subject to, the terms and conditions contained in the renewed or extended Base Lease, including the payment of any additional security deposit required thereunder. Sublessor shall not be required to accept a Base Lease for a term greater than the term of the renewed Franchise Agreement. Upon Sublessor obtaining a new or extended Base Lease, and provided all provisions of this Sublease and of the Franchise Agreement are satisfied, Sublessee shall execute a new sublease in the form then being used for new franchisees of Emerging Vision, Inc. Sublessor shall have no liability to Sublessee if, for any reason, the Base Lease is not renewed or extended. Sublessee may not, without the prior written approval of Sublessor, negotiate with the Base Landlord to extend, modify or renew the Base Lease.

7.8 Holdover by Sublessee: In the event that after the expiration of this Sublease, or upon termination of this Sublease for any reason whatsoever, Sublessee remains in possession of the Premises without the execution of a new agreement under which Sublessee may lawfully use and occupy the same, such holding over shall not be deemed to extend or renew the term of this Sublease and Sublessee shall, upon demand of Sublessor, be obligated to pay to Sublessor, for such period of unlawful use and occupancy, an amount equal to twice the amount which would otherwise be due under Article 4 of this Sublease. Neither the billing nor the collection of use and occupancy in the above amount shall be deemed a consent to Sublessee's continued occupancy of the Premises, nor shall it be a waiver of any other rights of Sublessor, including the right to collect damages for Sublessee's failure to timely vacate the Premises.

7.9 Entire Agreement: This Sublease embodies all of the understandings and agreements heretofore had between the parties hereto with respect to the subject matter hereof. There are no agreements, representations, or warranties, except as expressly set forth herein. This Sublease may not be changed or terminated except by an instrument in writing, signed by each of the parties hereto.

7.10 Notices:

(a) Any notice, request, instruction or other document given hereunder by any party hereto shall be in writing and delivered personally, by fax transmission, by courier service, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

To Sublessor: EMERGING VISION, INC.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: Chief Financial Officer

With a copy to: EMERGING VISION, INC.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: President

To Sublessee: _____

With a copy to: _____

Tel. No.: ()
Fax No.: ()

(b) Either party may specify a different address for the sending of communications and notices, by a notice sent in the manner provided by subparagraph (a) above.

(c) Notices personally delivered or delivered by fax transmission or courier service shall be deemed given when received; and notices sent by certified or registered mail shall be deemed given three (3) days after the same are deposited in the United States mail.

7.11 Benefits: This Sublease shall be binding upon and inure to the benefit of the respective parties hereto, their heirs, legal representatives, successors and/or assigns.

7.12 Assignment and Subleasing: Sublessee may, where required by the laws of the State in which the Premises are located, sublet a portion of the Premises, not to exceed 150 square feet, to an optometrist, ophthalmologist or other eye care professional, provided that such sublease or other agreement shall first be approved by the Sublessor, shall be in conformity with the provisions of the Franchise Agreement including, but not limited to, Sections 5 and 8 thereof, and shall not violate any of the terms of the Base Lease. Except as may otherwise be specifically provided for in this Sublease or in the Franchise Agreement, Sublessee shall have no right to assign this Sublease, or sublet a portion of the Premises; and any attempted assignment or sublease in violation of this provision shall be deemed a material breach of this Sublease.

7.13 Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument. Facsimile signatures, and signatures transmitted electronically, shall be binding to the same extent as original signature.

7.14 Waiver of Trial By Jury: Sublessor and Sublessee each hereby mutually waive any and all rights which either may have to request a jury trial in any proceeding at law or in equity in any court of competent jurisdiction.

7.15 Legal Fees: Simultaneously upon execution of this Sublease, Sublessee shall pay to Sublessor the sum of Three Thousand (\$3,000) Dollars for

Sublessor's legal fees relating to the negotiation and review of the Base Lease, except that such fee shall not be due if, simultaneously with the execution of this Sublease, Sublessee is executing a Purchase and Sale Agreement with Emerging Vision, Inc., Sublessor and/or one of their subsidiaries, to acquire substantially all of the assets of the Premises. Upon any renewal, modification or extension of the Base Lease, in addition to any legal fees which may be due to the Base Landlord, Sublessee shall also be obligated to pay Sublessor for its legal fees relating to such renewal, modification or extension.

7.16 Service of Process: The Sublessee hereby consents and agrees, without limiting any other method of obtaining jurisdiction, that in any action or proceeding commenced pursuant to the terms of this Sublease, service of a summons and complaint, or any other process, in any action or proceeding, shall be sufficient if made on such Sublessee by registered or certified mail to the Sublessee at the address specified herein, whether such address shall be within or without the jurisdiction of the Court where such action or proceeding is pending, and the Sublessee hereby unconditionally and irrevocably waives personal service of such process.

7.17 Choice of Law/Venue: THIS SUBLEASE SHALL BE CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPALS RELATING TO CONFLICT OF LAWS. SUBLESSEE HEREBY CONSENTS AND AGREES THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS SUBLEASE AND THE LANDLORD/TENANT RELATIONSHIP TO WHICH IT RELATES, MAY BE INSTITUTED IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY WITHIN WHICH THE SUBLESSOR'S PRINCIPAL OFFICES SHALL BE LOCATED ON THE DATE ANY SUCH PROCEEDING IS COMMENCED. SUBLESSEE HEREBY IRREVOCABLY CONSENTS AND SUBMITS TO THE JURISDICTION, IN ANY SUCH MATTER, OF THE COURTS OF SUCH STATE AND COUNTY AND WAIVES ANY OBJECTION IT MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS. SUBLESSEE HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN ANY WAY ARISING OUT OF OR IN CONNECTION WITH THIS SUBLEASE.

7.18 No Third Party Beneficiary: All provisions contained in this Sublease are intended to be solely for the benefit of the parties hereto and shall not confer any rights or benefits on any other party, as a third party beneficiary or otherwise.

7.19 Headings, Etc.: All Section headings and indexes are inserted for convenience only and shall not affect the interpretation of this Sublease.

7.20 General Interpretive Principles: For purposes of this Sublease, all pronouns used herein shall include the masculine, feminine, neuter, singular and plural.

IN WITNESS WHEREOF, the Sublessor and the Sublessee have respectively signed and sealed this Sublease as of the day and year first above written.

SUBLESSOR

By: _____

SUBLESSEE:

By: _____

AGREED & CONSENTED TO:
EMERGING VISION, INC.

-

By: _____

STORE NO:

EXHIBIT "C"

COLLATERAL ASSIGNMENT OF LEASE

ASSIGNMENT, dated as of the _ day of ____, 20 __, made by _____, a _____ ("Assignor") to, and in favor of, EMERGING VISION, INC., a New York corporation ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor is the Lessee under the lease described on Exhibit A attached hereto (the "Lease") for the Premises specified in the Lease (the "Premises"); and

WHEREAS, pursuant to that certain Sterling Optical Center Franchise Agreement, dated _____, 20 __ (the "Franchise Agreement"), the Assignee granted to the Assignor a franchise to own and operate a Sterling Optical Center/Site for Sore Eyes at the Premises; and

WHEREAS, as a condition to the foregoing, Assignor has agreed to assign to Assignee all of Assignor's right, title and interest in and to the Lease (in the manner hereinafter provided) as security for the payment of Assignor's liabilities and the performance of all of its obligations now and/or hereafter owing or arising under the Franchise Agreement and all documents executed by the Assignor in connection therewith (hereinafter collectively referred to as the "Obligations").

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby covenants and agrees, for the benefit of the Assignee, as follows:

1. Assignor hereby assigns to Assignee, as security for the payment of the Obligations and the observance and performance by Assignor of all of the terms, covenants and provisions of the Franchise Agreement and this Assignment on Assignor's part to be observed and/or performed, all of Assignor's right, title and interest in and to the Lease and Assignor's leasehold interest in the Premises and in and to all improvements, fixtures and equipment relating thereto and located on the Premises including, but not limited to, any options of Assignee under the Lease.

2. Assignor represents and warrants that, as of the date hereof: (i) Assignor is the owner and holder of the Lessee's interest under the Lease; (ii) Assignor has made no prior assignments of the Lease or of any of its rights therein; (iii) the Lease has not been modified or amended, except as specifically set forth on Exhibit A annexed hereto; (iv) the Lease is in full force and effect and the term thereof has commenced pursuant to the provisions thereof; (v) Assignor is in possession of the Premises; (vi) Assignor is not in default under any of the terms, covenants or provisions of the Lease and Assignor does not know of any event which, but for the passage of time or the giving of notice or

both, would constitute an event of default under the Lease; (vii) Assignor has not commenced any action or given or served any notice for the purpose of terminating the Lease; (viii) all rents due and payable under the Lease have been paid in full; (ix) Assignor has not received any notice of default from the Lessor under the Lease or notice of the termination thereof; and (x) Assignor has full power and authority to execute and deliver this Assignment, which is valid and enforceable in accordance with its terms, and no consent or approval of any third party is required with respect to this Assignment except for the consent of the Lessor under the Lease, as expressly required by the terms and provisions of the Lease.

3. Assignor shall, at its sole cost and expense: (i) observe and perform, or cause to be observed and performed, each and every term, covenant and provision of the Lease on the part of the Lessee thereunder to be observed and performed; (ii) promptly send to Assignee copies of all notices of default which Assignor shall send or receive under the Lease; and (iii) appear in and defend any action or proceeding arising under, or in any manner connected with, the Lease or the obligations and undertakings of the Assignor thereunder.

4. Assignor shall not, without the prior consent of Assignee: (i) further assign or attempt to assign its interest in or under the Lease; or (ii) consent to any cancellation or surrender of the Lease or to any amendment or modification of the Lease (A) increasing the rent payable thereunder, (B) reducing the term thereof, or (C) otherwise materially and adversely affecting Assignor's rights thereunder.

5. Notwithstanding this Assignment, so long as there exists no Event of Default (after any required notice and the expiration of any applicable grace period provided for therein) under the Franchise Agreement and/or any other document executed by Assignor in connection therewith, and/or under the Lease, Assignor may exercise all rights available to the Lessee under the Lease and shall be entitled to all of the benefits available to such Lessee. Upon the occurrence and during the continuance of an Event of Default under the Franchise Agreement and/or any other document executed by Assignor in connection therewith, and/or under the Lease, Assignor shall be divested of all such rights and benefits, and all such rights and benefits (including, without limitation, the right to give or withhold consents or make demands under the Lease) shall automatically vest solely in the Assignee, upon written notice to that effect given by Assignee to Assignor (with a copy to the Lessor).

6. This Assignment shall not be deemed or construed to obligate Assignee to take any action or incur any expense or perform or discharge any obligation, duty or liability under the Lease, and Assignor hereby agrees to indemnify and hold Assignee harmless from and against all liability, loss or damage (including, but not limited to, reasonable attorneys' fees) which Assignee may incur under the Lease or under or by reason of this Assignment, and from and against any and all claims, whatsoever, which may be asserted against Assignee by reason of any actual or alleged breach of any obligation or undertaking on Assignee's part to perform or discharge any of the terms, covenants or provisions contained in the Lease.

7. Assignor hereby waives any and all legal requirements that Assignee institute any action or proceeding in law or in equity against any other party, or exhaust its remedies under the Franchise Agreement or any other document or instrument evidencing, securing or guaranteeing payment of the Obligations, in whole or in part, or in respect of any other security held by Assignee, as a condition precedent to exercising its rights and/or remedies under this Assignment. All remedies afforded to Assignee by reason of this Assignment are separate and cumulative remedies and no one of such remedies, whether exercised by Assignee or not, shall be deemed to be in exclusion of any of the other remedies available to Assignee and shall not, in any manner, limit or prejudice any other legal or equitable remedies which Assignee may have, including, but not limited to, all rights and remedies of Assignee under the Franchise Agreement and/or any other document or instrument evidencing, securing or guaranteeing payment of the Obligations.

8. Assignor agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements and instruments, as Assignee may, at any time, reasonably request in connection with the administration or enforcement of this Assignment (including, without limitation, to aid Assignee in transferring the Lease) or related to the Lease, or in order better to assure and confirm unto Assignee its rights, powers and remedies hereunder. Assignor hereby consents and agrees that the Lessor under the Lease shall be entitled to accept the provisions hereof as conclusive evidence of the right of Assignee to effect any transfer pursuant to the terms hereof, notwithstanding any other notice or direction to the contrary given by Assignor (or any other person) to the Lessor under the Lease.

9. This Assignment shall be binding upon Assignor, and its successors and assigns, and shall inure to the benefit of Assignee and its permitted successors and assigns.

10. This Assignment may only be modified, altered, amended, or terminated by an agreement, in writing, executed by Assignee and Assignor.

11. Any notice, request, demand, statement or consent made hereunder or in connection herewith shall be in writing and shall be sent in the manner specified in the Franchise Agreement addressed as follows: If to the Assignor, to the address specified next to its signature below; and if to Assignee, to it at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, Attn: Chief Financial Officer, or as to any party, to such other address as such party shall specify by a notice in writing to the other party.

12. If any term, covenant or condition of this Assignment shall be held to be invalid, illegal or unenforceable in any respect, this Assignment shall be construed without such provision.

13. This Assignment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assignor has duly executed this Assignment as of the day and year first above written.

ADDRESS: _____

By: _____
Name:
Title:

STATE OF)
) ss.
COUNTY OF)

On this __ day of _____, _____, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

DESCRIPTION OF LEASE

Lease, dated as of _____, between _____, as Landlord, and _____, as Tenant, covering retail store premises located at _____.

STORE NO:

**LESSOR'S CONSENT TO, AND ASSIGNEE'S
ACKNOWLEDGMENT OF, ASSIGNMENT**

The undersigned, as the Lessor (the "Lessor") under the Lease described on Exhibit A to the Collateral Assignment of Lease (to which this Consent is attached as an Exhibit), hereby consents to the terms of such Collateral Assignment of Lease (the "Assignment") and hereby agrees with Emerging Vision, Inc. (the "Assignee"), as follows:

1. Lessor shall deliver to Assignee written notice of the occurrence of any default under the Lease concurrently with the giving, by the Lessor, of such notice to the Lessee.

2. Upon the occurrence of a default under the Lease, Assignee may, in its sole discretion, cure such default, and Lessor shall not exercise any right, power or remedy it may have under the Lease with respect to such default until the fifth business day following the last day of any cure period provided under the Lease with respect to such default. If the Assignee cures such default during such cure period or the five (5) business day period thereafter, Lessor hereby waives any right, power or remedy it may have under the Lease with respect to such default.

3. Lessor shall be obligated to give any notice of cancellation and termination of the Lease to the Assignee simultaneously with the giving of such notice to the Lessee. No such notice to the Lessee shall be effective to terminate the Lease unless the Assignee shall also have been so notified as aforesaid.

4. Any communication, notice or demand to be hereunder shall be in writing, including facsimile transmissions, and shall be delivered: (i) if to the Lessor, to it at _____, _____; and (ii) if to the Assignee, to it at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, Attention: President (or to such other address as shall be designated by the Lessor or the Assignee by a notice in writing to the other).

5. In the event Assignee exercises its rights under the Assignment to assume any of Assignor's rights under the Lease, then Assignee agrees: (a) to be bound by the terms and conditions of the Lease thereafter accruing, as though it were an original signatory thereto; and (b) to not further assign any of its rights under the Lease to any other party, unless such assignee is an affiliate or franchisee of Assignee, without the prior written consent of Lessor, which consent will not be unreasonably withheld or delayed, it being understood that, in the event of any such assignment, Assignee shall thereafter remain liable for all obligations of the Tenant under said Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lessor Consent to be duly executed as of the ___ day of _____, 20

ASSIGNEE:

LESSOR:

EMERGING VISION, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ASSIGNEE

STATE OF)
) ss.:
COUNTY OF)

On this __ day of _____, 20 , before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

LESSOR

STATE OF)
) ss.:
COUNTY OF)

On this __ day of _____, 20 , before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT "D"

STORE NO.

INDIVIDUAL

GUARANTY AND ASSUMPTION AGREEMENT

THIS GUARANTY AND ASSUMPTION AGREEMENT (the "Guaranty") is made and given as of the ___ day of _____, 20 , by _____, an individual of the State of _____.

FOR VALUE RECEIVED, and as an inducement to Emerging Vision, Inc., a New York corporation ("EVI" and, together with each of EVI's affiliates, successors, transferees and/or assigns, being hereinafter collectively referred to as the "Beneficiary") to enter into that certain Franchise Agreement of even date herewith (the "Franchise Agreement") with _____, a _____ corporation (the "Principal Debtor") for the Sterling Optical Center/Site for Sore Eyes Center located at _____, _____, _____ (the "Center"), Guarantor hereby personally and unconditionally guarantees to the Beneficiary that, during the term of the Franchise Agreement, and for as long thereafter as may be provided by its terms, the Principal Debtor shall: (i) punctually satisfy and perform each and every undertaking, agreement, covenant, duty and obligation set forth in or required by the Franchise Agreement and each agreement, instrument, contract or similar written undertaken executed and delivered by the Principal Debtor in connection therewith (collectively, the "Ancillary Agreements"), when and as the same are required to be satisfied and/or performed; and (ii) pay the full amount of any and all indebtedness or other monetary obligation of every type, kind or nature, whether now existing or hereafter arising, and whether evidenced by or created, under the Franchise Agreement and/or any other Ancillary Agreement, which the Principal Debtor may owe or become obligated to pay to the Beneficiary. The Guarantor further assumes and agrees to be bound by each and every provision, term or condition set forth in the Franchise Agreement, and each such other Ancillary Agreement, to the same extent as if Guarantor had executed the Franchise Agreement (and/or each such other Ancillary Agreement) as Franchisee (or as Sublessee, Provider or Assignor, as the case may be) including, without limitation, the obligation to take or refrain from taking certain actions and engage or refrain from engaging in certain activities, as set forth in Paragraphs A and B of Section 9, Paragraph B(2) of Section 13, Paragraphs B, C and E of Section 15 and Sections 18 and 19 of the Franchise Agreement.

Guarantor hereby waives and relinquishes: (i) acceptance and notice of acceptance by the Beneficiary; (ii) notice of the transfer or assignment of the Franchise Agreement and/or any other Ancillary Agreement and/or the benefit of Guarantor's obligations hereunder to any affiliate, transferee, successor and/or assign of the Beneficiary; (iii) notice of demand for payment or performance of any obligations

guaranteed hereby; (iv) protest and/or notice of default with respect to any indebtedness or obligations guaranteed hereby; (v) any right which he/she may have to require that the Beneficiary take any action or commence any proceeding against the Principal Debtor as a condition to his/her liability under this Guaranty; and (vi) any and all other notices and legal or equitable defenses to which he/she may be entitled, to the fullest extent the same may be permitted by law. Guarantor waives any and all counterclaims and any right to assert any such counterclaims.

Guarantor further acknowledges, agrees, stipulates and covenants that: (i) his/her duties and obligations under this Guaranty shall be immediate, unconditional, personal and conditioned only upon the Principal Debtor's failure to pay or perform any indebtedness or obligation guaranteed hereby when and as the same becomes due and performable; (ii) he/she shall tender any payment and perform any obligation guaranteed hereby immediately upon the Principal Debtor's failure to pay or perform the same; (iii) Guarantor's liability hereunder shall not be contingent or conditional upon the Beneficiary's pursuit of any remedy against any other person, including any other guarantor; (iv) Guarantor's obligations hereunder shall not be impaired, limited or otherwise diminished by the existence of any other guaranty with respect to any indebtedness or obligation guaranteed hereby, it being the intention of Guarantor that, in the event that more than one person guarantees any obligation or indebtedness of the Principal Debtor which is also guaranteed hereby, the liability of all such guarantors shall be joint and several with respect to such obligations and/or indebtedness; (v) Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Beneficiary may from time to time grant to the Principal Debtor or any other person including, without limitation, the acceptance of any partial payment or performance and/or the compromise, release or settlement of any claims; and (vi) this Guaranty shall continue and shall be irrevocable during the term of the Franchise Agreement (and each such other Ancillary Agreement) and for such additional period after termination or expiration as any provision of the Franchise Agreement (or each such Ancillary Agreement, as the case may be) provides.

Notwithstanding any payment or payments made by Guarantor hereunder, Guarantor expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which he/she may now or hereafter have against the Principal Debtor or any other person directly or contingently liable for the obligations guaranteed hereby or against or with respect to the Principal Debtor's property (including, without limitation, property collateralizing the obligations arising from the existence or performance of this Guaranty).

This Guaranty is absolute and unconditional irrespective of (i) any lack of validity of the Franchise Agreement, the Sublease or any other agreement or instrument relating thereto; or (ii) any other circumstance which might otherwise constitute a defense to this Guaranty.

The Guarantor hereby consents and agrees, without limiting any other method of obtaining jurisdiction, that in any action or proceeding commenced pursuant to the terms of this Guaranty, service of a summons and complaint, or any other process, in any action or proceeding, shall be sufficient if made on such Guarantor by registered or certified mail to the Guarantor at the address specified herein, whether such address shall be within or without the jurisdiction of the Court where such action or proceeding is pending, and the Guarantor hereby unconditionally and irrevocably waives personal service of such process.

THIS GUARANTY SHALL BE CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY PRINCIPLES RELATING TO CONFLICT OF LAWS. THE PARTIES HERETO CONSENT THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS GUARANTY, SHALL BE INSTITUTED ONLY IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY WITHIN WHICH THE PRINCIPAL CORPORATE OFFICE OF THE BENEFICIARY SHALL BE LOCATED ON THE DATE THAT ANY SUCH PROCEEDING IS COMMENCED TO THE EXCLUSION OF ANY OTHER COURT OR JURISDICTION. THE GUARANTOR HEREBY IRREVOCABLY CONSENTS AND SUBMITS TO THE JURISDICTION, IN ANY SUCH MATTER, OF THE COURTS OF SUCH STATE AND COUNTY (WHERE THE PRINCIPAL CORPORATE OFFICE OF THE BENEFICIARY SHALL BE LOCATED ON THE DATE THAT ANY SUCH ACTION OR PROCEEDING IS COMMENCED) TO THE EXCLUSION OF ANY OTHER COURT OR JURISDICTION, AND WAIVES ANY OBJECTION HE/SHE MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the day and year first above written.

By: _____

Name:

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of _____ in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STORE NO.

EXHIBIT "E"

PURCHASE AND SALE AGREEMENT

AGREEMENT made as of the day of , 20 between EMERGING VISION, INC. (the "Seller" and/or "EVI") and _____ (the "Sublessor") each being a corporation with offices at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, and _____, a _____ corporation with offices at _____ (the "Purchaser").

WITNESSETH:

WHEREAS Sublessor is the lessee of certain store premises located at _____ (the "Premises") pursuant to the terms of that certain Lease Agreement dated the day of between _____, as Landlord (the "Master Landlord") and the Sublessor, as tenant, (hereinafter called the "Lease") which Premises are presently being operated by the Seller as a STERLING OPTICAL/SITE FOR SORE EYES OPTICAL CENTER (the "Center"); and

WHEREAS, Purchaser desires to become a Sterling Optical/Site for Sore Eyes Center Franchisee and, in connection therewith, desires to enter into a Franchise Agreement with Seller [or "EVI"] and a Sublease with Sublessor for that purpose; and

WHEREAS, Seller desires to sell and Purchaser desires to purchase certain of the assets of Seller, a portion of which are presently being used in connection with its operation of the Center at the Premises, which assets shall include all of the leasehold improvements, equipment, furniture, fixtures, inventory, signs, display devices, patient records, accounts receivable, work-in-progress and other tangible and intangible assets of Seller presently located (and/or, on the Closing Date, to be located) at the Premises, all as more particularly described in Schedule A annexed hereto and by this reference made a part hereof (collectively, the "Assets").

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual terms, covenants, conditions and agreements herein contained it is hereby agreed as follows:

ARTICLE 1. Sale of Assets

1.1. On the Closing Date (as hereinafter defined), Seller shall sell and Purchaser shall purchase the Assets in their present "AS-IS"/"WHERE-IS" condition, free and clear of all liens and encumbrances, except as otherwise set forth herein and in the Bill of Sale to be delivered to Purchaser at Closing.

1.2. Simultaneously with the Closing, and as a condition thereof, Purchaser

and Seller ("EVI") or Sublessor, as the case may be, shall execute a Franchise Agreement for the Center, together with a Sublease for the Premises, and all such other instruments and/or documents which are required by Seller as a condition to becoming a Sterling Optical Center Franchisee and are generally described in EVI's Franchise Disclosure Document, dated ____, 20__, a copy of which has heretofore been delivered to Purchaser (the "Franchise Disclosure Document").

1.3 From and after the Closing, the Purchaser shall assume all obligations and liabilities: (i) relative to its occupancy of the Center; (ii) under the Lease for the Premises; and (iii) with respect to all merchandise purchase agreements, service contracts and the like pertaining to Seller's operation of the Center, together with all costs and expenses relating thereto including, but not limited to, utilities, insurance and employee salaries. In addition, Purchaser, from and after the Closing, shall assume responsibility for all amounts, if any, to become payable to the existing customers of the Center pursuant to product guaranties and/or warranties issued by Seller in connection with its sale of merchandise from the Premises prior to Closing.

1.4 For as long as the Franchise Agreement is in effect, Purchaser shall have the right to use the telephone numbers presently existing at said Premises, provided Purchaser pays all costs and expenses associated therewith. Purchaser may not change such number without the prior written consent of the Seller, and upon termination of the Franchise Agreement for any reason whatsoever, said numbers or any replacements thereof shall automatically be assigned to Seller pursuant to a Telephone Assignment Agreement, the form of which is annexed as an Exhibit to the form of Franchise Agreement contained in the Franchise Disclosure Document.

ARTICLE 2. Consideration

2.1 The Purchase Price for all of the Assets (other than with respect to the Center's inventory and accounts receivable, which shall be computed by Seller and paid for by Purchaser in accordance with Sections 2.2 and 2.3 below, shall be the sum of _____ (\$) Dollars, payable as follows:

(i) The sum of \$ _____ which Seller acknowledges having previously received pursuant to that certain Deposit Agreement, dated _____, 20__;

(ii) The sum of \$ _____ by Purchaser executing and delivering to Seller a Promissory Note providing for the repayment of said amount, together with interest thereon computed at the rate of _____ (%) percent per annum, in _____ () equal, consecutive monthly installments, each in the amount of \$ _____. Said payments shall commence on _____, 20__, and continue on the first day of each and every month thereafter to and including _____, 20__, when the then unpaid principal amount, together with all interest accrued and unpaid thereon, shall be due and payable. At the Closing, Purchaser shall also

deliver to Seller its check in payment of the interest due on said principal amount from the Closing Date through and including , 20__. As security for Purchaser's repayment of said amount, as well as the amounts payable pursuant to Section 2.2 below, Purchaser shall execute and deliver to Seller a Security Agreement pursuant to which Seller will retain, until said amount shall have been paid in full, a security interest in all of Purchaser's furniture, fixtures, leasehold improvements, equipment, inventory, patient records and accounts receivable pertaining to the Premises and the Center; and

(iii) The balance of the Purchase Price by bank cashier's check payable to Seller or to such other party as Seller may designate.

2.2 In addition to the amounts set forth in Section 2.1 above, Purchaser, at the Closing, shall also be required to pay to Seller, as part of the Purchase Price for the Assets, an amount equal to the value (as determined in accordance with the provisions of this Section 2.2 of all of the Seller's inventory located in the Premises on the Closing Date (including, but not limited to, work-in-progress and contact lenses). The Purchase Price for said inventory shall be payable to Seller, together with interest thereon computed at the rate of (%) percent per annum, in () equal, consecutive, monthly installments, commencing , 20 , pursuant to a Promissory Note to be executed at Closing.

2.3 In addition to the amounts set forth in Sections 2.1 and 2.2 above, Purchaser shall also be required to pay to Seller, as part of the Purchase Price for the Assets, an amount equal to all of the Seller's accounts receivable pertaining to the Center (which shall not, in any event, be more than 180 days old) and due and owing to Seller on the Closing Date.

2.4 From and after the Closing, Purchaser shall remit to Seller, on a weekly basis, the full amount of all sums collected by Purchaser in payment of any of the Center's accounts receivable which, as of the Closing Date, were more than 180 days old. To the extent any such accounts receivable remain uncollected as of the 60th day following the Closing, Purchaser shall, within five (5) days thereafter, return to Seller the finished inventory pertaining thereto, together with the patient records with respect to same.

2.5 The allocation of the Purchase Price shall be as set forth on Schedule E annexed hereto and both parties agree to use such allocation in their income tax returns. Purchaser and Seller agree to furnish each other and the Internal Revenue Service ("IRS") with such applicable information as may be required under Section 1060 of the Internal Revenue Code and to cooperate in the completion and timely filing of IRS Form 8594 (Asset Acquisition Statement).

ARTICLE 3. Additional Payments/Adjustments

3.1 In addition to the aforesaid Purchase Price, Purchaser, at the Closing,

shall be required to pay to Seller or EVI (by bank check or such other form as approved by Seller) the following:

- (a) the Franchise Fee, in the amount of Twenty Thousand (\$20,000) Dollars, as more particularly described in the Franchise Disclosure Document; and
- (b) A document preparation fee in the amount of \$1,500; and
- (c) The Security Deposit and all advance rentals due under the Sublease.

3.2 Purchaser shall additionally pay to Seller's attorney the sum of \$1,000 representing his fee for preparation of the Promissory Notes and the documents related thereto, plus all costs related to the filing of the UCC Form-1 Financing Statements.

3.3 In addition to the foregoing, at Closing, to the extent possible, the parties shall make such adjustments as may be necessary for the allocation of customary closing adjustments including, but not limited to, rent, utilities, insurance, and the like. The parties agree that, if not practicable to do so at the Closing, such adjustments shall be made through post closing adjustments.

3.4 Purchaser shall be responsible for, and shall indemnify and hold harmless Seller from and against any sales or related transfer taxes assessed by the State in which the Premises are located, or any municipality thereof by reason of the transactions contemplated by this Agreement.

ARTICLE 4. Representations by Seller, Sublessor and - Purchaser

4.1. Seller warrants and represents as follows:

- (a) Seller is a duly organized, validly existing corporation and has full power and authority to enter into this Agreement and the Franchise Agreement; and
- (b) Seller shall, on the Closing Date, have good and marketable title to all of the Assets being conveyed pursuant to this Agreement, which shall not be subject to any mortgage, lien or encumbrance, except as may otherwise be referred to herein.

4.2. Sublessor warrants and represents as follows:

- (a) Sublessor is a duly organized, validly existing corporation and has full power and authority to enter into this Agreement and the Sublease; and
- (b) The Lease, a copy of which has been heretofore delivered to Purchaser, is the entire Agreement between Sublessor and the Master Landlord thereunder and is in

full force and effect, and Sublessor has received no notice from the Master Landlord that said Lease is in default.

4.3. The Purchaser warrants and represents to the Seller, EVI and Sublessor (which warranties and representations shall survive the Closing), that, on the date hereof and on the Closing Date, the following statements and information set forth in this Section 4.3 or in any Schedule or Exhibit referred to herein, are true and complete, not misleading and do not omit any material information:

(a) The Purchaser is, and on the Closing Date will be, a corporation/limited liability company, duly organized, validly existing and in good standing under the laws of the State of _____

(b) The execution and delivery of this Agreement and all other documents executed and to be executed by Purchaser in connection with the consummation of the transactions embodied herein, have been and/or prior to the Closing Date will have been, duly and validly authorized and all requisite corporate action has been (or will have been) taken to make each of them valid and binding upon the Purchaser, in accordance with each of their respective terms.

(c) The consummation of the transactions contemplated by this Agreement will not result in the breach of any other agreement to which Purchaser or any guarantor hereunder is a party, nor will it result in the breach of any terms or provisions of any Certificate of Incorporation, Articles of Organization, By-Laws and/or Operating Agreement of Purchaser.

(d) The sole shareholders/members of Purchaser are: _____, each of whom shall guaranty all obligations to EVI.

(e) At least fourteen (14) calendar days prior to the date hereof, Purchaser has received and reviewed a copy of each of the Franchise Disclosure Document and Lease.

(f) Neither the Purchaser nor any of the guarantors referred to herein are subject to any pending or threatened bankruptcy or insolvency or similar proceeding, and none of them has made, or is threatening to make, any assignment for the benefit of creditors, bulk sale of assets or is (or any of its or their property is) subject to any receiver, assignee, custodian, liquidator, conservator, committee, trustee or similar officer.

(g) Neither the Purchaser nor any of the guarantors referred to herein have been served in any litigation, an adverse outcome of which would impair the ability of the Purchaser or any such guarantor from performing its or his obligations under this Agreement and/or any of the other documents referred to herein.

(h) Purchaser is fully familiar with the Premises, the Assets and the business being conducted therefrom, and Purchaser and each of the guarantors agree to accept same in its AS IS condition, and each acknowledges that neither it nor he is relying on representations of Seller as to the earnings from the Center nor are they relying on any promises of Seller as to the income or profits which may be earned in the future from the operation of the Center.

(i) From and after the Effective Date, Purchaser will conduct its business at the Center in accordance with all applicable laws, rules and regulations of governmental departments or agencies having jurisdiction, and will maintain in good standing the licenses and permits necessary for the conduct of the retail optical business;

ARTICLE 5. Waiver of Bulk Sales

5.1 Purchaser waives Seller's compliance with the provisions of all applicable laws relating to bulk transfers. Except as otherwise set forth in Article 3 herein, Seller shall be liable for and shall indemnify, defend and hold Purchaser harmless from and against any claims or demands of, or any liabilities to, any public agency or taxing authority, any creditor and any other person or entity asserting loss by reason of any matters that are within the scope of or related to any applicable "Bulk Sales Act". Nothing in this Section shall estop or prevent either Purchaser or Seller from asserting as a bar or defense to any actions or proceeding brought under any such law that it is not applicable to the sale contemplated by this Agreement.

ARTICLE 6. Closing Date

6.1. The Closing (the "Closing") shall be held at the offices of Seller, 100 Quentin Roosevelt Boulevard, Garden City, New York 11530 at ____ o'clock in the fore/afternoon on or before the day of 20__, or at such other time and place as the parties shall mutually agree (the "Closing Date").

ARTICLE 7. Documents to be Delivered at Closing

7.1. The following documents shall be executed and delivered at the Closing:

(a) The Purchaser shall execute the Promissory Notes required pursuant to Sections 2.1 and 2.2 above, and the shareholders of Purchaser together with _____, a corporation, and _____, a corporation, (collectively, the "Corporate Guarantors") shall guaranty repayment of said Notes. The Notes shall contain a provision that in the event of any default under the Franchise Agreement or Sublease or any other note or agreement between the parties or in the event of a termination of the Franchise Agreement or Sublease for any reason whatsoever, the Seller shall have the right to accelerate said

Notes and demand immediate payment of the remaining unpaid principal balance due thereon, together with all interest accrued to date thereon.

(b) Purchaser and Sublessor shall execute a sublease for the Premises, in the substantially the form included in the Franchise Disclosure Document.

(c) Purchaser shall execute and deliver to EVI a Franchise Agreement and all related agreements required to be executed by Franchisees of EVI, all as more particularly described in the Franchise Disclosure Document.

(d) The shareholders of Purchaser shall each execute a Guaranty and Assumption of all of the obligations under this Agreement, the Franchise Agreement, the Sublease and all other related documents and agreements.

(e) Purchaser shall deliver such UCC-1 Financing Statements, Security Agreements and other documents as Seller shall reasonably request to enable Seller to perfect its security interest in the Assets referred to in Section 2.1 hereof.

(f) Purchaser shall deliver to Seller a copy of its Certificate of Incorporation or Articles of Organization, certified as true and correct by an officer of Purchaser and a certified copy of its Resolutions authorizing the Purchaser to enter into the transactions contemplated by this Agreement.

(g) Each of the Corporate Guarantors shall deliver to Seller a certified copy of its Resolutions authorizing such Corporate Guarantor to enter into the transactions contemplated by this Agreement.

(h) Seller will deliver to Purchaser a Bill of Sale conveying title to the Assets to the Purchaser, in substantially the form included in the Franchise Disclosure Document.

ARTICLE 8. Binding Effect

8.1. Except as otherwise provided for herein this Agreement shall be binding upon and inure to the benefit of the parties hereto, and each of their respective successors and assigns.

ARTICLE 9. Notices

9.1. Any notice, request, instruction or other communication to be given hereunder by any party hereto shall be in writing and delivered personally, by courier

service which obtains a signed receipt upon delivery, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to EVI/Seller/Sublessor:

Emerging Vision, Inc.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: President

If to Purchaser:

With copy to:

9.2 Either party may specify a different address for the sending of communications and notices, by a notice sent in the manner provided above.

9.3 Notices personally delivered or delivered by courier service shall be deemed given when received; and notices sent by certified or registered mail shall be deemed given three (3) days after the same are deposited in the United States mail.

ARTICLE 10. Indemnification

10.1 Purchaser agrees to indemnify in respect of, and hold Seller, EVI and Sublessor harmless against, any and all damages, claims and losses, together with reasonable attorneys' fees (collectively called "Damages") based upon, resulting from, or otherwise in respect of: (i) Purchaser's conduct of the operation of the Center from and after the Closing Date, (ii) Purchaser's performance of all of the terms of this Agreement, the Franchise Agreement, the Sublease, the Notes, the Security Agreement, the Guaranties and/or any other document or agreement with (including the obligation to pay any sum of money to) the Seller, or any of its subsidiaries, affiliates and/or related companies (hereinafter collectively called the "Agreements") and (iii) any misrepresentation, breach of warranty or nonfulfillment or failure to perform any covenant or agreement on the part of Purchaser to be performed pursuant to the Agreements.

ARTICLE 11. Broker

11.1 The parties hereto represent and warrant to the other that all negotiations relating to this Agreement have been carried on by them directly, without the intervention of any person, firm or corporation, and each of the parties indemnifies and holds harmless the other against and in respect of any claim for a brokerage or other commission relating to this Agreement or the transactions contemplated hereunder. The representations contained in this Article 11 shall survive the Closing.

ARTICLE 12. Nature and Survival of Representations

12.1 Except for representations and warranties which are specifically stated herein to survive the Closing, no representation, warranty or agreement made by Seller hereunder shall be deemed to survive the Closing, and no representation, other than as expressly stated in this Agreement, shall be binding upon Seller. All representations, warranties and agreements of Purchaser made hereunder shall survive the Closing.

ARTICLE 13. Payroll and Other Taxes

13.1 From and after the Closing Date, Purchaser shall promptly pay, when due, to all City, State and Federal governments, all social security, withholding, sales taxes, unemployment insurance and payroll taxes (collectively called "Taxes") attributable to the Premises.

ARTICLE 14. Miscellaneous

14.1. The captions as used in this Agreement are inserted as a matter of convenience and for reference only, and in no way define, limit or describe the scope of this Agreement nor the intent of any of the provisions thereof.

14.2. The parties hereto agree to execute such other documents and take such other steps as may from time to time be required to consummate the transactions contemplated hereby and except as otherwise provided for herein, to vest in Purchaser good and unencumbered title to the Assets which are the subject matter of this Agreement. The Purchaser hereto further agrees that within ten (10) days following a written request by Seller or its attorney, Purchaser will re-execute and deliver any documents signed in connection with this Agreement which were incorrectly drafted or signed, execute any document or instrument that inadvertently was not signed and cooperate in the adjustment or correction of clerical errors. Failure of Purchaser to comply with its obligations under this provision shall be deemed to be a default of this Agreement and the Franchise Agreement. It is agreed that this provision is intended merely to allow for correction of inadvertent or ministerial errors and is not intended to change the essence of the transactions contemplated hereby.

14.3. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement. Facsimile signatures, and signatures transmitted electronically, shall be binding to the same extent as original signature.

14.4. No waiver of any of the provisions of this Agreement by any party shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

14.5. This Agreement may not be assigned by Purchaser except as may otherwise be expressly permitted pursuant to the terms of the Franchise Agreement.

14.6. Wherever in this Agreement, the singular and the plural shall be interchangeable.

14.7. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES HERETO CONSENT THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS AGREEMENT, AND THE TRANSACTION TO WHICH IT RELATES, SHALL BE INSTITUTED ONLY IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY WHERE THE PRINCIPAL OFFICE OF EVI SHALL BE LOCATED ON THE DATE OF COMMENCEMENT OF THE PROCEEDINGS. PURCHASER HEREBY IRREVOCABLY CONSENTS TO AND SUBMITS TO THE JURISDICTION AND VENUE OF THE COURTS OF SUCH STATE AND COUNTY AND WAIVES ANY OBJECTION IT MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS. THE PURCHASER FURTHER CONSENTS AND AGREES, AND WITHOUT LIMITING ANY OTHER METHOD OF OBTAINING JURISDICTION, THAT IN ANY ACTION OR PROCEEDING COMMENCED UNDER THE TERMS OF THIS AGREEMENT, SERVICE OF A SUMMONS AND COMPLAINT, OR ANY OTHER PROCESS, IN ANY ACTION OR PROCEEDING, SHALL BE SUFFICIENT IF MADE ON THE PURCHASER BY REGISTERED OR CERTIFIED MAIL TO THE PURCHASER AT THE LAST KNOWN ADDRESS OF SUCH PURCHASER, WHETHER SUCH ADDRESS SHALL BE WITHIN OR WITHOUT THE JURISDICTION OF THE COURT WHERE SUCH ACTION OR PROCEEDING IS PENDING, AND PURCHASER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES PERSONAL SERVICE OF SUCH PROCESS. NOTWITHSTANDING THE FOREGOING THE PARTIES HERETO CONSENT THAT EVI SHALL HAVE THE RIGHT TO REQUIRE THAT ANY DISPUTE ARISING HEREUNDER BE SUBMITTED TO ARBITRATION, IN THE STATE AND COUNTY WHERE THE PRINCIPAL OFFICE OF EVI SHALL BE LOCATED ON THE DATE OF COMMENCEMENT OF THE ARBITRATION

PROCEEDINGS, AND IN ACCORDANCE WITH THE PROVISIONS OF SECTION 22B OF THE FRANCHISE AGREEMENT.

14.8. This Agreement represents the entire understanding of the parties with respect to the subject matter hereto, and no modification or amendment shall be binding unless in writing and signed by each of the parties hereto. Purchaser has entered into this Agreement without relying upon any promise, statement, representation, warranty, condition or other inducement, expressed or implied, oral or written, not set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

SELLER:
EMERGING VISION, INC.

BY: _____

SUBLESSOR:

BY: _____

PURCHASER:

BY: _____

EXHIBIT "F"

BILL OF SALE

FOR VALUE RECEIVED, EMERGING VISION, INC., a New York corporation ("Seller") hereby transfers, conveys, assigns, sets over and delivers to _____ ("Buyer"), in their present "AS IS/WHERE IS" condition, without representation and/or warranty by the Seller except as herein provided, all of the leasehold improvements, furniture, inventory, non-professional equipment, professional equipment, signs, display devices, patient records, accounts receivable, work-in-progress, and other tangible and intangible assets which are owned by Seller and used in connection with the Seller's operation of its Sterling Optical/Site for Sore Eyes Center located at _____ (collectively the "Assets"). The Assets are more particularly described in Schedule A which is attached hereto and incorporated herein by this reference.

Seller represents and warrants to Buyer that Seller:

- (a) has good and marketable title to the Assets;
- (b) owns the Assets free and clear of any and all liens, claims, security interests and other encumbrances of every type, kind or nature, except for any security interest in, or lien upon, the Assets:
 - (i) to be retained by the Seller pursuant to the Security Agreement being executed simultaneously herewith;
 - (ii) in favor of the present landlord of the Center (pursuant to the Base Lease for same); and/or
 - (iii) presently held by Seller's lender(s), which security interest and lien will be discharged and removed of record by Seller within twenty (20) days, if any, after the date hereof;
- (c) subject to the foregoing, has conveyed good and valid title to the Assets to Buyer by its execution and delivery of this Bill of Sale; and
- (d) will warrant and defend Buyer's ownership of, and title to, the Assets.

EXHIBIT "G"
NEGOTIABLE PROMISSORY NOTE AND GUARANTY

New York, New York
, 20

\$ _____

FOR VALUE RECEIVED, _____, a _____ having offices at _____ (the "Maker") promises to pay to the order of EMERGING VISION, INC., a New York corporation with offices at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530 ("PAYEE"), its successors or assigns, the sum of (\$ _____) DOLLARS in accordance with the terms of this Note, said sum being admittedly due and owing by Maker to PAYEE, without offset, defense or counterclaim.

This Note shall bear interest at the rate of _____ (%) percent per annum and shall be payable in _____ monthly installments of \$ _____ (inclusive of interest); commencing on _____ 1, 20__ and continuing on the 1st day of each and every month thereafter to and including _____ 1, 20 _____, when the entire aggregate, unpaid principal balance, together with all accrued and unpaid interest thereon, shall be due and payable.

This Note is subject to the following additional terms:

1. Prepayment - Application of Payment.

This Note may be prepaid without penalty, in whole or in part, at any time.

All payments hereunder shall first be applied to interest which shall have accrued, but shall not have been paid, hereunder at the time at which such payment is made, and the balance of such payment shall be applied to reduce the then outstanding principal balance hereof, in the inverse order of maturity.

Nothing contained in this Note, or in any other agreement between the Maker and PAYEE, requires the Maker to pay, or PAYEE to accept, interest in an amount which would subject PAYEE to any penalty or forfeiture under applicable law. In no event shall the total of all charges payable hereunder, whether of interest or of such other charges which may or might be characterized as interest, exceed the maximum rate permitted to be charged under the laws of the State of New York. Should PAYEE receive any payment on this Note which is or would be in excess of that permitted to be charged under said laws, such payment shall have been, and shall be deemed to have been, made in error and shall automatically be applied to reduce the principal indebtedness outstanding on this Note.

2. Place of Payment; Waiver of Defenses, and Notices.

All payments hereunder shall be payable at the offices of PAYEE, 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, or, at the option of the PAYEE, by demand upon the account of Maker at the following bank and account number: _____, Account No. _____, or at such other place as PAYEE may from time to time designate pursuant to Section 7 hereof, or at such other place as may be agreed upon by the parties.

This Note is payable by Maker without deduction by reason of set-off or counterclaim or any defense whatsoever (except payment) and PAYEE may offset amounts due hereunder against amounts due by it to Maker.

The Maker hereby waives demand for payment, notice of dishonor and protest, and notice of protest or other notice of any kind.

3. Default; Remedies.

In the event of:

(i) the nonpayment of any installment of principal or interest when due on this Note, or on any other promissory note given by Maker to PAYEE, its subsidiaries or affiliates, and such nonpayment continues for a period of five (5) days following the day written notice of such nonpayment has been given to the Maker; or

(ii) a default under the terms of any agreement between the Maker and/or any Guarantor of this Note and PAYEE, or any of its subsidiaries or affiliates, including, but not limited to, a certain Purchase and Sale Agreement, Franchise Agreement and Sublease, each dated of even date herewith, relating to the STERLING OPTICAL/SITE FOR SORE EYES CENTER located at _____ (the "Premises"), and such default is not timely cured in accordance with the terms of such agreement; or

(iii) the appointment of a receiver for substantially all of the property of the Maker or any Guarantor hereof, which appointment remains undischarged for a period in excess of thirty (30) days; or

(iv) the making of an assignment for the benefit of creditors, or the filing of a petition or commencement of any proceeding under any bankruptcy or insolvency laws by or against the Maker or any Guarantor hereof, except as otherwise specifically provided in the Franchise Agreement; or

(v) the issuance of any judgment, warrant or order of attachment, tax lien or levy, or execution or garnishment against any property of the Maker or any Guarantor hereof, which is not bonded, discharged, vacated or satisfied within thirty (30) days after the issuance thereof; or

(vi) the sale or other transfer of more than 25% of the capital stock, membership interest, or partnership interest of the Maker, or the issuance of an additional 25% or more of the capital stock or membership of the Maker to other than the existing shareholders of Maker, if Maker is a corporation, existing members, if Maker is a limited liability company, or the partners of Maker, if Maker is a partnership, except as may otherwise expressly be authorized by the above described Franchise Agreement, or a sale or other transfer of the business, or of all or substantially all of the assets, of the Maker; or

(vii) the termination of the above described Franchise Agreement for any reason whatsoever; or

(viii) the termination of the above described Sublease for any reason whatsoever; or

(ix) the death of any Guarantor hereunder;

then, on the happening of any such event, any remaining unpaid installments and all liability of the Maker under this Note, at the option of PAYEE, shall become due and payable immediately upon the giving of written notice by PAYEE to the Maker. The failure to assert this right shall not be deemed a waiver thereof.

After maturity, stated or accelerated, interest shall accrue at the maximum rate permitted by law, but this provision shall not be deemed to constitute an extension of time for payment of the principal balance due hereunder.

If this Note is not paid in full in accordance with its terms, the Maker agrees to pay all costs and expenses of collection, including reasonable attorneys' fees and expenses.

4. Collateral.

This Note, and the indebtedness evidenced hereby and thereby, is secured by a security interest granted by the Maker to PAYEE in substantially all of the assets of the Maker which are used, or to be used, in connection with the operation of a STERLING OPTICAL/SITE FOR SORE EYES CENTER located at the Premises. In order to grant and perfect the aforesaid security interest, the Maker has: (i) executed and delivered that

certain Security Agreement of even date herewith; and (ii) executed, delivered and paid the costs of filing and recording such Uniform Commercial Code Financing Statements as PAYEE required for this purpose. In the event that the undersigned fails to pay any amount evidenced hereby, PAYEE, and any subsequent holder hereof, shall have, in addition to the rights and privileges set forth herein, the benefit of the Security Agreement and the Uniform Commercial Code, as adopted in the State of New York. All rights and remedies available to PAYEE are cumulative, and the exercise of any one right or remedy shall not preclude the exercise, or be deemed to be a waiver, of any other right or remedy.

5. Late Fees.

In the event of a late payment by the Maker, PAYEE may collect from the Maker a late charge not to exceed five (5¢) cents per each dollar of payment due hereunder not paid within five (5) days after the due date hereof, as liquidated damages for extra expense involved in handling such delinquent payment. Acceptance by PAYEE of any late payment together with such late charge, is at the option of PAYEE and shall not constitute an extension of time for the making of such payment.

6. Amendments.

This Note may not be changed or terminated orally, but only by an agreement, in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

7. Notices.

All notices, requests or other communications required hereunder shall be in writing and shall be deemed to have been duly given or made if delivered personally or by courier service which obtains a signed receipt upon delivery, or if mailed by United States certified mail, postage prepaid, return receipt requested, to the parties at the respective addresses first above written, or at such other addresses as shall be specified in writing by either of the parties to the other in accordance with the terms and conditions of this Section. Notices shall be deemed effective, if delivered personally or by courier service, on the date delivered or, if mailed in accordance herewith, then three (3) days after the date of such mailing.

8. Successors and Assigns.

PAYEE may, upon written notice thereof to the Maker, assign this Note and any other notes in this series and the right to receive the payments evidenced hereby to any other person or entity, which assignment may be made on such terms and conditions as PAYEE shall consider appropriate, in its sole and absolute discretion. The terms and

provisions of this Note shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

9. Nonwaiver.

No failure by PAYEE or any subsequent holder hereof to insist upon exact compliance with the terms of this Note shall be deemed or construed as a waiver by such party of the right to require exact compliance with each and every duty and obligation herein contained in the future.

10. Applicable Law and Jurisdiction.

THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY PRINCIPLES RELATING TO CONFLICT OF LAWS. THE PARTIES HERETO CONSENT THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS NOTE AND THE FRANCHISE RELATIONSHIP TO WHICH IT RELATES, SHALL BE INSTITUTED ONLY IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY WHERE THE PRINCIPAL CORPORATE OFFICE OF THE MAKER SHALL BE LOCATED ON THE DATE OF COMMENCEMENT OF THE PROCEEDING, TO THE EXCLUSION OF ANY OTHER COURT OR JURISDICTION. THE MAKER AND EACH GUARANTOR HEREBY IRREVOCABLY CONSENTS AND SUBMITS TO THE JURISDICTION AND VENUE, IN ANY SUCH MATTER, OF THE COURTS OF SUCH STATE AND COUNTY (WHERE THE PRINCIPAL CORPORATE OFFICE OF THE MAKER SHALL BE LOCATED ON THE DATE THAT ANY SUCH ACTION OR PROCEEDING IS COMMENCED), TO THE EXCLUSION OF ANY OTHER COURT OR JURISDICTION, AND WAIVES ANY OBJECTION IT OR THEY MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS. THE MAKER AND EACH GUARANTOR EACH HEREBY FURTHER CONSENTS AND AGREES, AND WITHOUT LIMITING ANY OTHER METHOD OF OBTAINING JURISDICTION, THAT IN ANY ACTION OR PROCEEDING COMMENCED UNDER THE TERMS OF THIS NOTE, SERVICE OF A SUMMONS AND COMPLAINT, OR ANY OTHER PROCESS, IN ANY ACTION OR PROCEEDING, SHALL BE SUFFICIENT IF MADE ON THE MAKER AND/OR SUCH GUARANTOR BY REGISTERED OR CERTIFIED MAIL TO THE MAKER AND/OR SUCH GUARANTOR AT THE LAST KNOWN ADDRESS OF SUCH MAKER AND/OR GUARANTOR, WHETHER SUCH ADDRESS SHALL BE WITHIN OR WITHOUT THE JURISDICTION OF THE COURT WHERE SUCH ACTION OR PROCEEDING IS PENDING, AND MAKER AND EACH GUARANTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES PERSONAL SERVICE OF SUCH PROCESS.

11. Joint and Several Liability.

In the event that more than one person shall execute this Note, the liability of each hereunder shall be joint and several.

IN WITNESS WHEREOF, the Maker has executed this Note on the day and year first above written.

BY: _____

STATE OF NEW YORK)
) : ss.
COUNTY OF)

On the th day of , 20 , before me, the undersigned, a notary public in and for the said state, personally appeared known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STORE NO.

GUARANTY

FOR VALUE RECEIVED, and as an inducement to EMERGING VISION, INC. a New York corporation, and/or one or more of its wholly owned subsidiaries (collectively, "Emerging") to extend credit to _____, a _____ corporation (the "Principal Debtor") pursuant to one or more certain promissory notes being executed simultaneously herewith (collectively, the "Notes") the undersigned, and each of them (each hereinafter being referred to as a "Guarantor"), jointly and severally, personally and unconditionally, guarantee to Emerging and its successors and/or assigns (each hereinafter referred to as a "Beneficiary"), the full and prompt payment: (i) by the Principal Debtor, of all moneys due and hereafter becoming due under: (x) the Notes; (y) any and all renewals, extensions and/or substitutions of the Notes; (z) any and all other loans, advances and/or extensions of credit of every type, kind or nature made by the Beneficiary to the Principal Debtor at any time, whether or not evidenced by like promissory notes; and (ii) all fees, costs and/or expenses (including, but not limited to legal fees and disbursements) incurred by the Beneficiary in enforcing this Guaranty (all of such obligations and amounts being hereinafter collectively referred to as the "Obligations").

Each Guarantor hereby waives and renounces: (i) notice of demand for payment; (ii) notice of protest and/or notice of default or non-payment with respect to any of the Obligations; (iii) any right which such Guarantor might otherwise have to require the Beneficiary, or any transferee or assignee of the Beneficiary, to take any action or commence any proceeding against the Principal Debtor as a condition to Guarantor's liability under this Guaranty; and (iv) any and all other notices and legal or equitable defenses to which such Guarantor may be entitled, to the fullest extent the same may be permitted by law. Guarantor waives any and all counterclaims and any right to assert any such counterclaims.

Each Guarantor further acknowledges, agrees, stipulates and covenants that:

- (i) this is a Guaranty of payment and not of collection;
- (ii) Guarantor's liability hereunder shall survive, and be unaffected by, any transfer or assignment of any or all of the Obligations;
- (iii) Guarantor's duties and obligations under this Guaranty shall be immediate, unconditional, and without any right of offset which the Principal Debtor or the Guarantor may have against any Beneficiary, and shall be conditioned only upon the Principal Debtor's failure to timely perform and/or pay any portion of the Obligations when and as the same may be due and payable;
- (iv) Guarantor shall forthwith tender any payment of any indebtedness guaranteed hereby upon the Principal Debtor's failure to pay the same;

- (v) Guarantor's liability hereunder shall not be contingent or conditional upon any Beneficiary's pursuit of any remedy against any other person, including any other guarantor;
- (vi) Guarantor's liability hereunder shall not be impaired, limited or otherwise diminished by the existence of any other guarantor or endorser with respect to the Obligations, it being the intention of each Guarantor that, in the event that more than one person guarantees or endorses any portion of the Obligations, the liability of all such persons shall be joint and several with respect to the same;
- (vii) Guarantor's liability hereunder shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which any Beneficiary may, from time to time, grant to the Principal Debtor or any other person, including without limitation, the acceptance of any partial payment or performance and/or the compromise, release or settlement of any claim, nor shall it be affected by any failure, omission, delay or lack of diligence on the part of any Beneficiary to enforce or exercise any right, power or remedy available to such Beneficiary; and
- (viii) this Guaranty shall continue and be irrevocable for as long as any portion of he Obligations remains unpaid and outstanding.

Notwithstanding any payment or payments made by any Guarantor hereunder, such Guarantor expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which he/she may now or hereafter have against the Principal Debtor or any other person directly or contingently liable for the obligations guaranteed hereby or against or with respect to the Principal Debtor's property (including, without limitation, properly collateralizing the obligations arising from the existence or performance of this Guaranty).

This Guaranty is absolute and unconditional irrespective of (i) any lack of validity of the Notes or any other agreement or instrument relating thereto; or (ii) any other circumstance which might otherwise constitute a defense to this Guaranty.

THIS GUARANTY SHALL BE CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY PRINCIPLES RELATING TO CONFLICT OF LAWS. THE PARTIES HERETO CONSENT THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS GUARANTY, SHALL BE INSTITUTED ONLY IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY WITHIN WHICH THE PRINCIPAL CORPORATE OFFICE OF THE BENEFICIARY SHALL BE LOCATED ON

THE DATE THAT ANY SUCH PROCEEDING IS COMMENCED TO THE EXCLUSION OF ANY OTHER COURT OR JURISDICTION. THE GUARANTOR HEREBY IRREVOCABLY CONSENTS AND SUBMITS TO THE JURISDICTION, IN ANY SUCH MATTER, OF THE COURTS OF SUCH STATE AND COUNTY (WHERE THE PRINCIPAL CORPORATE OFFICE OF THE BENEFICIARY SHALL BE LOCATED ON THE DATE THAT ANY SUCH ACTION OR PROCEEDING IS COMMENCED) TO THE EXCLUSION OF ANY OTHER COURT OR JURISDICTION, AND WAIVES ANY OBJECTION HE/SHE MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS.

Each Guarantor hereby consents and agrees, without limiting any other method of obtaining jurisdiction, that in any action or proceeding commenced by the Beneficiary pursuant to the terms of this Guaranty, service of a summons and complaint, or any other process, in any action or proceeding, shall be sufficient if made on such Guarantor by registered or certified mail to such Guarantor at the address specified herein, whether such address shall be within or without the jurisdiction of the Court where such action or proceeding is pending, and each Guarantor hereby unconditionally and irrevocably waives personal service of such process.

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the ____ day of _____, 20__ .

INDIVIDUAL GUARANTOR:

Name:
Address:

STATE OF _____)
) ss.:
COUNTY OF _____)

On the ___ day of _____ in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

Store No.

EXHIBIT "H"
SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is made and entered into this day of , 20 , by and between EMERGING VISION, INC, a New York corporation with offices at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530 ("Secured Party"); and having its principal business office at ("Debtor"). Debtor represents that Debtor is [] a [corporation/partnership/limited liability company/ , organized and existing under the laws of the State of ; or [] an unregistered organization, its chief executive office being located in the State of ; or [] an individual residing at .

W I T N E S S E T H:

WHEREAS, Secured Party has made or may make certain loans, advances and extensions of credit to Debtor; and

WHEREAS, Debtor desires to grant Secured Party a security interest in certain of its assets and property as collateral for such loans, advances and extensions of credit; and

WHEREAS, Secured Party is willing to accept said security interest in the assets and property of Debtor as collateral for such loans, advances and extensions of credit; and

WHEREAS, Debtor and Secured Party desire that this Agreement shall set forth their full and complete understanding regarding the terms and conditions under which Debtor will grant Secured Party a security interest in certain of its assets and property as collateral for all such loans, advances and extensions of credit.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises, the mutual promises and covenants herein contained and other good and valuable consideration, the receipt, sufficiency and adequacy of which are expressly acknowledged, Debtor and Secured Party, each intending to be legally bound, do hereby mutually agree as follows:

1. Grant of Security Interest.

Debtor hereby grants, conveys, sets over, and assigns to Secured Party and its successors, assigns and transferees a security interest in, and lien upon, all of the equipment, machinery, inventory, accounts receivable, leasehold improvements, furniture, patient and customer records and other personal property of the Debtor which is now and/or may hereafter (i) be located at Debtor's Sterling Optical/Site for Sore Eyes Center situated at

_____ (the "Center"); and/or (ii) used or useful in connection with the ownership and operation of the Center, in each case together with all proceeds, products, additions, accessions, substitutions and replacements with respect to the foregoing (collectively the "Collateral").

2. Obligations Secured.

The security interest granted by Debtor to Secured Party in the Collateral and evidenced hereby shall secure the following duties and obligations (collectively the "Obligations"):

(a) The indebtedness and obligations evidenced by that one or more certain promissory notes (the "Notes") payable by Debtor to Secured Party in the original aggregate principal amount of _____ (\$ _____) Dollars; and any and all renewals, extensions or substitutions of the Notes;

(b) Any and all other loans, advances or extensions of credit of every type, kind or nature made by Secured Party to Debtor at any time, whether or not the same are evidenced by like promissory notes or otherwise;

(c) Any and all costs and expenses incurred by Secured Party to collect and enforce any indebtedness or obligation evidenced by the Notes or otherwise secured hereby; and

(d) Any and all other obligations of the Debtor to the Secured Party, and/or its subsidiaries and affiliates, now existing or hereafter arising, matured or contingent, and all renewals and extensions thereof and all substitutions therefor, including all obligations under that certain Franchise Agreement (the "Franchise Agreement") and Sublease (the "Sublease") pursuant to which Debtor operates the Center.

3. Representations, Warranties and Covenants of Debtor.

As an inducement to Secured Party to make the loans, advances and extensions of credit to Debtor which are secured hereby, Debtor hereby represents, warrants and covenants to Secured Party as follows:

(a) Except for the security interest granted hereby, Debtor now owns or will use the proceeds of the Notes to become the owner of the Collateral free and clear of any and all liens, claims, charges, security interests, and other encumbrances of every type, kind or nature. Debtor will defend the Collateral and Secured Party's security interest in the same against any and all claims and demands of any person or persons who at any time claim any ownership or other interest therein.

(b) Debtor will execute, deliver and pay all costs associated with the filing and recording of such Uniform Commercial Code Financing Statements as Secured Party may require to perfect its security interest in the Collateral and protect the same against the claims of third parties. No other financing statement has been filed or recorded which includes the Collateral or the proceeds of the Collateral, in whole or in part, within its collateral description.

(c) During the term of this Agreement, Debtor will not grant or suffer the existence of any lien, claim, charge, security interest or other encumbrance of any type, kind or nature with respect to the Collateral without the prior written consent of the Secured Party and will at all times maintain good and merchantable title with respect to the same.

(d) Debtor will cause the Collateral to be insured with companies who are acceptable to the Secured Party, which insurance policies: (i) shall have such coverage provisions, policy limits and exclusions as Secured Party shall require; (ii) shall name Secured Party as an additional insured and/or loss payee, as its interests may appear; (iii) shall comply, in all respects, with the applicable provisions of the Franchise Agreement and Sublease; and (iv) shall require at least thirty (30) days prior written notice to Secured Party of any intended cancellation, modification, termination or expiration of the policy. Debtor will deliver such certificates of insurance and other evidence of insurance coverage as Secured Party may require.

(e) At all times during the term of this Agreement, Debtor: (i) shall keep and maintain the Collateral in good and usable condition, free and clear of any and all liens, claims, charges and security interests of every type, kind or nature; (ii) will promptly pay all taxes, assessments and other charges with respect to the Collateral; (iii) will not use the Collateral illegally or in violation of the Franchise Agreement; (iv) will not transfer, convey, assign, sell or otherwise dispose of any portion of the Collateral, except for the replacement of worn out or obsolete furniture, fixtures and equipment and the sale of inventory to the public in the ordinary course of Debtor's business and in accordance with the Franchise Agreement; and (v) will not permit the Collateral to be affixed or permanently attached to the premises of the Center without the prior written consent of Secured Party in each instance. Secured Party may, at any time and without notice, enter the premises of Debtor for the purpose of inspecting the Collateral and insuring Debtor's compliance with the provisions of this Agreement.

(f) Debtor will not remove or relocate any portion of the Collateral from the premises of Debtor's Center without the prior written consent of Secured Party in each instance, except for the removal of replaced equipment, furniture and fixtures and the sale of inventory in the ordinary course of Debtor's business.

4. Performance of Obligations by Secured Party.

In the event that Debtor fails to perform or comply with the terms of any duty, obligation, representation, warranty or covenant herein contained, including without limitation: (i) Debtor's obligation to keep the collateral free of all liens, claims, security interest and other encumbrances; (ii) Debtor's duty to repair, maintain and preserve the Collateral; and (iii) Debtor's duty to insure the Collateral in accordance with this Agreement and the Franchise Agreement and Sublease, Secured Party may, but shall not be required to, perform such duties and obligations on behalf of Debtor, whereupon Debtor shall reimburse Secured Party for any and all amounts, costs and expenses which may be incurred by Secured Party to accomplish the same, plus interest on such amounts at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever shall be less, from the date Secured Party pays or incurs the same until paid in full.

5. Events of Default.

The occurrence of any one (1) or more of the following events or conditions shall constitute an event of default hereunder;

(a) Debtor's failure to pay or perform any indebtedness or obligation contained within the Obligations when and as the same may be due and performable;

(b) Debtor's breach or violation of any representation, covenant or warranty herein contained;

(c) the occurrence and continuation of any event or condition which results in the acceleration of any indebtedness owed by Debtor to Secured Party or any other person pursuant to any promissory note, agreement or other written instrument;

(d) the withdrawal, expiration or termination of any guaranty or endorsement of the obligations which inures to the benefit of Secured Party or its transferee;

(e) the loss, theft, destruction, substantial damage, sale or encumbrance of the Collateral, except to the extent specifically authorized by this Agreement and the Franchise Agreement;

(f) Debtor's default under the Franchise Agreement, the Sublease, the Notes or any other Agreement between Debtor and the Secured Party, and/or any of the Secured Party's subsidiaries or affiliates, which is not cured in accordance with the respective terms of each of the same;

(g) the termination or expiration of the Franchise Agreement or the Sublease or other instrument under which the Debtor uses and occupies the Center; or

(h) the death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any portion of the Collateral, assignment for the benefit of creditors, or commencement of any proceeding under any bankruptcy or insolvency law, of, by or against Debtor or any guarantor or surety of Debtor.

6. Remedies.

Upon the occurrence of any of the aforementioned Events of Default, and at any time thereafter, Secured Party may declare all of the Obligations to be immediately due, payable and performable, whereupon Secured Party may take such actions as it may consider necessary to enforce payment or performance of the same, shall have all of the rights and privileges of a Secured Party under the Uniform Commercial Code as adopted in the State of New York, and may exercise such other rights and privileges as may then be available. Without limiting the generality of the foregoing, Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at any place designated by Secured Party. Unless the Collateral is perishable, threatens to decline significantly in value, or is of a type or category which is customarily sold in a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale or disposition of the Collateral or the time and place after which any private sale of the Collateral may be made. The requirement of providing reasonable notice to Debtor shall be deemed satisfied if any such notice is delivered to Debtor at least five (5) days prior to the date on which any such disposition of the Collateral is to occur, which notice shall be delivered in accordance with Paragraph 9 of this Agreement. All costs and expenses which are expended or incurred by Secured Party to retake, hold, prepare and dispose of the Collateral, including without limitation attorneys' fees and legal expenses, shall be paid by Debtor, and added to the indebtedness secured hereby.

7. Financing Statements.

The Secured Party is hereby authorized to file all such financing statements as it deems necessary or advisable to secure the interest granted hereunder, including all renewals and extensions, the cost of such filings shall be paid by the Debtor and added to the indebtedness secured hereunder.

8. Waiver.

No failure by Secured Party to insist upon exact compliance with the terms of this Agreement shall be deemed or construed as a waiver of the right to require exact compliance with each and every duty and obligation herein contained in the future.

9. Notices.

Any notice or other written communication which is required or permitted to be given hereunder shall be deemed delivered: (i) upon delivery if delivered by hand or by courier service which obtains a signed receipt upon delivery; or (ii) three (3) days after the date of deposit if the same is deposited with the U.S. Postal Service, certified or registered mail, return receipt requested, postage prepaid and addressed to the party at the address specified above or at such other address as any party may advise the other by like notice.

10. Assignment by Debtor Prohibited.

Neither this Agreement, nor the duties and obligations evidenced hereby, may be transferred, conveyed, assigned or otherwise delegated by Debtor without the prior written consent of Secured Party in each instance. Any such actual or attempted transfer, conveyance, assignment or delegation shall be null, void and of no legal force or effect, shall convey no rights or benefits to the purported transferee, shall release Debtor from no duty or obligation hereunder, and shall be a material breach of this Agreement.

11. Binding Effect.

This Agreement shall inure to the benefit of and remain fully binding upon the parties hereto and their respective successors, survivors and permitted assigns.

12. Governing Law, Jurisdiction and Venue.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE PRINCIPALS OR CONFLICTS OF LAW. THE PARTIES HERETO CONSENT THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS AGREEMENT, AND THE TRANSACTION TO WHICH IT RELATES, SHALL BE INSTITUTED ONLY IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY WITHIN WHICH THE PRINCIPAL OFFICES OF THE SECURED PARTY SHALL BE LOCATED ON THE DATE THAT ANY SUCH PROCEEDING IS COMMENCED. THE DEBTOR HEREBY IRREVOCABLY CONSENTS AND SUBMITS TO THE JURISDICTION, IN ANY SUCH MATTER, OF THE COURTS OF SUCH STATE AND COUNTY AND WAIVES ANY OBJECTION DEBTOR MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS. THE DEBTOR FURTHER CONSENTS AND AGREES, AND WITHOUT LIMITING ANY OTHER METHOD OF OBTAINING JURISDICTION, THAT IN ANY ACTION OR PROCEEDING COMMENCED UNDER THE TERMS OF THIS AGREEMENT, SERVICE OF A SUMMONS AND COMPLAINT, OR ANY OTHER PROCESS, IN ANY ACTION OR PROCEEDING, SHALL BE SUFFICIENT IF MADE ON THE DEBTOR BY REGISTERED OR CERTIFIED MAIL TO THE DEBTOR AT THE LAST KNOWN ADDRESS OF SUCH DEBTOR, WHETHER SUCH ADDRESS SHALL BE WITHIN OR WITHOUT THE JURISDICTION OF

THE COURT WHERE SUCH ACTION OR PROCEEDING IS PENDING, AND DEBTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES PERSONAL SERVICE OF SUCH PROCESS.

13. Entire Agreement.

This Agreement sets forth the full and complete understanding between Debtor and Secured Party with respect to the terms and conditions under which Debtor will grant Secured Party a security interest in the Collateral as security for the Obligations.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

SECURED PARTY:

EMERGING VISION, INC.

By _____
Title:

DEBTOR:

By: _____
Title:

FEDERAL IDENTIFICATION NUMBER
OF DEBTOR: _____

Schedule of Collateral

The foregoing Security Agreement covers all personal property and fixtures of the Debtor, located at:

whether now owned or hereafter acquired by the Debtor and whether now existing or hereafter arising or created by the Debtor, including, without limitation:

(a) all accounts receivable and, to the extent such assignment is not prohibited by the terms thereof, contract rights of the Debtor;

(b) all inventory owned by the Debtor;

(c) all equipment, machinery and fixtures owned by the Debtor, including all accessories and additions thereto, tools, parts, accessories and attachments used in connection therewith, and all spare parts relating thereto;

(d) to the extent such assignment is not prohibited by the terms thereof, all contracts, contract rights, bills, notes, drafts, acceptances, instruments, documents, chattel paper, choses in action and general intangibles relating to arising from any of the foregoing;

(e) to the extent such assignment is not prohibited by the terms thereof, all books, records and tangible documents (including, without limitation, computer programs, tapes and related electronic data processing software) relating to any of the foregoing; and

(f) all cash and non-cash proceeds and products of any of the foregoing, including, without limitation, all insurance proceeds payable under insurance policies relating to any of the foregoing.

EXHIBIT "I"

DEPOSIT AGREEMENT

Simultaneously with the execution of this Deposit Agreement by Emerging Vision, Inc., a New York corporation, having an address at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530 (the "Company"), and _____, a _____ corporation, having an address at _____ (the "Prospective Franchisee"), the Prospective Franchisee has tendered to the Company the sum of Ten Thousand (\$10,000.00) Dollars as a deposit (the "Deposit") in anticipation of acquiring a Sterling Optical/Site for Sore Eyes Center franchise.

1. The Deposit will be held by the Company and applied as follows:

(a) The Deposit represents a portion of the amounts which the Prospective Franchisee will be required to pay to the Company at the closing (the "Closing") pursuant to which it may acquire a franchise to own and operate a Sterling Optical/Site for Sore Eyes Center (the "Center"), should such franchise be acquired in accordance with the terms hereof .

(b) From and after the date hereof, the Company shall attempt to select a location for the Center within the area described on Exhibit "A", annexed hereto, which location shall be mutually acceptable to the Company and the Prospective Franchisee, and to obtain a lease therefor, on terms and conditions mutually acceptable to the Prospective Franchisee and the Company. In evaluating a potential site, the Company will take into consideration the size of the premises, demographic characteristics, traffic patterns, competition within the areas, and the terms and conditions of any proposed lease. The Prospective Franchisee shall be obligated to cooperate with the Company in its attempt to procure an acceptable location and a lease therefor.

(c) If the Company select a mutually acceptable location for the Center, and if the Company, or one of its designated subsidiaries, shall procure a mutually acceptable lease for the Center (the "Master Lease"), the Company shall, by written notice (the "Notice of Closing"), provide the Prospective Franchisee with notice of the date for the Closing, which date shall not be less than ten (10) days nor more than thirty (30) days after the date of the Notice of Closing.

(d) On the Closing Date, the Prospective Franchisee and each of its respective shareholders, partners or members, shall be obligated to execute the Company's then current form of Franchise Agreement, Sublease, Guaranty and all other related documents required for Franchisees in the State where the Center is to be located, and to pay to the Company, or its designated subsidiaries, all amounts then required to be paid under each of said agreements; provided, however, the Deposit shall be applied to the amounts due under the Franchise Agreement for the then non-recurring initial Franchise Fee.

(e) In the event that the Company shall be unable to obtain a Master Lease within twelve (12) months from the date hereof, then either party may, upon written notice to the other (the "Termination Notice"), elect to terminate this Agreement; provided, however, the Company shall have the right to retain, from the Deposit, the sum of \$5,000 as compensation for its services and/or as reimbursement of any costs and expenses it may have incurred in attempting to procure such location, and the balance thereof shall be returned to the Prospective Franchisee within thirty (30) days after receipt of the Termination Notice.

(f) In the event that the Prospective Franchisee fails to close on the date set forth in the Notice of Closing, and fails to cure same within ten (10) days after written notice from the Company, the Company may upon written notice to the Prospective Franchisee, terminate this Agreement and retain the entire Deposit.

(g) Notwithstanding anything to the contrary herein or elsewhere, expressed or implied, the Prospective Franchisee will not earn or become entitled to any interest on the Deposit during the time it is held by the Company.

2. Any notice required to be given hereunder by any party hereto shall be in writing and delivered personally, by courier service which obtains a signed receipt upon delivery, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

To the Company: EMERGING VISION, INC.
100 Quentin Roosevelt Boulevard
Garden City, New York 11530
Attn: Chief Financial Officer

To the
Prospective Franchisee:

Either party may specify a different address for the sending of communications and notices, by a notice sent in the manner provided by in this Paragraph 2. Notices personally delivered or delivered by courier service shall be deemed given when received; and notices sent by certified or registered mail shall be deemed given three (3) days after the same are deposited in the United States mail.

3. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO CONSENT THAT ANY LEGAL OR EQUITY PROCEEDING BROUGHT IN CONNECTION WITH OR ARISING OUT OF ANY MATTER RELATING TO THIS AGREEMENT, AND THE RELATIONSHIP TO WHICH IT RELATES, SHALL BE INSTITUTED ONLY IN A FEDERAL OR STATE COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY

WHERE THE PRINCIPAL OFFICES OF THE COMPANY ARE LOCATED ON THE DATE OF COMMENCEMENT OF SUCH ACTION. FRANCHISEE, AND EACH OF THE PARTIES HEREBY IRREVOCABLY CONSENTS TO AND SUBMITS TO THE JURISDICTION AND VENUE OF THE COURTS OF SUCH STATE AND COUNTY AND WAIVES ANY OBJECTION IT MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS. THE PROSPECTIVE FRANCHISEE HEREBY CONSENTS AND AGREES, AND WITHOUT LIMITING ANY OTHER METHOD OF OBTAINING JURISDICTION, THAT IN ANY ACTION OR PROCEEDING COMMENCED UNDER THE TERMS OF THIS AGREEMENT, SERVICE OF A SUMMONS AND COMPLAINT, OR ANY OTHER PROCESS, IN ANY ACTION OR PROCEEDING, SHALL BE SUFFICIENT IF MADE ON THE PROSPECTIVE FRANCHISEE BY REGISTERED OR CERTIFIED MAIL TO THE PROSPECTIVE FRANCHISEE OR AT THEIR LAST KNOWN ADDRESS WHETHER SUCH ADDRESS SHALL BE WITHIN OR WITHOUT THE JURISDICTION OF THE COURT WHERE SUCH ACTION OR PROCEEDING IS PENDING, AND THE PROSPECTIVE FRANCHISEE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES PERSONAL SERVICE OF SUCH PROCESS.

IN WITNESS WHEREOF, the Company and the Prospective Franchisee have executed this Deposit Agreement in the spaces provided below as evidence of the Company's receipt of the Deposit and both parties acknowledgment of the terms and conditions under which it will be held and applied.

This ___ day of _____, 20 __.

COMPANY:

EMERGING VISION, INC.

By: _____

PROSPECTIVE FRANCHISEE:

By: _____

EXHIBIT "J"

STORE NO.

DEBIT AUTHORIZATION

_____, a _____ organized and existing under the laws of the State of _____, ("Franchisee") hereby irrevocably authorizes Emerging Vision, Inc. and Sterling/Site for Sore Eyes Advertising, Inc. and each of their respective subsidiary corporations to initiate debits from its checking account listed below equal to the exact amounts to become payable by Franchisee, to each of said entities in the form of weekly Royalty Fees and Advertising Fund contributions, monthly rents, weekly and/or monthly promissory note payments and the like, and hereby authorizes its Bank (named below) to process such deductions from its account.

FRANCHISEE

By: _____
Name:
Title:

Dated: _____, 20

ACCOUNT NAME: _____

BANK NAME: _____

ACCOUNT NO.: _____

BANK ADDRESS: _____

EIN: _____

STATE OF _____)

: ss.

COUNTY OF _____)

On the _____th day of _____, 20____, before me, the undersigned, a notary public in and for the said state, personally appeared _____ known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

Store No.

EXHIBIT "K"

SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT ("Agreement") is made and entered into as of the ___ day of _____, 20__ (the "Effective Date"), by and between Emerging Vision, Inc. ("Licensor" and "EVI"), a New York corporation having offices at 100 Quentin Roosevelt Boulevard, Garden City, New York 11530, and _____, a _____ having offices at _____ ("Licensee").

RECITALS

WHEREAS, Licensor holds the license for the Software and Documentation (as hereinafter defined below) having received such license from Insight Software (the "Owner"); and

WHEREAS, Licensee has been granted a right to operate a Sterling Optical Center/Site for Sore Eyes franchise (the "Franchise") at the premises located at _____ (the "Premises"), in accordance with the terms and conditions of EVI's Franchise Agreement with Licensee (as the same may be amended, from time to time; hereinafter the "Franchise Agreement"); and

WHEREAS, Licensee desires to obtain from Licensor a non-exclusive sublicense to use the Software and Documentation in connection with the operation of the Franchise; and

WHEREAS, Licensor is willing to grant to Licensee a non-exclusive right to use the Software and Documentation solely in accordance with the terms and on the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. CERTAIN DEFINITIONS.

1.1 "Designated Equipment" shall mean the hardware products identified on Exhibit "A" with which the Software is licensed for use.

1.2 "Documentation" shall mean all manuals, user documentation, and other related materials pertaining to the Software that are furnished to Licensee by Licensor in connection with the Software.

1.3 "License Fee" shall mean \$5,250.00.

1.4 "Permitted Use" shall mean inventory control, customer information collection and retention, and point of sale details, in each case in connection with the operation of the Franchise.

1.5 "Software" shall mean the computer programs in machine readable object code form listed in Exhibit A attached hereto and any subsequent error corrections, modifications and/or updates supplied, from time to time, to Licensee by Licensor pursuant to this Agreement. Exhibit A may be amended, from time to time, by Licensor on written notice to Licensee.

2. GRANT OF RIGHTS.

2.1 Grant of License. Subject to the terms, and upon the conditions set forth herein, Licensor hereby grants to Licensee the non-exclusive, non-transferable sublicense to use the Software and Documentation solely for the Permitted Use, on the number of systems of Designated Equipment identified on Schedule A hereto.

3. DELIVERY.

3.1 Software and Documentation. Licensor shall deliver to Licensee the Software and, if available, the Documentation, in electronic form. Hard copies of any Documentation that is not available in electronic form will be delivered to Licensee. Licensor may, but shall not be obligated to, deliver the Software by installing the Software on the Designated Equipment.

4. MODIFICATIONS.

4.1 Error Corrections, Updates and Modifications. Licensor and/or Owner may (but shall not be obligated to), from time to time, provide Licensee with error corrections, bug fixes, patches, modifications or other updates to the Software licensed hereunder

4.2 Title to Modifications. All such error corrections, bug fixes, patches, updates or other modifications shall be deemed included in the Software, and shall be the sole property of Licensor and/or Owner.

5. COPY PROHIBITION.

5.1 Copy Prohibition. Licensee shall not copy or otherwise duplicate, in whole or in part, the Software or Documentation, except for Licensee's backup or archive purposes.

6. LICENSE FEES AND PAYMENT.

6.1 License Fee. Licensee shall pay the License Fees or other consideration for the Software and Documentation as set forth on Exhibit A attached hereto.

6.2 Taxes and Other Charges. Licensee shall be responsible for paying all (i) sales, use, excise, value-added, or other tax or governmental charges imposed on the licensing or use of the Software or Documentation hereunder, (ii) freight, insurance and installation charges, and (iii) import or export duties or like charges.

7. PROTECTION OF SOFTWARE.

7.1 Proprietary Notices. Licensee agrees to respect and not to remove, obliterate, or cancel from view any copyright, trademark, confidentiality or other proprietary notice, mark, or legend appearing on any of the Software, output generated by the Software, and/or on the Documentation.

7.2 No Reverse Engineering. Licensee agrees not to modify, reverse engineer, disassemble, or decompile the Software, or any portion thereof.

7.3 Ownership. Licensee further acknowledges that all copies of the Software and Documentation in any form provided, from time to time, by Licensor are the sole property of Licensor having been licensed from Owner. Licensee shall not have any right, title, or interest in or to any such Software or Documentation or copies thereof, and further shall secure and protect all Software and Documentation consistent with the maintenance of Licensor's and Owner's proprietary rights therein.

8. CONFIDENTIALITY.

8.1 Acknowledgement. Licensee hereby acknowledges and agrees that the Software and Documentation constitute and contain valuable proprietary products and trade secrets, embodying substantial creative efforts and confidential information, ideas, and expressions of Licensor and/or Owner. Accordingly, Licensee agrees to treat (and take precautions to ensure that its employees treat) the Software and Documentation as confidential in accordance with the confidentiality requirements and conditions set forth below.

8.2 Maintenance of Confidential Information. Licensee agrees to keep confidential all confidential information disclosed to it by the Licensor in accordance herewith, and to protect the confidentiality thereof at all times exercising at least a reasonable degree of care in the protection of confidential information.

8.3 Injunctive Relief. Licensee acknowledges that the unauthorized use, transfer or disclosure of the Software and Documentation or copies thereof will (i) substantially diminish the value to Licensor and/or Owner of the trade secrets and other proprietary interests that are the subject of this Agreement; (ii) render Licensor's remedy at law for such unauthorized use, disclosure or transfer inadequate; and (iii) cause irreparable injury in a short period of time. If Licensee breaches any of its obligations with respect to the use or confidentiality of the Software or Documentation, Licensor shall be entitled to equitable relief to protect its interests therein, including, but not limited to, preliminary and permanent injunctive relief.

8.4 Survival. Licensee's obligations under this Article 8 will survive the termination of this Agreement for whatever reason.

9. REMEDIES, DISCLAIMER OF WARRANTIES AND LIMITATIONS.

9.1 Disclaimer of Warranties. LICENSOR MAKES NO REPRESENTATIONS AND/OR WARRANTIES RESPECTING THE SOFTWARE AND DOCUMENTATION OR SERVICES PROVIDED HEREUNDER, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF DESIGN, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, EVEN IF LICENSOR HAS BEEN INFORMED OF SUCH PURPOSE, AND LICENSOR DOES NOT REPRESENT OR WARRANT THAT ANY ERRORS IN THE SOFTWARE AND DOCUMENTATION WILL BE CORRECTED. NO AGENT OF LICENSOR IS AUTHORIZED TO ALTER OR EXCEED THE WARRANTY OBLIGATIONS OF LICENSOR AS SET FORTH HEREIN.

9.2 Limitation of Liability. LICENSEE ACKNOWLEDGES AND AGREES THAT THE CONSIDERATION WHICH LICENSOR IS CHARGING HEREUNDER DOES NOT INCLUDE ANY CONSIDERATION FOR ASSUMPTION BY LICENSOR OF THE RISK OF LICENSEE'S CONSEQUENTIAL OR INCIDENTAL DAMAGES WHICH MAY ARISE IN CONNECTION WITH LICENSEE'S USE OF THE SOFTWARE AND DOCUMENTATION. ACCORDINGLY, LICENSEE AGREES THAT LICENSOR SHALL NOT BE RESPONSIBLE TO LICENSEE FOR ANY LOSS-OF-PROFIT, INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE LICENSING OR USE OF THE SOFTWARE OR DOCUMENTATION. Any provision herein to the contrary notwithstanding, the maximum liability of Licensor to any person, firm or corporation whatsoever arising out of or in the connection with any license, use or other employment of any Software or documentation delivered to Licensee hereunder, whether such liability arises from any claim based on breach or repudiation of contract, warranty, tort or otherwise, shall in no case exceed the actual, aggregate License Fees, if any, paid to Licensor by Licensee hereunder. The essential purpose of this provision is to limit the potential liability of Licensor arising out of this Agreement. The parties acknowledge that the limitations set forth in this Article 9 are integral to the amount of consideration levied in connection with the license of the Software and Documentation and any services rendered hereunder and that, were Licensor to assume any further liability other than as set forth herein, such consideration would of necessity be set substantially higher.

10. INDEMNIFICATION

10.1 Licensee shall indemnify and hold harmless Licensor, Owner, and their respective officers, agents and employees from and against any claims, demands, or causes of action whatsoever arising under or in connection with this Agreement and/or Licensee's use of the Software and Documentation.

11. DEFAULT AND TERMINATION.

11.1 Events of Default. This Agreement may be terminated by Licensor, in its sole and absolute discretion, upon the happening of any one or more of the following events of default: (1) if Licensee fails to timely and fully perform or comply with this Agreement or any provision hereof; (2) if Licensee fails to strictly comply with the provisions of Section 8 (Confidentiality) or makes an assignment in violation of Section 13 (Non-assignability) of this Agreement; (3) if Licensee becomes insolvent or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; (4) if a petition under any foreign, state, or United States bankruptcy act, receivership statute, or the like, as they now exist, or as they may be amended, is filed by a party; (5) if such a petition is filed by any third party, or an application for a receiver is made by anyone and such petition or application is not resolved favorably within ninety (90) days; (6) in the event of the Licensee's default under, and/or the termination of, the Franchise Agreement and/or any other agreement between Licensee and EVI (or any one or more of their respective affiliates or subsidiaries).

11.2 Licensor shall have a right, exercisable in its sole and absolute discretion, to terminate this Agreement, for any reason or no reason at all.

11.2 Effective Date of Termination. Termination of the Agreement by Licensor shall be effective immediately upon the giving, by Licensor, of written notice of such termination to Licensee.

11.3 Obligations on Termination. Immediately after termination of this Agreement, Licensee shall cease and desist all use of the Software and Documentation and shall return to Licensor all full or partial copies of the Software and Documentation in Licensee's possession or under its control.

12. NOTICES. All notices, authorizations, and requests in connection with this Agreement shall be deemed given (i) five days after being deposited in the U.S. mail, postage prepaid, certified or registered, return receipt requested; or (ii) one day after being sent by overnight courier, charges prepaid, with a confirming fax; and addressed as first set forth above or to such other address as the party to receive the notice or request so designates by written notice to the other.

13. NONASSIGNABILITY. Licensee shall not assign, license or otherwise transfer this Agreement and/or any rights granted herein to any party, including, without limitation, the Licensee's right to use the Software and Documentation as granted herein, and any such assignment, license or other transfer shall be void.

14. GOVERNING LAW; JURISDICTION AND VENUE. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York. The courts of such state and county (where the principal corporate office of the Licensor shall be located on the date that any such action or proceeding is commenced) shall have exclusive jurisdiction and venue over any dispute arising out of this Agreement, and Licensee hereby irrevocably consents to the jurisdiction and venue of such courts.

15. SEVERABILITY. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

16. MISCELLANEOUS. This Agreement and its exhibits contain the entire understanding and agreement between the parties respecting the subject matter hereof. This Agreement may not be supplemented, modified, amended, released or discharged except by an instrument in writing signed by each party's duly authorized representative. All captions and headings in this Agreement are for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions. Any waiver by either party of any default or breach hereunder shall not constitute a waiver of any provision of this Agreement or of any subsequent default or breach of the same or a different kind.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first set forth above.

LICENSOR:

EMERGING VISION, INC.

By: _____

LICENSEE:

By: _____

, President

EXHIBIT A

SOFTWARE AND CONSIDERATION

1 User License

MyVisionExpress System – Store Management Software System

License Fee - \$5,250.00 - One Time Payment – Section 1.3

Monthly Maintenance Fee: Payable monthly {will vary with System};

Licensors reserves the right, not more than once each year

to increase said payment upon not less than 30 days prior notice.

(This Fee will not be required if Licensee is maintaining its system

through the MVE Cloud, and is current on the payments on account

thereof, provided Licensor may hereafter impose fees should additional

services be required)

EXHIBIT "L"

BUSINESS ASSOCIATE AGREEMENT

(EXHIBIT "F" TO FRANCHISE AGREEMENT)

STORE NO.

This **BUSINESS ASSOCIATE AGREEMENT** (this "**Agreement**") is made by and between **EMERGING VISION, INC. ("EVI")** and _____ ("**Franchisee**").

RECITALS

WHEREAS, Franchisee and EVI are parties to that certain Franchise Agreement dated _____, (the "**Franchise Agreement**"); and

WHEREAS, in connection with the terms of the Franchise Agreement, EVI may receive or have access to certain "Protected Health Information" and "Electronic Protected Health Information" (collectively "PHI") regarding Franchisee's patients as those terms are defined in the Health Insurance Portability and accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act and their implementing regulations as amended from time to time (collectively, "**HIPAA**"), and as such will be a Business Associate of Franchisee;

WHEREAS, HIPAA requires that Covered Entities, as herein defined enter into written agreements with Business Associates to regulate the use and disclosure of PHI which a Business Associates may obtain from a Covered Entity; and

WHEREAS, it is the intent of EVI and Franchisee to supplement the Franchise Agreement, for the parties to comply with HIPAA as defined below.

NOW THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee and EVI agree as follows:

I. DEFINITIONS

1.1 Effective Date shall be defined as the earlier of the first date on which PHI is disclosed to or created or received by EVI from Franchisee.

1.2 Covered Entity shall be defined as the Franchisee.

1.3 Party or Parties shall be defined as Franchisee and EVI or its affiliates.

1.4 Other Terms. Terms used in this Agreement without definition shall have the respective meanings assigned to such terms under the Franchise Agreement or by HIPAA.

2 GENERAL PROVISIONS

2.2 Term. The Term of this Agreement will begin on the Effective Date and shall end on the date on which the Franchise Agreement is terminated or such longer period as EVI continues to receive PHI or as otherwise permitted by HIPAA.

2.3 Effect. The provisions of this Agreement shall control with respect to PHI that EVI receives from or on behalf of Franchisee, and the terms and provisions of this Agreement shall supersede any conflicting or inconsistent terms and provisions of the Franchise Agreement.

2.4 No Third-Party Beneficiaries. The parties have not created and do not intend to create by this Agreement any third-party rights, including, but not limited to, third party rights for Franchisee's patients.

2.5 Independent Contractor. Franchisee and EVI acknowledge and agree that the Parties hereto are each independent contractors and neither shall be deemed to be an employee, agent, partner or joint venturer of the other.

2.6 HIPAA Amendments. Any future amendments to HIPAA affecting the Parties' respective rights or obligations are hereby incorporated by reference into this Agreement as if set forth in this Agreement in their entirety, effective on the later of the effective date of this Agreement or such subsequent date as may be specified by HIPAA.

2.7 Regulatory References. A reference in this Agreement to a section in HIPAA means the section as it may be amended from time-to-time.

III. OBLIGATIONS OF EVI

3.1 Permitted Uses and Disclosures of PHI. EVI shall receive, use and disclose any PHI it may receive from Franchisee only to perform its obligations under the Franchise, and in accordance with applicable federal and state laws, including but not limited to HIPAA. EVI may also use or disclose PHI for the proper management and administration of EVI, for data aggregation services, or to carry out its legal responsibilities if such disclosure is required by law or if (i) EVI obtains reasonable assurances from the person or entity to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed, and (ii) the person or entity agrees to notify EVI of any instances of which it is aware in which the confidentiality of the information has been breached. EVI shall limit any use or disclosure of PHI to the minimum amount of HI necessary to accomplish the intended purposes of the request, use or disclosure, in accordance with the requirements of HIPAA, as may be amended from time to time and will not use or further disclose PHI other than permitted or required by this Agreement or as otherwise required by law.

3.2 Safeguards. EVI shall implement and use appropriate administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the PHI and ePHI and prevent the use or disclosure of same other than as set

forth in this Agreement or as permitted or required by law. EVI agrees to notify Franchisee in the event of any breach of unsecured PHI held by or under the control of EVI, including the identity of the affected individual(s) and all other relevant information, within ten (10) business days of becoming aware of such breach, or such shorter period as may be required by HIPAA. The Parties disclaim any agency relationship between Franchisee and EVI.

3.3 Reporting Disclosures of PHI. In the event EVI, its agents, employees or contractors use or disclose PHI in violation of this Agreement, EVI shall report such use or disclosure to Franchisee as soon as EVI becomes aware of such violation, including the circumstances surrounding the use or disclosure and a description of the PHI inappropriately used or disclosed. EVI shall report to Franchisee any security incident of which it becomes aware.

3.4 Mitigation of Harmful Effects. EVI shall establish procedures for mitigating harmful effects of any improper use or disclosure of PHI that EVI reports to Franchisee.

3.5. Third Party Agreements. EVI shall require all of its subcontractors and agents that receive, use or have access to PHI under this Agreement to agree in writing to adhere to the same restrictions and conditions applicable to the use or disclosure of such PHI as required herein.

3.6. Access to Information. Within ten (10) business days of a request by Franchisee for access to PHI about an individual contained in a Designated Record Set (as defined in 45 C.F.R. 164.501 or subsequent regulation) in EVI's possession, EVI shall make available to Franchisee such PHI for so long as such information is maintained in the Designated Record Set by EVI. In the event any individual requests access to his or her own PHI directly from EVI, EVI shall forward such request for access to PHI Franchisee upon receipt of same. EVI shall reasonably cooperate with Franchisee to provide an individual, at Franchisee's written direction, with access to the individual's PHI in EVI's possession within ten (10) business days of EVI's receipt of written instructions for same from Franchisee. Any denials of access to PHI requested shall be the responsibility of Franchisee.

3.7. Amendment of PHI. EVI agrees to make PHI in a Designated Record Set available for amendment and to incorporate any appropriate amendments at the direction of and in the time and manner designated by Franchisee. EVI further agrees to forward any request for amendment of PHI made by an individual to Franchisee upon receipt of such request and take no action on such request until directed by Franchisee.

3.8. Accounting of Disclosures. EVI agrees to document disclosures of PHI and information related to such disclosures as would be required for Franchisee to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528 and to provide Franchisee with an accounting of such disclosures in the time and manner designated by Franchisee. EVI further agrees to forward any request for an accounting of disclosures of PHI made by an individual to Franchisee upon receipt of such request. To the extent EVI maintains PHI in an electronic health record, EVI agrees to account for all disclosures of such PHI upon the request of an individual for a period of at least three (3) years prior to such request (but no earlier than the effective date of this Agreement), such accounting may be directly to the individual if requested by Franchisee.

3.9 Access to Books and Records. EVI agrees to make its internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the Department of Health and Human Services for purposes of determining compliance with the requirements of HIPAA.

3.10. Data Use Agreement. It is acknowledged that EVI receives PHI for limited purpose. Notwithstanding anything hereunder to the contrary, in accordance with HIPAA, if EVI is deemed the recipient of "limited data set", this Agreement shall also be a data use agreement as defined by HIPAA that establishes uses and disclosures of the information by EVI as a limited data recipient.

3.11. Cooperation. EVI shall cooperate with Franchisee in any investigation of any Breach or Potential Breach of PHI, and in any Notification to Individuals undertaken by Franchisee.

IV. OBLIGATIONS OF FRANCHISEE

4.1. Notice of Privacy Practices. Franchisee agrees to provide EVI with a copy of Franchisee's "Notice of Privacy Practices," required to be provided to individuals in accordance with 45 CFR 164.520, as well as any subsequent changes to such notice.

4.2. Changes to or Restrictions on Use or Disclosure of PHI. Franchisee will provide EVI with any changes to, or revocation of, permission to use or disclose PHI if such changes affect EVI's permitted or required uses or disclosures. Franchisee will further notify EVI of any restriction to the use or disclosure of PHI agreed to by Franchisee in accordance with the provisions of 45 CFR 164.522, and any restriction requested by an individual which Franchisee is required to comply with in accordance with the provisions of HIPAA.

4.3. Requested Uses or Disclosures of PHI. Franchisee shall not use, nor shall it request EVI use or disclose PHI in any manner inconsistent with state or federal law.

V. TERMINATION OF AGREEMENT

5.1 Termination for Cause. Franchisee may terminate this Agreement upon 30 days advance written notice to EVI in the event that EVI breaches this Agreement in any material respect and such breach is not cured within such 30-day period provided, however, that in the event that termination of this Agreement is not feasible, Franchisee may report the breach to the Secretary. Franchisee may also have such remedies as may be provided under HIPAA, including termination of the Franchise Agreement, if EVI fails to remedy its breach. In the event that Franchisee violates its obligations under this Agreement or under HIPAA, in any material manner, then EVI may terminate this Agreement upon 30 days prior written notice to Franchisee, if such breach is not cured within such 30-day period and in such event, EVI shall also have the right to terminate the Franchise Agreement.

5.2 Return or Destruction of PHI upon Termination. Upon expiration or earlier termination of the Franchise Agreement or this Agreement, EVI shall either return or destroy all PHI received from Franchisee or created or received by EVI on behalf of Franchisee and which EVI still maintains in any form. Notwithstanding the foregoing, to the extent that EVI reasonably determines that it is not feasible to return or destroy such PHI, the terms and provisions of this Agreement shall survive termination and such PHI shall be used or disclosed solely for such

purpose or purposes which prevented the return or destruction of such PHI. EVI shall also, notwithstanding any such termination retain any PHI which it may be required to retain pursuant to applicable law.

VI. MISCELLANEOUS

6.1. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but both of which together shall constitute one and the same instrument. Copies of signatures sent by facsimile transmission or scanned and sent by email are deemed to be originals for purposes of execution and proof of this Agreement.

6.2. Indemnification. Notwithstanding any other provision of this Agreement, the parties agree to indemnify, defend and hold harmless each other and each other's respective employees, directors, officers, subcontractors, agents or other members of its workforce, each of the foregoing hereinafter referred to as "indemnified party," against all actual losses suffered by the indemnified party and all liability to third parties incurred as a result of any breach of this Agreement or of any warranty hereunder or from any negligence or wrongful acts or omissions, including failure to perform its obligations under HIPAA by the indemnifying party or its employees or subcontractors. The indemnifying party shall be obligated to reimburse any indemnified party for any and all actual losses, liabilities, fines, penalties, costs or expenses (including reasonable attorneys' fees and expenses) which may be imposed or incurred upon any indemnified party by reason of any suit, claim, action, proceeding or demand by any third party which results from the indemnifying party's breach hereunder. The indemnity shall include only actual losses and shall not include speculative losses such as loss of profits, nor shall it include punitive or exemplary damages. The provisions of this paragraph shall survive the expiration or termination of this Agreement.

6.3. Assignment. Neither party shall have the right to assign its rights or obligations under this Agreement without the prior written consent of the other party, and any such attempted assignment shall be void, provided EVI shall have the right to assign this Agreement in the event of an assignment of the Franchise Agreement in accordance with the terms therein.

6.4. Amendment. This Agreement shall not be modified or amended except by a written document executed by each of the parties of this Agreement, and such written modification or amendment shall be attached hereto, except that in accordance with this Agreement, amendments to HIPAA will be deemed incorporated herein.

6.5. Waiver of Provisions. Any waiver of any terms and conditions of this Agreement must be in writing and signed by both parties hereto. The waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms and conditions of the Agreement.

6.6. Governing Law. This Agreement, the rights and obligations of the parties hereto, and the entire relationship between the parties relating hereto shall be governed by and construed and enforced in accordance with the laws of the State of New York and with HIPAA and shall, in accordance with the terms of the Franchise Agreement, be brought only in the State and County where the corporate office of EVI is located on the date such action or proceeding is commenced.

6.7. Notice. Whenever this Agreement requires or permits any notice, request, or demand from one party to another, the notice, request, or demand must be in writing to be effective and shall be given in the manner required under the terms of the Franchise Agreement.

6.8. Authorization. The Parties executing this Agreement hereby warrant that they have the authority to execute this Agreement and that their execution of this Agreement does not violate any bylaws, rules, or regulations applicable to them.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to execute this Agreement as of the date first set forth above.

EMERGING VISION, INC

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

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

Site for Sore Eyes®



EXHIBIT "M"

Site for Sore Eyes®



FRANCHISE OPERATIONS MANUAL

Emerging Vision Inc.
100 Quentin Roosevelt Boulevard, Suite 101
Garden City, New York 11530

Version 1.0

Emerging Vision Inc.
FRANCHISE OPERATIONS MANUAL
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Exhibit "N"

List of Franchised and Company Centers



Site for Sore Eyes®



100 Quentin Roosevelt Blvd. Suite 101, Garden City, NY 11530 | Ph: 646-737-1500 | Fax: 646-737-1580

1301 N Green Valley Parkway, Suite 150, Henderson, NV 89074 | Ph: 725-223-8600

All Store List by State

State	Store #	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
CA	577	Franchise	Ms. Lynn Tillman	Site for Sore Eyes	12124 New Airport Road	Auburn	95603-	(530) 889-9985	(530) 889-9987
	503	Franchise	Mr. Tino Nantes & Mr. Ernesto Juarez	Site for Sore Eyes	2213 Shattuck Avenue	Berkeley	94704-1307	(510) 841-6963	(510) 548-1822
	596	Franchise	Mr. Anthony Rivas	Site for Sore Eyes	4441 Balfour Rd., Suite B	Brentwood	94513-	(925) 308-5756	(925) 794-0628
	535	Franchise	Mr. Ford Takaichi	Site for Sore Eyes	3555 Clares Street	Capitola	95010-2555	(831) 477-4900	(831) 477-4909
	530	Franchise	Mr. Mohammed & Mrs. Gita Khodamardi	Site for Sore Eyes	901 Sunvalley Blvd., #110	Concord	94520-5817	(925) 676-5638	(925) 798-9188
	602	Company		Optica South Coast Plaza	3333 Bristol St., Space 1613	Costa Mesa	92626	(714) 662-1222	(714) 662-1326
	514	Franchise	Ms. Teresa To	Site for Sore Eyes	10079 Saich Way	Cupertino	95014-	(408) 255-8100	(408) 255-5831
	506	Franchise	Mr. Nick Saab & Noha Hakim	Site for Sore Eyes	44 Serramonte Center	Daly City	94015-2345	(650) 992-8404	(650) 992-6782
	583	Franchise	Mr. Andy Nguyen	Site for Sore Eyes	4540 Dublin Blvd.	Dublin	94568-	(925) 833-3937	(925) 833-3985
	510	Franchise	Mr. Steven Sousa	Site for Sore Eyes	1209 Broadway	Eureka	95501-3810	(707) 442-2922	(707) 442-7206
	517	Franchise	Mr. Effat Danial	Site for Sore Eyes	Solano Mall 1350 Travis Blvd., #1507A	Fairfield	94533-4646	(707) 421-2020	(707) 425-4266
	590	Franchise	Ms. Ashley Weston	Site for Sore Eyes	404 Blue Ravine Road	Folsom	95630-	(916) 983-9985	(916) 983-9950
	532	Franchise	Mr. Nick Saab & Noha Hakim	Site for Sore Eyes	101 Fremont Hub Courtyard	Fremont	94538-1325	(510) 791-8228	(510) 791-0446
	603	Company		Optica Glendale Galleria	2201 Glendale Galleria, Sp. A-1	Glendale	91210	(818) 547-0900	(818) 547-1513
	594	Franchise	Mr. Andy Nguyen	Site for Sore Eyes	Arroyo Park Shopping Center 4423 First St.	Livermore	94551-	(925) 292-0025	(925) 292-1570
	565	Franchise	Ms. Ashraf Hosseini	Site for Sore Eyes	53 North Santa Cruz Avenue	Los Gatos	95030-	(408) 399-8003	(408) 399-8004
	585	Franchise	Ms. MaryAnn White & Mr. Jeffrey K. White	Site for Sore Eyes	1049 Cochrane Road, #130	Morgan Hill	95037-	(408) 778-4633	(408) 778-1048
	563	Franchise	Ms. Teresa To	Site for Sore Eyes	650 Castro Street	Mountain View	94041-	(650) 965-3937	(650) 965-1221

	513	Franchise	Mr. Nick Saab & Noha Hakim	Site for Sore Eyes	1715-B Trancas Street	Napa	94558-	(707) 224-7483	(707) 224-3908
	562	Franchise	Mr. Chris Kim	Site for Sore Eyes	208 Vintage Way, Ste. K21	Novato	94945-	(415) 897-3377	(415) 897-5722
	505	Franchise	Dr. Brittany Nguyen	Site for Sore Eyes	815 Broadway	Oakland	94607-4015	(510) 465-5876	(510) 238-5164
	529	Franchise	Mr. Donovan Knight	Site for Sore Eyes	4171 Piedmont Avenue	Oakland	94611-5175	(510) 655-5622	(510) 420-1460
	525	Franchise	Ms. Ashraf Hosseini & Mr. Mohsen Hosseini	Site for Sore Eyes	460 University Avenue	Palo Alto	94301-	(650) 327-2020	(650) 327-2039
	582	Franchise	Mr. Rudy Carver & Mrs. Anita Carver	Site for Sore Eyes	555 E. Cypress Avenue	Redding	96002-	(530) 722-9992	(530) 722-9997
	566	Franchise	Mr. Mustafa Zahid	Site for Sore Eyes	1005 Camino Real	Redwood City	94063-	(650) 474-2020	(650) 474-3600
	572	Franchise	Mr. Oliver Saunders	Site for Sore Eyes	1095 Roseville Square	Roseville	95678-	(916) 782-9985	(916) 782-9987
	567	Franchise	Ms. Lynn Tillman	Site for Sore Eyes	2563 Fair Oaks Blvd	Sacramento	95825-	(916) 480-9985	(916) 480-9987
	592	Franchise	Ms. Ilian Garcia	Site for Sore Eyes	1241 South Main Street	Salinas	93901-	(831) 424-1242	(831) 417-4005
	593	Franchise	Ms Lynn Tillman	Site for Sore Eyes	1010-B Florin Road	Sacramento	95831-3598	(916) 393-2020	(888) 262-8844
	601	Company		Optica Fashion Valley	Fashion Valley Mall 7007 Friars Road, Suite 658	San Diego	92108	(619) 295-0537	(619) 295-0615
	509	Franchise	Mr. Nick Saab	Site for Sore Eyes	300 West Portal Avenue	San Francisco	94127-1412	(415) 753-8511	(415) 753-5517
	519	Franchise	Ms. Rowena Montero & Mr. Angel Acuna	Site for Sore Eyes	176 Sutter Street	San Francisco	94104-1004	(415) 495-2020	(415) 495-6095
	586	Franchise	Mrs. Anita Silva	Site for Sore Eyes	1833 Fillmore Street	San Francisco	94115-	(415) 922-0660	(415) 922-1090
	521	Franchise	Mr. Michael Franklin & Mrs. Susan Franklin	Site for Sore Eyes	5450 Thornwood Drive	San Jose	95123-1222	(408) 281-8220	(408) 281-2867
	523	Franchise	Mr. Michael Franklin & Mrs. Susan Franklin	Site for Sore Eyes	3145 Stevens Creek Blvd.	Santa Clara	95117-1141	(408) 985-2999	(408) 985-5884
	580	Franchise	Ms. Teresa To	Site for Sore Eyes	1111 Story Road	San Jose	95122-	(408) 288-5037	(408) 288-9265
	522	Franchise	Mr. Donovan Knight	Site for Sore Eyes	15100 Hesperian Blvd.	San Leandro	94578-3600	(510) 276-6000	(510) 317-0306
	587	Franchise	Mr. Alex Bezverkh	Site for Sore Eyes	115 E 3rd Avenue	San Mateo	94401-	(650) 347-1500	(650) 347-1023
	589	Franchise	Mr. Sobhy Sergious	Site for Sore Eyes	11000 Bolinger Canyon Rd, Ste. C	San Ramon	94582-	(925) 964-1010	(925) 964-1011
	591	Franchise	Mr. Felix K. Karanja	Site for Sore Eyes	2320 Midway Drive	Santa Rosa	95405-	(707) 526-2020	(707) 526-2032
	597	Franchise	Mr. Sobhy Sergious & Ms. Nancy Said	Site for Sore Eyes	Coral Hollow Shopping Center 1839 W. 11th Street	Tracy	95376	(209) 803-3030	(209) 803-3031
	574	Franchise	Mr. Kelly McAllister	Site for Sore Eyes	2080 Harbison Drive	Vacaville	95687-	(707) 449-9931	(707) 449-9330
	502	Franchise	Ms. Tanya Kaplan & Ms. Olga Shapiro	Site for Sore Eyes	1599 Botelho Drive	Walnut Creek	94596-5102	(925) 945-8300	(925) 945-8757

	598	Franchise	Ms. Ashley Weston	Site for Sore Eyes	4364 Town Center Blvd. Suite 118	El Dorado Hills	95762	(916) 618-4364	
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
DE	651	Franchise	Mr. Mike Donohoe	Sterling Optical	19287 Miller Road, Unit 12	Rehoboth Beach	19971-9801	(302) 226-8800	(302) 226-8840
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
FL	457	Company		The Eye Gallery	4143 Legendary Drive, Ste. F120	Destin	32541-5393	(850) 650-4370	(850) 650-0193
	458	Company		The Eye Gallery	700 Pier Park Drive, Ste. 110	Panama City Beach	32413-2160	(850) 230-8350	(850) 230-8340
	459	Company		Artful Eye	45 Central Square, Ste. CC1	Santa Rosa Beach	32459	(888) 264-4989	(850) 534-3022
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
HI	460	Company		The Eye Gallery	Ala Moana Center The Eye Gallery - Space 3202 1450 Ala Moana Blvd.	Honolulu	96814	(808) 468-0100	(808) 468-0200
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
MD	68	Franchise	Mr. Tom Farrell & Mrs. Debra Farrell	Sterling Optical	1311 West Patrick Street	Frederick	21702-	(301) 663-5500	(301) 695-6226
	164	Franchise	Dr. Matthew Pesta	Sterling Optical	Burton Plaza 1221B National Highway	La Vale	21502-7602	(301) 729-4240	(301) 729-8636
	17	Franchise	Ms. Lolita Penn	Sterling Optical	The Shops at Iverson 3889 Branch Ave.	Temple Hills	20748-1415	(301) 899-1454	(301) 702-2854
	279	Franchise	Ms. Lisa Hejna	Sterling Optical	1272 Smallwood Drive West	Waldorf	20603-4732	(301) 932-4390	(301) 932-8660
	265	Franchise	Dr. Greg Olson & Mr. Greg Spatafore	Sterling Optical	Town Mall of Westminster 400 North Center Street	Westminster	21157-5140	(410) 857-4200	(410) 848-9295

State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
ND	843	Franchise	Dr. Darrel Crissler	Sterling Optical	Cross Roads Centre 3402 13th Ave South	Fargo	58103-3404	(701) 234-0939	(701) 234-9442
	846	Franchise	Dr. Darrel Crissler	Sterling Optical	Southpointe Mall 3120-X 25th Street South	Fargo	58103-6110	(701) 234-9768	(701) 293-1510
	847	Franchise	Dr. Darrel Crissler	Sterling Optical	Oak Ridge Mall 635 32nd Avenue East, Suite 136	West Fargo	58078	(701) 850-8710	(701) 850-8960
	418	Franchise	Dr. Arthur Erickson	Sterling Optical	3220 S. Broadway, Suite C	Minot	58701	(701) 852-5200	(701) 837-0475
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
NJ	663	Franchise	Dr. Robert Spivack	Sterling Optical	1500 N. Almonesson Road	Deptford	08096-5259	(856) 227-4555	(856) 232-7577
	341	Franchise	Mr. Felix Kroytor & Mrs. Albina Kroytor	Sterling Optical	Menlo Park Mall 55 Parsonage Rd, Unit 368	Edison	08837-4400	(732) 906-8081	(732) 906-7995
	173	Franchise	Mr. Gary Geller & Mr. Dmitry Fishkop	Sterling Optical	Rockaway Townsquare Mall 301 Mt. Hope Ave, Suite #2043	Rockaway	07866-	(973) 366-3402	(973) 366-5072
	661	Franchise	Dr. Robert Spivack	Sterling Optical	3501 Route 42, Unit 360	Turnersville	08012-1752	(856) 875-8989	(856) 875-6978
	362	Franchise	Mrs. Elvia Campofiori & Mr. Jay Campofiori	Sterling Optical	6000 Bergenline Avenue	West New York	07093-1448	(201) 854-7007	(201) 854-9088
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
NV	606	Company		Optica Fashion Show	Fashion Show Mall 3200 Las Vegas Blvd S, Suite 1670	Las Vegas	89109	(702) 733-7624	(702) 733-0338
	612	Company		Scene Mandalay	Mandalay Bay Resort (Lobby) 3950 Las Vegas Blvd S	Las Vegas	89119	(702) 597-0018	(702) 597-0096
	614	Company		Optica Bellagio	The Bellagio 3600 Las Vegas Blvd S	Las Vegas	89109	(702) 262-5748	(702) 262-5831
	616	Company		Optica Venetian Pallazo	Shoppes at the Palazzo, 3377 Las Vegas Blvd S, Ste 2430 Las Vegas, NV 89109	Las Vegas	89109	(702) 733-2121	(702) 733-2122

State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
NY	30	Franchise	Dr. Michael Honeyman	Sterling Optical	7088 Transit Road	Amherst	14221-	(716) 632-5497	(716) 632-1182
	21	Franchise	Mr. Leonid Vayner, Mr. Arthur Vayner, Mr. Dmitry Vayner	Sterling Optical	South Shore Mall 1701 Sunrise Highway	Bay Shore	11706-6091	(631) 666-4960	(631) 666-0554
	54	Franchise	Mr. Sergei Voitsekhovich	Sterling Optical	2130 White Plains Road	Bronx	10462-	(718) 931-0500	(718) 430-9793
	10	Franchise	Mr. Leonid Vayner, Mr. Arthur Vayner, Mr. Dmitry Vayner	Sterling Optical	5160 Kings Plaza	Brooklyn	11234-5214	(718) 253-0700	(718) 951-6814
	25	Franchise	Dr. Michael Honeyman & Mr. Evan Boryszak	Sterling Optical	392 Pearl Street Ste 200	Buffalo	14202-3702	(716) 854-2980	(716) 854-0954
	131	Company		Sterling Optical	104 Kasson Road	Camillus	13031-2248	(315) 487-0327	(315) 487-4425
	169	Franchise	Ms. Winnie Flood	Sterling Optical	22 Clifton Country Road, Suite 175	Clifton Park	12065-3901	(518) 371-1881	(518) 371-1906
	135	Company		Sterling Optical	6081 Route 96 South, Suite 8	Farmington	14425-	(585) 924-2550	(585) 924-4399
	420	Franchise	Ms. Christina Lyon & Mr. Doug Lyon	Sterling Optical	421 North Central Avenue	Hartsdale	NY	10530	9148318888
	58	Franchise	Mr. Leonid Vayner, Mr. Arthur Vayner, Mr. Dmitry Vayner	Sterling Optical	881 Broadway Mall Route 107 & N. Broadway	Hicksville	11801-	(516) 938-6006	(516) 938-6018
	11	Franchise	Mr. Arsen Khamirov	Sterling Optical	259 Walt Whitman Road	Huntington Station	11746-4119	(631) 427-7300	(631) 427-0356
	318	Franchise	Mrs. Anita Debidat & Mr. Raj Debidat	Sterling Optical	1744 Veterans Memorial Hwy.	Islandia	11749-1542	(631) 348-4545	(631) 348-7324
	415	Franchise	Mr. Boris Mulokandov	Sterling Optical	165-24 Baisley Blvd.	Jamaica	11434-	(718) 276-0055	(718) 276-5059
	250	Franchise	Mr. Arsen Khamirov	Sterling Optical	601 Sunrise Highway	Lynbrook	11563-3246	(516) 599-8181	(516) 690-8066
	22	Franchise	Mr. Nikolaos Siskos	Sterling Optical	27 Rockland Center	Nanuet	10954-2910	(845) 623-8074	(845) 623-4028
	190	Franchise	Mr. Steve Palahnuk	Sterling Optical	580 Amsterdam Avenue	New York	10024-	(212) 865-5551	(212) 932-3980
	149	Franchise	Dr. Andrew Freilich & Ms. Heather Freilich	Sterling Optical	1221 Route 300	Newburgh	12550-2990	(845) 564-3522	(845) 564-3554
	43	Franchise	Mrs. Anita Debidat & Mr. Raj Debidat	Sterling Optical	56-25 Myrtle Avenue	Ridgewood	11385-4740	(718) 497-5470	(718) 386-0532
	137	Franchise	Mr. Alan Rifkin	Sterling Optical	160 Greece Ridge Center Drive	Rochester	14626-2815	(585) 227-6771	(585) 227-5505
	310	Company		Sterling Optical	3333 W. Henrietta Road	Rochester	14623-3543	(585) 424-5970	(585) 424-5973
	24	Franchise	Mrs. Renata Nannetti	Sterling Optical	2656 Hylan Boulevard	Staten Island	10306-4336	(718) 987-7200	(718) 987-5200
	41	Franchise	Mr. Leonid Vayner, Mr. Arthur Vayner, Mr. Dmitry Vayner	Sterling Optical	Staten Island Mall 2655 Richmond Ave.	Staten Island	10314-	(718) 698-6020	(718) 698-4486
	302	Franchise	Dr. Michael Honeyman	Sterling Optical	1202 Niagara Falls Blvd.	Tonawanda	14150-	(716) 833-7766	(716) 833-4520
	348	Franchise	Mrs. Anita Debidat & Mr. Raj Debidat	Sterling Optical	1152 Green Acres Mall	Valley Stream	11581-1538	(516) 568-2020	(516) 568-2076

	3	Franchise	Mr. Edward Gershovich & Mrs. Mariana Gershovich	Sterling Optical	412 Hempstead Turnpike	West Hempstead	11552-	(516) 481-2288	(516) 481-0127
	414	Franchise	Dr. Michael Honeyman, Dr. Ethan Boryszak, Mr. Evan Boryszak	Sterling Optical	1900 Ridge Road, Suite 101	West Seneca	14224-	(716) 677-9800	(716) 712-0986
	4	Franchise	Dr. Andrew Freilich & Ms. Heather Freilich	Sterling Optical	Cross County Shopping Center 5570 Xavier Drive	Yonkers	10704-1322	(914) 968-6600	(914) 968-6651
	157	Franchise	Dr. Andrew Freilich & Ms. Heather Freilich	Sterling Optical	Jefferson Valley Mall 650 Lee Blvd.	Yorktown Heights	10598-1100	(914) 245-8111	(914) 245-1826
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
PA	669	Franchise	Dr. Richard Guerin	Sterling Optical	3525 Capital City Mall	Camp Hill	17011-7003	(717) 975-2300	(717) 730-9420
	659	Franchise	Mr. William A. Schmidle	Sterling Optical Exton	123 W. Lincoln Highway	Exton	19341-2618	(610) 524-8886	(610) 524-7333
	69	Franchise	Mr. John Shaw	Sterling Optical	205A Montgomery Mall	North Wales	19454-	(215) 362-2422	(215) 362-8696
	755	Franchise	Mr. Vance Brewington	Sterling Optical	373 West Lancaster Avenue	Wayne	19087-3926	(610) 687-5331	(610) 687-1485
	421	Franchise	Mr. John Shaw	New Path Medical	1100 Heritage Drive	Pottstown	19464	(610) 326-2754	
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
TX	605	Company		Optica Houston	The Houston Galleria 5085 Westheimer Rd, Suite 2805	Houston	77056	(713) 621-4225	(713) 621-6981
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
VA	181	Franchise	Ms. Betsy Smith Thurman	Sterling Optical	3321 Riverside Drive	Danville	24540-	(434) 791-4381	(434) 793-4126
	170	Franchise	Dr. Michael Kwok	Sterling Optical	8025 Tysons Corner Center	McLean	22102-	(703) 734-0977	(703) 893-7134
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
VI	680	Franchise	Mr. Joel Mahepath & Dr. Lisa E. Adams-Mahepath	Sterling Optical	3000 Golden Rock Shopping Center, Suite 14	Christiansted, St. Croix	00820-	(340) 718-8880	(340) 718-8433
	687	Franchise	Mr. Joel Mahepath & Dr. Lisa E. Adams-Mahepath	Sterling Optical	9000 Lockhart Gardens	St. Thomas	00802-2685	(340) 774-8500	(340) 774-3704
State	Store#	Type	Franchisee(s)	DBA	Address	City	Zip	Phone	Fax
WI	258	Franchise	Dr. Paul DeLakis	Sterling Optical	4054 Commonwealth Avenue	Eau Claire	54701-8914	(715) 833-1220	(715) 833-1297
	879	Franchise	Mrs. Debra Galle	Kindy/Sterling Optical	N82W15340 Appleton Avenue	Menomonee Falls	53051-3868	(262) 255-5754	(262) 255-5429

	886	Franchise	Dr. Ashley Ozanne	Sterling Optical	2212 Division Street	Stevens Point	54481-	(715) 341-0198	(715) 343-8009
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EXHIBIT "O"
FORMER FRANCHISEES

The following is a list of the name and last known address and telephone number of every Franchisee who has had a Franchise terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under its Franchise Agreement during the most recently completed fiscal year or who had not communicated with EVI within 10 weeks of the application date.

DATE	LOCATION	STORE NO.	FRANCHISEE NAME	LAST KNOWN ADDRESS AND TELEPHONE NUMBER
06/30/22	2210 Sunrise Mall Massapequa, New York 11758	42	Yelena Rakhima	3274 Gary Lane Merrick, NY 11566 (718) 344-1929
10/14/22	3333 West Henrietta Road	310	Anthony & Jolene Summa	102 Constance Way E. Rochester, NY 14612 (585) 831-0488
10/28/22	2650 32 nd Avenue South Suite F3 Grand Forks, ND 58201	839	Justin and Rachel Heinz	3415 20 th Avenue S. # 303 Grand Forks, NJ 58201 (218) 201-9548

EXHIBIT "P"
AGENTS FOR SERVICE OF PROCESS

California: Commissioner of Business Oversight
320 West 4th Street - Suite 750
Los Angeles, CA 90013

CSC – Lawyers Incorporating Service
2710 Gateway Oaks Drive – Suite 150N
Sacramento, CA 95833

Delaware: Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

District of Columbia: Corporation Service Company
1090 Vermont Avenue N.W.
Washington, D.C. 20005

Florida: Corporation Service Company
1201 Hays Street
Tallahassee, FL 32301

Georgia: Corporation Service Company
2 Sun Court - Suite 400
Peachtree Corners, GA 30092

Hawaii: Corporation Service Company
1003 Bishop Street - Suite 1600 Pauahi Tower
Honolulu, HI 96813

Illinois: Chief, Franchise Division
Attorney General's Office
500 South Second Street
Springfield, IL 62706

Illinois Corporation Service Company
801 Adlai Stevenson Drive
Springfield, IL 62703

Maryland: Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

CSC – Lawyers Incorporating Service Company
2900 West Road - Suite 500
Baltimore, MD 21202

Nevada: Corporation Service Company
112 North Curry Street
Carson City, NV 89703

New Jersey: Corporation Service Company
Princeton South Corporate Ctr - Suite 160
100 Charles Ewing Blvd.
Ewing, NJ 08628

New York: Secretary of State
State of New York
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231

Corporation Service Company
80 State Street
Albany, NY 12207

North Dakota: North Dakota Securities Department
Franchise Division
600 East Boulevard, 5th Floor
Bismarck, ND 58505-0510

Corporation Service Company
600 South 2nd Street - Suite 155
Bismarck, ND 58504

Pennsylvania: Corporation Service Company
2595 Interstate Drive – Suite 103
Harrisburg, PA 17110

Texas: CSC Lawyers Incorporating Service Company
211 East 7th Street – Suite 620
Austin, TX 78701-3218

Virginia: Clerk of the State Corporation Commission
1300 East Main Street – 9th Floor
Richmond, VA 23219

Corporation Service Company
100 Shockoe Slip
2nd Floor
Richmond, VA 23219

Wisconsin: Division of Securities
201 W Washington Avenue, Suite 300
Madison, WI 53703

Corporation Service Company
8040 Excelsior Drive – Suite 400
Madison, WI 53717

EXHIBIT "Q"

EMERGING VISION, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS

EMERGING VISION, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

April 30, 2023

THESE CONSOLIDATED FINANCIAL STATEMENTS WERE INTERNALLY PREPARED. THEY WERE PREPARED WITHOUT AN AUDIT OR REVIEW. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED OR REVIEWED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Emerging Vision Inc.
Consolidated Balance Sheet
As of April 30, 2023

	4/30/2023	12/31/2022
ASSETS		
Cash and cash equivalents	\$ 3,847,952	\$ 3,305,050
Franchise receivables	1,411,867	1,603,467
Allowance on franchise receivables	(35,805)	(35,805)
Other receivables	200,136	270,851
Allowance on other receivables	-	-
Current portion of notes receivable from franchisees	375,991	370,005
Allowance on notes receivables	(15,000)	(15,000)
Inventories	4,562,886	4,632,584
Prepaid expenses and other current assets	1,884,638	1,751,834
Deferred tax asset - short-term	-	-
Total current assets	12,232,665	11,882,986
Property and equipment, net	1,310,163	1,534,672
Franchise notes and other receivable receivables	705,885	718,747
Goodwill, net	287,239	342,576
Deferred tax asset - long-term	626,000	240,000
Intangible assets, net	1,123,521	1,128,188
Right of Use Asset	6,635,042	7,396,872
Other assets, net	849,141	514,970
Total Assets	\$ 23,769,656	\$ 23,759,011
LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,368,841	\$ 2,487,144
Short-term debt (OG Acquisition)	-	-
Total current liabilities	2,368,841	2,487,144
Long-term debt	-	-
Other long-term liabilities	7,554,725	8,335,829
Total liabilities	9,923,566	10,822,973
Common stock	1,274,334	1,274,334
Additional paid-in capital	127,241,713	127,241,701
Owner's draw	(9,804,066)	(4,474,310)
Accumulated comprehensive income (loss)	(906,968)	(918,194)
Accumulated deficit	(103,958,923)	(110,187,493)
Total shareholders' equity	13,846,090	12,936,038
Total Liabilities and Shareholders' Equity	\$ 23,769,656	\$ 23,759,011
	-	-

Emerging Vision, Inc.		
Consolidated Statements of Income		
For the period ended April 30, 2023 vs April 30, 2022		
	4/30/2023	4/30/2022
Revenues		
Optica revenues	\$ 2,935,259	\$ 3,368,651
Franchise royalties	1,905,269	1,869,308
The Eye Gallery revenues	1,063,663	1,931,508
Company-store revenues	401,156	218,076
Franchise fees	39,767	43,669
Total Revenues	6,345,114	7,431,212
Cost and expenses		
Cost of product sold	1,559,729	2,039,475
SGA expenses	3,927,062	4,462,335
Total Cost and Expenses	5,486,791	6,501,810
Operating Income	858,323	929,402
Other Income (Expense)		
Gain on the sale of Atlanta	-	1,337,442
Gain (loss) on sale of asset	(32,710)	-
Interest income on franchise notes	15,898	12,792
Other income (expense)	16,847	(1,155)
Depreciation and amortization	(235,863)	(327,709)
Total other expenses	(235,828)	1,021,370
Income before Provision for Income Taxes	622,495	1,950,772
Provision for income taxes	2,130	(894)
Net Income	\$ 620,365	\$ 1,951,666
EBITDA	\$ 858,358	\$ 2,278,481

EMERGING VISION, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
(AUDITED)

December 31, 2022

**EMERGING VISION, INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements
December 31, 2022**



JANOVER

Certified Public Accountants • Advisors

EMERGING VISION, INC. AND SUBSIDIARIES

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Independent Auditors' Report

To the Board of Directors and Stockholders of
Emerging Vision, Inc. and Subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of Emerging Vision, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statement of comprehensive income, changes in stockholders' equity (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statement.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emerging Vision, Inc. and Subsidiaries as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, on January 1, 2022, the Company adopted a new accounting pronouncement, Accounting Standards Codification ("ASC") Topic 842, Leases, which supersedes accounting standards that currently exist under generally accepted accounting principles. Under ASC Topic 842, for leases with a lease term over one year, the Company recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Company has elected the package of practical expedients permitted in ASC Topic 842. Our opinion is not modified with respect to the matter.

Responsibilities of Management for the Consolidated Financial Statement

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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LONG ISLAND • 100 Quentin Roosevelt Blvd., Suite 516, Garden City, New York 11530 • Tel: 516.542.6300

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Independent Auditors' Report

Page Two

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.



Garden City, New York
June 23, 2023

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2022

Assets

Current assets:

Cash	\$	1,770,750
Investments in debt securities, short-term		1,507,039
Franchise and other receivables, net		2,238,511
Employee Retention Tax Credit receivable		1,186,356
Franchise notes receivable, current portion, net		355,005
Inventories, net		4,632,585
Prepaid expenses and other current assets		1,334,834
Total current assets		<u>13,025,080</u>

Property and equipment, net		<u>1,534,673</u>
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Other assets:

Franchise notes receivable, net of current portion		718,747
Deferred tax assets		626,000
Right-of-use assets, net		7,268,394
Goodwill, net		342,576
Intangible assets, net		1,128,188
Other assets		514,965
		<u>10,598,870</u>

	\$	<u><u>25,158,623</u></u>
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The accompanying notes are an integral part of the consolidated financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Balance Sheet *(continued)*

December 31, 2022

Liabilities and Stockholders' Equity (Deficit)

Current liabilities:

Accounts payable and accrued liabilities	\$ 2,645,334
Lease liabilities, current portion	2,229,694
	<u>4,875,028</u>

Other liabilities:

Deferred franchise fees	482,667
Franchise deposits and other liabilities	105,660
Lease liabilities, less current portion	5,389,333
	<u>5,977,660</u>

Stockholders' equity (deficit):

Common stock, \$0.01 par value; 149,000,000 shares authorized, 127,719,835 shares issued and outstanding	1,274,335
Additional paid-in capital	127,241,713
Accumulated comprehensive loss on discontinued operations: TOG and OG	(952,901)
Non-controlling interest	(2,679,395)
Accumulated deficit	(110,785,260)
Equity from discontinued operations - TOG and OG, which includes \$1.00 par value; 169 shares authorized; 169 shares issued and outstanding	207,443
Total stockholders' equity	<u>14,305,935</u>
	<u>\$ 25,158,623</u>

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the Year Ended December 31, 2022

Revenue:	
Franchise royalties	\$ 5,505,523
Company stores	15,426,687
Franchise licensing revenue	131,841
	<u>21,064,051</u>
Cost of sales:	
Company stores	<u>5,895,414</u>
Gross profit	15,168,637
Selling, general and administrative	<u>12,480,695</u>
Operating income	<u>2,687,942</u>
Other income (expenses):	
Interest income on franchise notes	33,822
Depreciation and amortization expense	(900,711)
Other income - Employee Retention Tax Credit	1,186,356
Other income	(332)
Loss on disposal of fixed assets	(25,094)
	<u>294,041</u>
Income from operations before provision for (benefit from) income taxes and other taxes	2,981,983
Provision for income taxes - current	490,140
Benefit from income taxes - deferred	(386,000)
	<u>104,140</u>
Income from operations including loss on non-controlling interest	2,877,843
Less: Loss on non-controlling interest	<u>(92,174)</u>
Income from operations - controlling interest	2,970,017
Gain on sale of discontinued operations: sale of stores - TEG	1,690,070
Income from assets held for sale - discontinued operations: sale of stores - TEG	52,302
	<u>1,742,372</u>
Net income before other comprehensive loss	4,712,389
Other comprehensive loss	
Foreign currency translation loss - discontinued operations - TOG and OG	<u>(89,657)</u>
Comprehensive income	<u>\$ 4,622,732</u>

The accompanying notes are an integral part of the consolidated financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Deficit)

For the Year Ended December 31, 2022

	Common Stock		Additional Paid-In Capital	Accumulated Comprehensive Loss on Discontinued Operations***	Stockholders' Equity on Discontinued Operations***	Accumulated Stockholders' Deficit		Total
	Shares	Amount				Controlling Interest	Non-controlling Interest	
Balance - January 1, 2022, as reclassified	127,719,835	\$ 1,274,335	\$ 127,241,713	\$ (863,244)	\$ 207,443	\$ (111,368,969)	\$ (2,587,221)	\$ 13,904,057
Foreign currency translation loss - discontinued operations - TOG and OG	-	-	-	(89,657)	-	-	-	(89,657)
Gain on sale of discontinued operations: sale of stores - TEG	-	-	-	-	-	1,690,070	-	1,690,070
Income from assets held for sale - discontinued operations: sale of stores - TEG	-	-	-	-	-	52,302	-	52,302
Net income (loss) including non-controlling interest	-	-	-	-	-	2,970,017	(92,174)	2,877,843
Dividends paid	-	-	-	-	-	(4,128,680)	-	(4,128,680)
Balance - December 31, 2022	127,719,835	\$ 1,274,335	\$ 127,241,713	\$ (952,901)	\$ 207,443	\$ (110,785,260)	\$ (2,679,395)	\$ 14,305,935

***TOG and OG

The accompanying notes are an integral part of the consolidated financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

Cash flows from operating activities:

Net income from operations before other comprehensive income including non-controlling interest	\$ 2,877,843
Income from discontinued operations	1,742,372
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Loss on disposal of fixed assets	25,094
Gain on sale of discontinued operations	(1,690,070)
Other income - Employee Retention Tax Credit	(1,186,356)
Depreciation and amortization	900,711
Reserve for franchise and other receivables	(14,195)
Reserve for inventory	21,151
Non-cash operating lease expense	2,321,495
Benefit from deferred tax asset	(386,000)
Changes in operating assets and liabilities:	
Franchise and other receivables	(214,352)
Franchise notes receivable	6,167
Inventories	(1,107,689)
Prepaid expenses and other current assets	(820,563)
Escrow receivable	847,137
Other assets	(208,197)
Accounts payable and accrued liabilities	(60,726)
Lease liabilities	(2,325,691)
Deferred franchise fees	(61,840)
Franchise deposits and other liabilities	(36,153)
Net cash provided by operating activities	<u>630,138</u>

Cash flows from investing activities:

Investments in debt securities, short-term	(1,507,039)
Purchases of fixed assets	(420,161)
Proceeds on sale of TEG, net of closing costs of \$120,000	3,785,684
Net cash provided by investing activities	<u>1,858,484</u>

Cash flows used in financing activities:

Dividends paid	(4,128,680)
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Net decrease in cash and cash equivalents before effect of foreign currency translation loss	(1,640,058)
Foreign currency translation loss - discontinued operations - TOG and OG	<u>(89,657)</u>

Net decrease in cash (1,729,715)

Cash - beginning of year 3,500,465

Cash - end of year \$ 1,770,750

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ -</u>
Cash paid during the year for income taxes, net of refund	<u>\$ 490,140</u>

Supplemental disclosure of non-cash activities:

Initial value of right-of-use asset	<u>\$ 9,589,890</u>
Initial value of lease liability	<u>\$ 9,944,719</u>
Transfer of straight line rent liability to lease liability	<u>\$ 354,829</u>

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

1. Business Organization

Emerging Vision, Inc. and Subsidiaries (collectively, the “Company” or “EVI”) operates one of the largest chains of retail optical stores and one of the largest franchise optical chains in the United States (“U.S.”), based upon management’s beliefs for domestic sales and the number of locations of Company-owned and franchised stores (collectively “Sterling Stores”).

EMVI Holdings LLC (“Holdings”) and EMVI Acquisition Corp. (“Acquisition”) were formed on March 17, 2011 to facilitate the acquisition of EVI. Holdings was formed by stockholders of EVI who owned in excess of 90% of the outstanding stock. Acquisition was a corporation wholly owned by Holdings. The members of Holdings contributed their shares of EVI to Acquisition in return for a pro-rata interest in Holdings. Holdings then proceeded to take EVI “private” through a short-form merger. As a result of the short-form merger, Acquisition was merged into EVI so that the remaining structure is Emerging Vision, being a wholly owned subsidiary of Holdings.

As of December 31, 2022, there were 109 Sterling Stores in operation, consisting of 17 Company-owned stores and 92 franchised stores.

2. Summary of Significant Accounting Policies

Principles of consolidation – The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These consolidated financial statements include the operations and accounts of the following entities:

Emerging Vision, Inc.
The Optical Group (“TOG”)
Sterling California Advertising
OG Acquisition, Inc. (“OG”)
Insight Managed Care
TEG, Inc. d/b/a The Eye Gallery (“TEG”)
Audio Optics, Inc.
Optica, Inc. (“Optica”)
IGALMED, PC (“VIE”)

All intercompany balances and transactions have been eliminated in consolidation.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Allowance for doubtful accounts – Bad debts are provided for under the allowance method based upon analyses of open accounts and their expected collectability. Management provides an allowance for doubtful accounts based on the Company's historical losses, specific customer circumstances, and general economic conditions. A considerable amount of judgement is required in assessing the likelihood of realization of receivables. Accounts receivable are written off and charged against the allowance for doubtful accounts when the Company has exhausted all collection efforts without success. As of December 31, 2022, the total reserve amounted to \$50,805.

Inventories, net – Inventories, net, are stated at the lower of cost or market (net realizable value), using the first-in, first-out ("FIFO") method, and consist primarily of contact lenses, ophthalmic lenses, eyeglass frames and sunglasses. The Company includes the costs of bringing the goods to their existing condition or location, such as delivery charges and other costs, to have the inventory ready for sale, in inventory. As of December 31, 2022, inventory is shown net of reserve for obsolescence of \$101,151.

Property and equipment, net – Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective classes of assets. Repairs and maintenance are charged to operations as incurred and major improvements are capitalized. Leasehold improvements are amortized over the lesser of the lengths of the respective lease or their estimated useful lives. Amortization expense is recorded on a straight-line basis over the remaining term of the associated lease. Upon retirement or disposal of any item of property and equipment, the cost is removed from the property and equipment account and the accumulated depreciation applicable to such item is removed from accumulated depreciation, with any gain or loss reflected in operations.

Software – Software costs include charges for consulting services and costs for personnel associated with programming, coding and testing such software. Certain software development costs are capitalized. Amortization of capitalized software costs begins when the software is placed into service and is recorded on a straight-line basis over the estimated useful life.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Goodwill and intangible assets, net – The Company adopted the accounting alternative for goodwill available to private companies under *FASB ASC 350-20*. Accordingly, the Company began amortizing goodwill prospectively as of January 1, 2015, on a straight-line basis over 10 years. Goodwill represents the excess of the purchase price over the net amount of the identifiable assets acquired and liabilities assumed in a business combination measured at fair value. The Company evaluates goodwill for impairment at the reporting unit level as of the end of the reporting period under ASU 2021-03 when a triggering event occurs that indicates that the fair value of the reporting unit may be below its carrying amount.

When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value of the reporting unit with the carrying amount, including goodwill, of the reporting unit. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the reporting unit over the fair value of the reporting unit.

During the year ended December 31, 2022, the Company sold a portion of TEG, which required goodwill impairment testing and a disposal of certain goodwill as described in Note 3. No other triggering events occurred for the year ended December 31, 2022.

Intangible assets with definite useful lives are reported net of accumulated amortization and are amortized over their respective estimated useful lives and are reviewed, when appropriate, for possible impairment. During the year ended December 31, 2022, certain intangible assets were disposed as part of the sale of TEG, as described in Note 3.

Management performed a review of its goodwill and intangible assets and determined that there was no impairment as of December 31, 2022, other than related to the asset sale as described in Note 3.

Debt issuance costs – Costs incurred in connection with the issuance of debt are capitalized and amortized to interest expense over the term of the related debt using the straight-line method, which approximates the effective interest method. The costs associated with the line of credit are being amortized over two years. The unamortized amount of \$6,486 is included in other assets on the consolidated balance sheet.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Revenue recognition – The Company recognizes revenue in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 606: *Revenue from Contracts with Customers* (“ASC-606”), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASC-606 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, and whether revenue should be recognized at a point in time or over time.

To achieve this core principle, the Company applies the following five-step revenue recognition model in accordance with ASC-606:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue as performance obligations are satisfied

The revenue recognition standard requires the Company to determine, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time – regardless of the length of contract or other factors. The Company’s revenue is derived from retail sales, franchise royalties and franchise licensing revenue. The Company records revenue at the time the retail sale is made. Sales are recorded net of returns, allowances and sales tax. Provisions for sales incentives, estimated returns and allowances, and other adjustments are provided for in the transaction price in accordance with ASC-606. The Company recognizes franchise royalties in the month the sales are incurred. The Company recognizes franchise licensing revenue over time, ratably throughout the term of the underlying license agreement.

Principal versus agent – The Company acts as a principal for the revenue they collect from franchisees for advertising spent. The principal controls the specified goods or services. They control the service provided by the advertising agency to the franchise and are responsible for directing and integrating third-party vendors to fulfill our performance obligation at the agreed upon contractual price. The applicable revenue and related expenses are recognized when the advertising is incurred, at a point in time.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

As of January 1, and December 31, 2022, franchise and other receivables amounted to \$1,981,471 and \$2,274,316, respectively. The allowance associated with the franchise and other receivables was \$50,000 and \$35,805 as of January 1, and December 31, 2022, respectively.

The Company participates in an industry that includes several different competitors. The Company's revenues, results of operations and cash flows are affected by a wide variety of factors, including general economic conditions and the Company's geographical location. For the year ended December 31, 2022, approximately 74% relates to retail sales, approximately 25% relates to franchise royalty income, and approximately 1% relates to franchise licensing revenue.

Cost of product and services – Cost of retail sales include the cost of inventory items such as eyeglass frames, contact lenses, ophthalmic lenses, sunglasses and accessories as well as the respective shipping and freight costs for such items, less certain discounts for the Company's prompt payment.

Selling, general and administrative expenses – Selling, general and administrative expenses primarily include payroll and related benefits, business travel, rent and related overhead, advertising, professional fees, bank and credit card fees, bad debt expense, and insurance.

Advertising costs – The Company's policy is to expense advertising costs as incurred. Total advertising expense for the year ended December 31, 2022 was \$194,975 and is included in selling, general and administrative expenses on the consolidated statement of comprehensive income. In addition, there was \$2,558,577 for franchisee advertising fees. These costs were collected from the franchisees and maintained by the Company in the franchisee local advertising account or a local pooled account to be used to pay for franchisee's advertising accordingly.

Foreign currency translation – The financial position and results of operations of TOG were measured using the local currency, Canadian Dollars ("CAD"), as the functional currency. Balance sheet accounts are translated from the foreign currency into U.S. Dollars at the period-end rate of exchange, which was 0.737 CAD to U.S. Dollars ("USD") as of December 31, 2022. Income and expenses are translated at the weighted average rates of exchange for the period. The resulting translation gain or loss from the conversion of foreign currency to USD is included in accumulated other comprehensive income on the accompanying consolidated balance sheet.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Consolidation of variable interest entity – The Company utilizes the accounting model for consolidation from one based on control through voting interests to one based on control through economic interests. Whether to consolidate an entity now also considers whether that entity has sufficient equity at risk to enable it to operate without additional subordinated financial support, whether the equity owners in that entity lack the obligation to absorb expected losses or the right to receive residual returns of the entity, or if voting rights in the entity are not proportional to the equity interest and substantially all the entity's activities are conducted for an investor with few voting rights.

This interpretation requires the Company to consolidate variable interest entity (“VIE”) if the enterprise is a primary beneficiary of the VIE and the VIE possesses specific characteristics. The Company is the primary beneficiary of the Affiliate, which qualifies as a VIE. The determination was based on the fact that the Company funds the entire operations of the VIE. The VIE was formed for the purpose of providing optical services in the store location in certain states. During the year ended December 31, 2022, the VIE ceased principal operations and transferred its assets and liabilities to its stakeholders. The VIE has no assets or liabilities as of December 31, 2022, other than intercompany assets. The intercompany assets of the VIE were eliminated on consolidation.

Use of estimates in the consolidated financial statements – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, allowances on franchise and other receivables, franchise notes receivable, the impairment of long-lived assets, and deferred income taxes.

Concentration of credit risk – Financial instruments, which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and receivables.

Cash and cash equivalents – The Company maintains cash balances with various financial institutions which, at times, may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit in the U.S. and/or the Canadian Deposit Insurance Corporation (“CDIC”) limit in Canada. Interest-bearing and non-interest-bearing accounts are insured by the FDIC up to \$250,000, per depositor, per financial institution. Uninsured cash in the U.S. as of December 31, 2022 was approximately \$1,490,000. In addition, there was uninsured cash of approximately \$134,000 CAD, which consisted of a treasury account in Canada where the CDIC limit is \$100,000 CAD. The Company has not experienced any losses to date as a result of this policy.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Investments in debt securities – The Company determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold-to-maturity are classified as available for sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet, based on contractual maturity dates and are stated at amortized cost. Debt securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in operations. Debt securities not classified as held-to-maturity or as trading, are classified as available for sale, and are carried at fair value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in stockholders' equity.

As of December 31, 2022, the Company had marketable debt securities that were classified as held-to-maturity and carried at amortized cost. Held-to-maturity securities consisted of the following:

	<u>2022</u>
Current:	
U.S. treasury bills	\$ 1,507,039
	<u>\$ 1,507,039</u>
Long-term:	
U.S. treasury bills	\$ -
	<u>\$ -</u>

Held-to-maturity debt securities as of December 31, 2022, are as follows:

	<u>Amounts</u>
Due in one year or less	\$ 1,507,039
Due in 2-5 years	-
Total investments in held-to-maturity debt securities	<u>\$ 1,507,039</u>

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Receivables – The Company owns and operates retail optical stores in the U.S. The Company's receivables are from franchisees that also operate retail optical stores in the U.S. The Company estimates allowances for doubtful accounts based on its franchisees or members' financial condition and collection history. Management believes the Company's allowances are sufficient to cover any losses related to its inability to collect its accounts and notes receivables. Accounts are written-off when significantly past due and deemed uncollectible by management. At times, the Company experiences difficulties with the collection of amounts due from certain franchisees and with certain franchisees' reporting of revenues subject to royalties. This is a common problem for franchisors, and the Company has taken steps designed to improve franchise sales reporting such as the installation, across the franchise chain, of a uniform Point-of-Sale computer system, continued franchise sales audits and a secret shopper program.

Income taxes – The Company operates as a C Corporation and files a consolidated Federal and State income tax returns. The Company is also responsible for taxes in Canada and local jurisdictions. The Company accounts for income taxes under the asset and liability method of the FASB Accounting Standards Codification No. 740 ("ASC 740"), "Accounting for Income Taxes", whereby deferred income taxes are recognized for the tax consequences of temporary differences by applying statutory tax rates to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. Changes in deferred tax assets and liabilities include the impact of any tax rate changes enacted during the year.

Under ASC 740, the income tax effect of transactions are recorded in the same year that the transactions occur to determine net income, regardless of when the transactions are recognized for tax purposes. Deferred taxes are provided to reflect the income tax effects of amounts included in the Company's consolidated financial statements in different periods than for tax purposes, based on the differences between the consolidated financial statement and income tax basis of assets and liabilities.

Uncertain tax positions – The Company evaluates uncertain income tax positions taken or expected to be taken in a tax return for recognition in its financial statements. The Company was not required to recognize any amounts from uncertain tax positions for the year ended December 31, 2022. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, federal, state, and local authorities may examine the Company's tax returns for three years from the date of filing. Currently, the Company is undergoing a New York tax audit for 2018. Management believes that any amounts due will not significantly affect the operations of the Company.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Recent Accounting Pronouncements – In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”). This update requires the replacement of the existing incurred credit loss model and other impairment models with the Current Expected Credit Losses (“CECL”) model for determining the allowance for credit losses, with the objective of providing earlier loss recognition as well as mitigating the complexity of current accounting guidance by reducing the number of credit impairment models to account for debt instruments.

Expected credit losses on loans, held-to-maturity securities, and other receivables are recognized through an allowance account that is remeasured at each reporting date for changes in expected lifetime credit losses. As such, credit loss estimates require consideration of historical information, current conditions, and reasonable and supportable forecasts of the collectability of reported amounts over the life of the instrument since its inception or acquisition. For financial assets measured at amortized cost, the allowance for losses indicates management’s estimate of credit losses over the remaining expected life of the instrument.

The standard is effective for nonpublic entities for fiscal years beginning after December 15, 2022, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. A cumulative-effect adjustment to retained earnings should be made as of the beginning of the first period in which the guidance is effective. The Company is currently evaluating the new guidance to determine the impact it will have on its financial statements and has elected not to adopt this ASU early in these financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The guidance provides optional expedients and exceptions related to certain contract modifications and hedging relationships that reference the London Interbank Offered Rate ("LIBOR") or another rate that is expected to be discontinued. The guidance was effective upon issuance and generally can be applied to applicable contract modifications and hedge relationships prospectively through December 31, 2022, subsequently extended through December 31, 2024. The FASB issued new guidance, which provides temporary optional exceptions for applying U.S. GAAP to contracts, hedge accounting relationships, or other transactions affected by reference rate reform, such as LIBOR. The Company is currently evaluating the new guidance to determine the impact it will have on its financial statements and has elected not to adopt this ASU in these financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies *(continued)*

Recent accounting pronouncements adopted – In 2022, the Company adopted FASB Accounting Standards Update 2016-02, “ASC Topic 842, Leases”, which requires leases with a term greater than one year to recognize a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Company’s adoption of this guidance as of January 1, 2022, did not have an impact on the Company’s members’ equity balance as of January 1, 2022.

The Company has elected the package of practical expedients permitted in Topic 842. Accordingly, the Company accounted for its existing operating leases as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of January 1, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 (a) lease liabilities of \$9,944,719, which represents the present value of the remaining lease payments of \$10,463,275, discounted using the Company’s risk free interest rates of 0.73% to 1.49% and (b) right-of-use assets totaling \$9,589,890 - adjusted for accrued rent of \$354,829.

In 2022, the Company elected to adopt the use of the risk-free discount rate (e.g., a U.S. Treasury rate) for its leases and has applied the accounting policy election, offered to nonpublic business entities, to all underlying asset classes of operating leases.

3. Sale of Discontinued Operations

On August 24, 2021, the Company entered into an Asset Purchase Agreement (the “Agreement”) with a third party to sell the Company’s wholly owned subsidiaries, TOG and OG for a purchase price of \$10,744,000 CAD. The purchase price consisted of a lump sum payment of approximately \$4,335,000 USD paid by the buyer directly to the Company’s lender at the closing to pay off all outstanding debts with the lender and a payment of approximately \$2,900,000 USD paid directly to the shareholders of the Company in 2021. The buyer maintained an escrow account per the terms of the Agreement in the amount of \$1,074,000 CAD, which was paid on September 1, 2022.

On February 14, 2022, the Company entered into an Asset Purchase Agreement (the “Agreement”) with third parties to sell certain stores of the Company’s wholly owned subsidiary, TEG, for a purchase price of \$4,000,000. The purchase price consisted of a lump sum payment of \$3,480,000, after closing costs of \$120,000, paid by the buyer to the Company in 2022.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

3. Sale of Discontinued Operations *(continued)*

As of December 31, 2022, the buyer was maintaining a holdback per the terms of the Agreement in the amount of \$400,000, which is included in franchise and other receivables, net on the accompanying consolidated balance sheet and was paid in April 2023. The Company recognized a gain on the sale of \$1,690,070, which is included in the consolidated statement of comprehensive income for the year ended December 31, 2022. The assets sold included \$56,785 of accounts receivable, \$698,471 of inventory and approximately \$54,000 of fixed assets. It was also determined that a portion of the unamortized goodwill and intangible assets were applicable to the stores sold, as a result the Company disposed of goodwill with a book value of \$339,359 and intangible assets of \$947,000, respectively, during the year ended December 31, 2022, which is included in gain on sale of discontinued operations in the consolidated statement of comprehensive income. Income realized in 2022 related to the discontinued operations is shown as income from assets held for sale – discontinued operations in the consolidated statement of comprehensive income.

4. Franchise Notes Receivable

Franchise notes held by the Company consist of purchase money notes related to Company-financed conveyances of Company-owned store assets to franchisees, certain franchise notes receivable obtained by the Company in connection with acquisitions in prior years, and promissory notes in connection with the settlement of past due fees due to sales underreporting. Substantially all notes are secured by the underlying assets of the related franchised store as well as the personal guarantee of the principal owners of the franchise. These notes generally provide for interest at an average of 5.1% for the year ended December 31, 2022.

As of December 31, 2022, scheduled maturities of notes receivable are as follows for the years ending December 31:

2023	\$	370,005
2024		150,374
2025		158,508
2026		156,559
2027		65,284
Thereafter		188,022
		<u>1,088,752</u>
Less: Current maturities		<u>370,005</u>
	\$	<u>718,747</u>

As of December 31, 2022, franchise notes receivable, net of its allowance for doubtful accounts of \$15,000 was \$1,073,752. Interest income earned on franchise notes receivable was \$33,822 for the year ended December 31, 2022.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

5. Property and Equipment

Property and equipment consist of the following as of December 31, 2022:

		<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ 559,974	5-7 years
Machinery and equipment	2,099,674	3-5 years
Software	619,907	3-5 years
Leasehold improvements	<u>2,713,441</u>	10 years*
	5,992,996	
Less: Accumulated depreciation and amortization	<u>4,458,323</u>	
	<u>\$ 1,534,673</u>	

*Based upon the lesser of the assets' useful lives or the term of the lease of the related property.

Depreciation and amortization expense on property and equipment for the year ended December 31, 2022 was \$659,501.

As of December 31, 2022, net capitalized software costs of \$2,629 are included in property and equipment on the accompanying consolidated balance sheet. As of December 31, 2022, scheduled amortization of software is \$2,629.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company periodically evaluates its long-lived assets (on a store-by-store basis) based on, among other factors, the estimated, undiscounted future cash flows expected to be generated from such assets in order to determine if an impairment exists. Management determined there was no impairment of long-lived assets for the year ended December 31, 2022.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

6. Goodwill

Goodwill consists of the following as of December 31, 2022:

Goodwill	\$ 3,950,368
Less: Accumulated amortization	<u>3,607,792</u>
	<u>\$ 342,576</u>

Amortization expense was \$232,767 for the year ended December 31, 2022. Included in accumulated amortization is \$1,297,344 of previously amortized goodwill prior to the adoption of the accounting alternative for goodwill.

As of December 31, 2022, scheduled amortization of goodwill is as follows for the years ending December 31,:

2023	\$ 205,421
2024	126,606
2025	<u>10,549</u>
	<u>\$ 342,576</u>

7. Intangible Assets

Intangible assets consist of the following as of December 31, 2022:

		Estimated Useful Lives
Trade and domain names	\$ 1,100,188	Indefinite
Customer lists	<u>140,000</u>	10 years
	1,240,188	
Less: Accumulated amortization	<u>112,000</u>	
	<u>\$ 1,128,188</u>	

Amortization expense was \$14,000 for the year ended December 31, 2022. Amortization expense will continue at \$14,000 per year through 2024, at which time the customer list will be fully amortized.

8. Line of Credit

The Company has an operating line of credit for \$1,000,000 with M&T Bank through September 2024, at which time, they will have the option to renew. The line calculates interest at a variable rate based on 3% plus one-month LIBOR. There was no outstanding balance on the line as of December 31, 2022.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

9. Employee Retention Tax Credits

Pursuant to the CARES Act, the Company was eligible for employee retention tax credits subject to certain criteria. The Company has recognized the payroll expenses for which the tax credits were intended to compensate. The Company accounts for the recovery of amounts previously paid and expensed to an employee as a loss recovery. Prevailing practice in financial reporting for a loss recovery is in accordance with FASB ASC 410 “Asset Retirement and Environmental Obligations”, which indicates that a claim recovery should be recognized only when the claim is probable. During 2022, the Company has deemed it probable to recover \$1,186,356 of the amounts spent and has thus recognized this amount as other income on the consolidated statement of comprehensive income. The total amount to be received under this program as of December 31, 2022 is \$1,186,356 and is included in Employee Retention Tax Credit (“ERTC”) receivable on the consolidated balance sheet.

Subsequent to year-end, in May of 2023, the Company has collected \$914,473 of the outstanding ERTC receivable. The Company expects to collect the remaining portion of the outstanding ERTC receivable later in 2023.

10. Income Taxes

The Company records the income tax effect of transactions in the same year that the transactions occur to determine net income, regardless of when the transactions are recognized for tax purposes. Deferred taxes are provided to reflect the income tax effects of amounts included in the Company’s financial statements in different periods than for tax purposes, principally bad debt allowances for accounts receivable, accrued expenses, and depreciation and amortization expenses for income tax purposes.

Deferred tax assets represent the future income tax benefit from amounts that have been recognized as expenses for financial statement purposes in the current period, which may not be deducted for income tax purposes until future years. Likewise, deferred tax liabilities represent the current income tax benefit from amounts that may be deducted for income tax purposes but have not yet been recognized as expenses for financial statement purposes.

The Company evaluates deferred income taxes annually to determine if it is more likely than not that the future tax benefits from deferred tax assets will be realized in future years. Valuation allowances are established if it is determined that the Company may not realize some or all of such future tax benefits. The Company assesses whether valuation allowances against the deferred tax assets should be established or adjusted based on consideration of all available evidence, both positive and negative, using the more likely than not standard. This assessment considers, among other matters, the nature, frequency of recent income and losses, forecasts of future profitability, and the duration of statutory carryforward period. In making such judgments, significant weight is given to evidence that can be objectively verified.

As of December 31, 2022, the deferred tax asset was approximately \$626,000, resulting primarily from the future tax benefit of NYS and NYC net operating loss carryforwards.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

10. Income Taxes (continued)

The tax effect of temporary differences that give rise to the deferred tax assets (liabilities) as of December 31, 2022 is as follows:

	<u>Amount</u>
Deferred tax assets (liabilities):	
Net operating loss carryforwards	\$ 741,000
Reserves and allowances	49,000
Other	79,000
Depreciation and amortization	<u>(243,000)</u>
Net deferred tax assets	<u>\$ 626,000</u>

As of December 31, 2022, the Company has no federal net operating loss carryforwards available to reduce future taxable income.

The federal and state income tax provision for (benefit from) is summarized as follows:

	<u>Amount</u>
Current:	
Federal	\$ -
State	<u>490,140</u>
Total current	490,140
Deferred	<u>(386,000)</u>
Total	<u>\$ 104,140</u>

The Company's effective tax rate differs from the statutory Federal income tax rate of 21%, primarily due to the effect of state and local income taxes.

The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expenses. As of December 31, 2022, the Company has no unrecognized tax positions, including interest and penalties.

Under the CARES Act, NOLs arising in tax years beginning after December 31, 2017, and before January 1, 2021, (for example, NOLs incurred in 2018, 2019 or 2020 by a calendar year taxpayer), may be carried back to each of the five (5) tax years preceding the tax year of such loss. Since the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA), NOLs generally could not be carried back but could be carried forward indefinitely. Further, the TCJA limited NOL absorption to 80% of taxable income. The CARES Act temporarily removes the 80% limitation, reinstating it for tax years beginning after 2020, and accordingly, during the year ended December 31, 2021 the Company has fully utilized its NOLs in 2021.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

11. Commitments and Contingencies

Operating lease – The Company leases office facilities for various terms under long-term, non-cancellable operating lease agreements. The leases expire between February 2023 and December 2030. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties. The leases provide for increases in future minimum annual rental payments based on the terms of the respective lease agreements.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2022:

For Years Ending December 31,:	Amounts
2023	\$ 2,229,693
2024	1,689,664
2025	1,047,959
2026	845,363
2027	863,539
Thereafter	1,353,560
Total lease payments	8,029,778
Less: imputed interest	410,751
	<u>\$ 7,619,027</u>

Weighted Average Remaining Lease Term 6.1 years

Weighted Average Discount Rate 1.49%

Total lease expense was \$2,639,953 for the year ended December 31, 2022, and is included in the general and administrative expenses on the consolidated statements of income.

Litigation – In the ordinary course of business, the Company is a defendant in certain lawsuits alleging various claims incurred, certain of which claims are covered by various insurance policies, subject to certain deductible amounts and maximum policy limits. In the opinion of management, the resolution of these claims should not have a material adverse effect, individually or in the aggregate, upon the Company's business or financial condition. Management believes that there are no other legal proceedings, pending or threatened, to which the Company is, or may be, a party, or to which any of its properties are or may be subject to, which, in the opinion of management, will have a material adverse effect on the Company.

The Company is the defendant in a legal proceeding with a lessor for one of its store locations in a matter regarding rental payments past due. The Company intends to negotiate a settlement in the matter which is agreeable to both parties and therefore has accrued a related expense of \$70,000, which is management's best estimate of the amount which will ultimately be paid. This amount is included in accounts payable and accrued liabilities on the accompanying consolidated balance sheet as of December 31, 2022.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022

12. Related Party

As of December 31, 2022, the Company paid \$499,462 of management fees to the owners of the Company on an ownership percentage basis.

13. 401(k) Employee Savings Plan

Emerging Vision, Inc. sponsors a 401(k) Employee Savings Plan (the “401(k) Plan”) to provide all qualified employees of this entity with retirement benefits. Presently, the administrative costs of the 401(k) Plan are paid entirely by participating employees. The Company did not make a matching contribution for the year ended December 31, 2022.

14. Subsequent Events

Management has evaluated subsequent events through June 23, 2023, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements other than those disclosed.

**EMERGING VISION INC.
AND SUBSIDIARIES**

Supplementary Information

December 31, 2022



Independent Auditors' Report
on Supplementary Information

To the Board of Directors and Stockholders of
Emerging Vision, Inc. and Subsidiaries:

We have audited the consolidated financial statements of Emerging Vision, Inc. and Subsidiaries as of and for the year ended December 31, 2022, and our report thereon dated June 22, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears elsewhere in the report. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of selling, general and administrative expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Janover LLC

Garden City, New York
June 23, 2023

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Schedule of Selling, General and Administrative Expenses

For the Year Ended December 31, 2022

Selling, general and administrative expenses:

Salaries and related benefits	\$	5,569,637
Facility charges		3,635,407
Overhead		966,054
Management fees		499,462
Travel and entertainment		445,009
Credit card and bank fees		417,231
Professional fees		383,158
Insurance		273,681
Advertising		191,785
Bad debt expense		80,865
Other expenses		17,109
Board of directors compensation		1,297
		<hr/>
	\$	12,480,695
		<hr/> <hr/>

EMERGING VISION, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
(AUDITED)

December 31, 2021

**EMERGING VISION, INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements
December 31, 2021**



JANOVER

Certified Public Accountants • Advisors

EMERGING VISION, INC. AND SUBSIDIARIES

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Independent Auditors' Report

To the Board of Directors and Stockholders of
Emerging Vision, Inc. and Subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of Emerging Vision, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statement of comprehensive loss, changes in stockholders' equity (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statement.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emerging Vision, Inc. and Subsidiaries as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statement

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Independent Auditors' Report
Page Two

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.



Garden City, New York
September 15, 2022

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2021

Assets

Current assets:

Cash	\$ 3,500,465
Franchise and other receivables, net	1,931,471
Franchise notes receivable, current portion, net	392,335
Escrow receivable	847,137
Inventories, net	3,375,960
Prepaid expenses and other current assets	514,271
Total current assets	<u>10,561,639</u>

Property and equipment, net	<u>1,787,666</u>
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Other assets:

Franchise notes receivable, net of current portion	687,584
Deferred tax assets	240,000
Goodwill, net	575,342
Intangible assets, net	1,144,563
Other assets	310,012
	<u>2,957,501</u>

Assets held for sale	<u>2,344,460</u>
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	<u>\$ 17,651,266</u>
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EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Balance Sheet *(continued)*

December 31, 2021

Liabilities and Stockholders' Equity (Deficit)

Current liabilities:

Accounts payable and accrued liabilities	\$ 2,706,060
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Other liabilities:

Deferred franchise fees	544,507
Franchise deposits and other liabilities	496,642
	<u>1,041,149</u>

Stockholders' equity (deficit):

Common stock, \$0.01 par value; 149,000,000 shares authorized, 127,719,835 shares issued and outstanding	1,274,335
Additional paid-in capital	127,241,713
Accumulated comprehensive loss on assets held for sale	(863,244)
Non-controlling interest	(2,587,221)
Accumulated deficit	(111,286,828)
Equity from assets held for sale, which includes \$1.00 par value; 169 shares authorized; 169 shares issued and outstanding	125,302
Total stockholders' equity	<u>13,904,057</u>

	<u>\$ 17,651,266</u>
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EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Loss

For the Year Ended December 31, 2021

Revenue:	
Franchise royalties	\$ 5,715,039
Company stores	12,716,066
Franchise licensing revenue	129,666
	<u>18,560,771</u>
Cost of sales:	
Company stores	<u>4,638,735</u>
Gross profit	13,922,036
Selling, general and administrative	<u>11,124,850</u>
Operating income	<u>2,797,186</u>
Other income (expenses):	
Gain on sale of TOG and OG	6,120,209
Paycheck Protection Program loan forgiveness	2,118,962
Gain on disposal of assets	140,721
Interest income on franchise notes	42,662
Depreciation and amortization expense	(877,247)
Interest expense	(136,416)
	<u>7,408,891</u>
Income before provision for income taxes and other taxes	10,206,077
Benefit from income taxes - current	(14,492)
Provision for income taxes - deferred	3,360,000
	<u>3,345,508</u>
Income from continuing operations including loss on non-controlling interest	6,860,569
Less: Loss on non-controlling interest	<u>(289,192)</u>
Income from continuing operations - controlling interest	7,149,761
Income from assets held for sale - TOG and OG	213,279
Income from assets held for sale - Discontinued Operations	220,014
	<u>433,293</u>
Net income before other comprehensive income	7,583,054
Other comprehensive income on assets held for sale	
Foreign currency translation loss	<u>(102,543)</u>
Comprehensive income	<u>\$ 7,480,511</u>

The accompanying notes are an integral part of the consolidated financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Deficit)

For the Year Ended December 31, 2021

	Common Stock		Additional Paid-In Capital	Accumulated Comprehensive Loss on Assets Held For Sale	Stockholders' Equity (Deficit) from Assets Held for Sale	Accumulated Stockholders' Deficit		Total
	Shares	Amount				Controlling Interest	Non-controlling Interest	
Balance - January 1, 2021	127,719,835	\$ 1,274,335	\$ 127,241,713	\$ (760,701)	\$ (5,836)	\$ (114,264,434)	\$ (2,298,029)	\$ 11,187,048
Effects of foreign currency translation loss	-	-	-	(102,543)	-	-	-	(102,543)
Income from assets held for sale - TOG and OG	-	-	-	-	213,279	-	-	213,279
Income from assets held for sale - Discontinued Operation	-	-	-	-	220,014	-	-	220,014
Net loss including non-controlling interest	-	-	-	-	-	7,149,761	(289,192)	6,860,569
Distributions	-	-	-	-	(302,155)	(4,172,155)	-	(4,474,310)
Balance - December 31, 2021	127,719,835	\$ 1,274,335	\$ 127,241,713	\$ (863,244)	\$ 125,302	\$ (111,286,828)	\$ (2,587,221)	\$ 13,904,057

The accompanying notes are an integral part of the consolidated financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2021

Cash flows from operating activities:

Net income before other comprehensive income including non-controlling interest	\$	6,860,569
Income from assets held for sale - TOG and OG		213,279
Income from assets held for sale - Discontinued Operations		220,014
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Gain on sale of TOG and OG		(6,120,209)
Payroll Protection Program loan forgiveness		(2,118,962)
Gain on disposal of assets		(140,721)
Depreciation and amortization		877,247
Reserve for franchise and other receivables		50,000
Reserve for inventory		(5,000)
Provision for deferred tax asset		3,360,000
Changes in operating assets and liabilities:		
Franchise and other receivables		5,204,604
Franchise notes receivable		267,512
Inventories		(109,798)
Prepaid expenses and other current assets		(253,798)
Other assets		449,616
Accounts payable and accrued liabilities		(4,909,181)
Deferred franchise fees		(4,666)
Franchise deposits and other liabilities		600
Net cash provided by operating activities		<u>3,841,106</u>

Cash flows from investing activities:

Purchases of property and equipment		126,788
Proceeds on sale of TOG and OG, net of closing costs		<u>6,784,943</u>
Net cash provided by investing activities		<u>6,911,731</u>

Cash flows from financing activities:

Repayments - Line of credit		(413,400)
Repayments - Term loan		(5,168,337)
Proceeds from notes payable - Paycheck Protection Program		931,462
Distributions		<u>(4,474,310)</u>
Net cash used in financing activities		<u>(9,124,585)</u>

Net increase in cash and cash equivalents before effect of foreign currency translation gain		1,628,252
Effect of foreign exchange rate changes		<u>(102,543)</u>

Net increase in cash 1,525,709

Cash - beginning of year 1,974,756

Cash - end of year \$ 3,500,465

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$	<u>144,430</u>
Cash paid during the year for income taxes, net of refund	\$	<u>138,850</u>

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

1. Business Organization

Emerging Vision, Inc. and Subsidiaries (collectively, the “Company” or “EVI”) operates one of the largest chains of retail optical stores and one of the largest franchise optical chains in the United States (“U.S.”), based upon management’s beliefs for domestic sales and the number of locations of Company-owned and franchised stores (collectively “Sterling Stores”). The Company also targets retail optical stores in Canada to become members of its buying group, The Optical Group (“TOG”). In 2021, the Company sold TOG, see Note 3 for additional information on the sale.

EMVI Holdings LLC (“Holdings”) and EMVI Acquisition Corp. (“Acquisition”) were formed on March 17, 2011 to facilitate the acquisition of EVI. Holdings was formed by stockholders of EVI who owned in excess of 90% of the outstanding stock. Acquisition was a corporation wholly owned by Holdings. The members of Holdings contributed their shares of EVI to Acquisition in return for a pro-rata interest in Holdings. Holdings then proceeded to take EVI “private” through a short-form merger. As a result of the short-form merger, Acquisition was merged into EVI so that the remaining structure is Emerging Vision being wholly owned subsidiary of Holdings.

As of December 31, 2021, there were 115 Sterling Stores in operation, consisting of 20 Company-owned stores and 95 franchised stores. Subsequent to year-end, the Company sold 4 of the Company stores located in Georgia, further detailed in Note 14.

2. Summary of Significant Accounting Policies

Principles of consolidation – The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These consolidated financial statements include the operations and accounts of the following entities:

Emerging Vision, Inc.
The Optical Group (“TOG”) – Sold in 2021, See Note 3
Sterling California Advertising
OG Acquisition, Inc. (“OG”) – Sold in 2021, See Note 3
Insight Managed Care
TEG, Inc. d/b/a The Eye Gallery (“TEG”) (Assets Held for Sale)
Audio Optics, Inc.
Optica, Inc. (“Optica”)
IGALMED, PC (“VIE”)

All intercompany balances and transactions have been eliminated in consolidation.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Allowance for doubtful accounts – Bad debts are provided for under the allowance method based upon analyses of open accounts and their expected collectability. Management provides an allowance for doubtful accounts based on the Company’s historical losses, specific customer circumstances, and general economic conditions. A considerable amount of judgement is required in assessing the likelihood of realization of receivables. Accounts receivable are written off and charged against the allowance for doubtful accounts when the Company has exhausted all collection efforts without success. As of December 31, 2021, the total reserve amounted to \$65,000.

Inventories, net – Inventories, net, are stated at the lower of cost or market (net realizable value), using the first-in, first-out (“FIFO”) method, and consist primarily of contact lenses, ophthalmic lenses, eyeglass frames and sunglasses. The Company includes the costs of bringing the goods to their existing condition or location, such as delivery charges and other costs, to have the inventory ready for sale, in inventory. As of December 31, 2021, inventory is shown net of reserve for obsolescence of \$80,000.

Property and equipment, net – Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective classes of assets. Repairs and maintenance are charged to operations as incurred and major improvements are capitalized. Leasehold improvements are amortized over the lesser of the lengths of the respective lease or their estimated useful lives. Amortization expense is recorded on a straight-line basis over the remaining term of the associated lease. Upon retirement or disposal of any item of property and equipment, the cost is removed from the property and equipment account and the accumulated depreciation applicable to such item is removed from accumulated depreciation, with any gain or loss reflected in operations.

Software – Software costs include charges for consulting services and costs for personnel associated with programming, coding and testing such software. Certain software development costs are capitalized. Amortization of capitalized software costs begins when the software is placed into service and is recorded on a straight-line basis over the estimated useful life.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Goodwill and intangible assets, net – The Company adopted the accounting alternative for goodwill available to private companies under *FASB ASC 350-20*. Accordingly, the Company began amortizing goodwill prospectively as of January 1, 2015, on a straight-line basis over 10 years. Goodwill represents the excess of the purchase price over the net amount of the identifiable assets acquired and liabilities assumed in a business combination measured at fair value. The Company evaluates goodwill for impairment at the reporting unit level as of the end of the reporting period under ASU 2021-03 when a triggering event occurs that indicates that the fair value of the reporting unit may be below its carrying amount.

When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value of the reporting unit with the carrying amount, including goodwill, of the reporting unit. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the reporting unit over the fair value of the reporting unit.

No triggering events occurred during the year ended December 31, 2021, which required goodwill impairment testing. Accordingly, no impairment loss was recorded for the year ended December 31, 2021.

Intangible assets with definite useful lives are reported net of accumulated amortization and are amortized over their respective estimated useful lives and are reviewed, when appropriate, for possible impairment. Management performed a review of its goodwill and intangible assets and determined that there was no impairment as of December 31, 2021.

Debt issuance costs – Costs incurred in connection with the issuance of debt are capitalized and amortized to interest expense over the term of the related debt using the straight-line method, which approximates the effective interest method. The costs associated with the line of credit are being amortized over two years. The unamortized amount of \$9,730 is included in other assets on the consolidated balance sheet.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Revenue recognition – The Company recognizes revenue in accordance with the Financial Accounting Standards Board (“FASB”) update Accounting Standards Codification 606: *Revenue from Contracts with Customers* (“ASC-606”), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASC-606 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, and whether revenue should be recognized at a point in time or over time.

To achieve this core principle, the Company applies the following five-step revenue recognition model in accordance with ASC-606:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue as performance obligations are satisfied

The revenue recognition standard requires the Company to determine, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time – regardless of the length of contract or other factors. The Company’s revenue is derived from retail sales, franchise royalties, optical purchasing group sales, and franchise licensing revenue. The Company records revenue at the time the retail sale is made. Sales are recorded net of returns, allowances and sales tax. Provisions for sales incentives, estimated returns and allowances, and other adjustments are provided for in the transaction price in accordance with ASC-606. The Company recognizes franchise royalties in the month the sales are incurred.

Principal versus agent – The Company acts as a principal for the revenue they collect from franchisees for advertising spent. The principal controls the specified goods or services. They control the service provided by the advertising agency to the franchise and are responsible for directing and integrating third-party vendors to fulfill our performance obligation at the agreed upon contractual price. The applicable revenue and related expenses are recognized when the advertising is incurred, at a point in time. TOG entity acts as an agent because it arranges the relationship between the member and the third-party service provider. It does not control the services rendered to the customers and the activity is presented net of related costs.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

As of January 1, and December 31, 2021, franchise and other receivables amounted to \$3,282,118 and \$1,981,471, respectively. The allowance associated with the franchise and other receivables was \$84,151 and \$50,000 as of January 1, and December 31, 2021, respectively.

The Company participates in an industry that includes several different competitors. The Company's revenues, results of operations and cash flows are affected by a wide variety of factors, including general economic conditions and the Company's geographical location. For the year ended December 31, 2021, approximately 68% relates to retail sales, approximately 31% relates to franchise royalty income, and approximately 1% relates to franchise licensing revenue.

Cost of product and services – Cost of retail sales include the cost of inventory items such as eyeglass frames, contact lenses, ophthalmic lenses, sunglasses and accessories as well as the respective shipping and freight costs for such items, less certain discounts for the Company's prompt payment.

Selling, general and administrative expenses – Selling, general and administrative expenses primarily include payroll and related benefits, business travel, rent and related overhead, advertising, professional fees, bank and credit card fees, bad debt expense, and insurance.

Advertising costs – The Company's policy is to expense advertising costs as incurred. Total advertising expense for the year ended December 31, 2021 was \$141,364 and is included in selling, general and administrative expenses on the consolidated statement of comprehensive loss. Included in the total was \$50,649 from assets held for sale. In addition, there was \$1,559,258 for franchisee advertising fees. These costs were collected from the franchisees and maintained by the Company in the franchisee local advertising account or a local pooled account to be used to pay for franchisee's advertising accordingly.

Foreign currency translation – The financial position and results of operations of TOG were measured using the local currency, Canadian Dollars ("CAD"), as the functional currency. Balance sheet accounts are translated from the foreign currency into U.S. Dollars at the period-end rate of exchange, which was 0.7888 CAD to U.S. Dollars ("USD") as of December 31, 2021. Income and expenses are translated at the weighted average rates of exchange for the period. The resulting translation gain or loss from the conversion of foreign currency to USD is included in accumulated comprehensive income on the accompanying consolidated balance sheet.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Consolidation of variable interest entity – The Company utilizes the accounting model for consolidation from one based on control through voting interests to one based on control through economic interests. Whether to consolidate an entity now also considers whether that entity has sufficient equity at risk to enable it to operate without additional subordinated financial support, whether the equity owners in that entity lack the obligation to absorb expected losses or the right to receive residual returns of the entity, or if voting rights in the entity are not proportional to the equity interest and substantially all the entity's activities are conducted for an investor with few voting rights.

This interpretation requires the Company to consolidate variable interest entity (“VIE”) if the enterprise is a primary beneficiary of the VIE and the VIE possesses specific characteristics. The Company is the primary beneficiary of the Affiliate, which qualifies as a VIE. The determination was based on the fact that the Company funds the entire operations of the VIE. The VIE was formed for the purpose of providing optical services in the store location in certain states.

The VIE’s assets mainly consist of cash of approximately \$1,400 and the liabilities mainly consist of accrued expenses of approximately \$17,500 for the year ended December 31, 2021. The assets of the VIE are not available to settle liabilities of the consolidated group and VIE’s creditors do not have recourse against the consolidated group. The intercompany assets of the VIE was eliminated on consolidation.

Use of estimates in the consolidated financial statements – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, allowances on franchise and other receivables, franchise notes receivable, the impairment of long-lived assets, and deferred income taxes.

Government grants – The Company accounts for forgivable loans from a government as government grants when management has deemed it probable that the Company will meet the terms of the forgiveness of the loan and the assistance will be received, which currently includes the Paycheck Protection Program (“PPP”). When such threshold is met, income is recorded on a systematic basis over the period in which the Company recognized the expenses for which the grants are intended to compensate.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Concentration of credit risk – Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, receivables and vendor accounts, which includes accounts payable and optical purchasing group payables.

Cash and cash equivalents – The Company maintains cash balances with various financial institutions which, at times, may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit in the U.S. and/or the Canadian Deposit Insurance Corporation (“CDIC”) limit in Canada. Interest bearing and non-interest-bearing accounts are insured by the FDIC up to \$250,000, per depositor, per financial institution. Uninsured cash as of December 31, 2021 was approximately \$1,811,000. In addition, there was uninsured cash of approximately \$187,000 CAD, which consisted of a treasury account in Canada where the CDIC limit is \$100,000 CAD. The Company has not experienced any losses to date as a result of this policy.

Receivables – The Company owns and operates retail optical stores in the U.S. and an optical purchasing group in Canada. The Company’s receivables are from the optical purchasing group in Canada and from franchisees that also operate retail optical stores in the U.S. The Company estimates allowances for doubtful accounts based on its franchisees or members financial condition and collection history. Management believes the Company’s allowances are sufficient to cover any losses related to its inability to collect its accounts and notes receivables. Accounts are written-off when significantly past due and deemed uncollectible by management. At times, the Company experiences difficulties with the collection of amounts due from certain franchisees and with certain franchisees’ reporting of revenues subject to royalties. This is a common problem for franchisors, and the Company has taken steps designed to improve franchise sales reporting such as the installation, across the franchise chain, of a uniform Point-of-Sale computer system, continued franchise sales audits and a secret shopper program.

Vendors – TOG utilizes certain key vendors to provide its members with a broad spectrum of product purchasing options. If one of these key vendors ceases to do business with TOG, or ceases to exist, TOG could see a decrease in the amount of product purchased by its members, thus decreasing sales and net income. Management believes there are a sufficient number of competing vendors and enough of a product mix to mitigate any changes to the Company’s key vendors. The buying group purchased a substantial portion of its products from three vendors which were approximately 41% of total purchases included in income from assets held for sale for the year ended December 31, 2021.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Income taxes – The Company operates as a C Corporation and files a consolidated Federal and State income tax returns. The Company is also responsible for taxes in Canada and local jurisdictions. The Company accounts for income taxes under the asset and liability method of the FASB Accounting Standards Codification No. 740 (“ASC 740”), “*Accounting for Income Taxes*”, whereby deferred income taxes are recognized for the tax consequences of temporary differences by applying statutory tax rates to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. Changes in deferred tax assets and liabilities include the impact of any tax rate changes enacted during the year.

Under ASC 740, the income tax effect of transactions are recorded in the same year that the transactions occur to determine net income, regardless of when the transactions are recognized for tax purposes. Deferred taxes are provided to reflect the income tax effects of amounts included in the Company’s consolidated financial statements in different periods than for tax purposes, based on the differences between the consolidated financial statement and income tax basis of assets and liabilities.

Uncertain tax positions – The Company evaluates uncertain income tax positions taken or expected to be taken in a tax return for recognition in its financial statements. The Company was not required to recognize any amounts from uncertain tax positions for the year ended December 31, 2021. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, federal, state, and local authorities may examine the Company's tax returns for three years from the date of filing. Currently, the Company is undergoing a New York tax audit for 2018. Management believes that any amounts due will not significantly affect the operations of the Company.

Recent accounting pronouncements – In February 2016, the FASB issued *ASU 2016-02: Leases Topic 842*. The amendments in this update require, among other things, that lessees recognize the following for all leases (with the exception of leases with a duration of less than 12 months) at the commencement date: (1) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-to-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The standard is effective for nonpublic entities beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements and has elected not to adopt this ASU early in these consolidated financial statements.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

3. Sale of Business Entities

On August 24, 2021, the Company entered into an Asset Purchase Agreement (the "Agreement") with a third party to sell the Company's wholly owned subsidiaries, TOG and OG for a purchase price of \$10,744,000 CAD. The purchase price consisted of a lump sum payment of approximately \$4,335,000 USD paid by the buyer directly to the Company's lender at the closing to pay off all outstanding debts with the lender and a payment of approximately \$2,900,000 USD paid directly to the shareholders of the Company. The buyer is currently maintaining an escrow account per the terms of the Agreement in the amount of \$1,074,000 CAD, which was paid on September 1, 2022. The Company recognized a gain on the sale of \$6,120,209 which is included in the consolidated statement of comprehensive income for the year ended December 31, 2021.

4. Franchise Notes Receivable

Franchise notes held by the Company consist of purchase money notes related to Company-financed conveyances of Company-owned store assets to franchisees, certain franchise notes receivable obtained by the Company in connection with acquisitions in prior years, and promissory notes in connection with the settlement of past due fees due to sales underreporting. Substantially all notes are secured by the underlying assets of the related franchised store as well as the personal guarantee of the principal owners of the franchise. These notes generally provide for interest at an average of 6% for the year ended December 31, 2021.

As of December 31, 2021, scheduled maturities of notes receivable are as follows for the years ending December 31:

2022	\$	407,335
2023		134,957
2024		133,481
2025		140,444
2026		137,243
Thereafter		141,459
		<u>1,094,919</u>
Less: Current maturities		<u>407,335</u>
	\$	<u>687,584</u>

As of December 31, 2021, franchise notes receivable, net of its allowance for doubtful accounts of \$15,000 was \$1,079,919. Interest income earned on franchise notes receivable was \$42,662, for the year ended December 31, 2021.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

5. Property and Equipment

Property and equipment consist of the following as of December 31, 2021:

		<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ 501,389	5-7 years
Machinery and equipment	2,550,409	3-5 years
Software	606,747	3-5 years
Leasehold improvements	<u>3,135,707</u>	10 years*
	6,794,252	
Less: Accumulated depreciation and amortization	<u>4,952,320</u>	
	1,841,932	
Less: Assets held for sale, net	<u>54,266</u>	
	<u>\$ 1,787,666</u>	

*Based upon the lesser of the assets' useful lives or the term of the lease of the related property.

Depreciation and amortization expense on property and equipment for the year ended December 31, 2021 was \$695,047. Included in depreciation and amortization expense is \$78,395 of current year depreciation from assets held for sale.

As of December 31, 2021, net capitalized software costs of \$5,526 are included in property and equipment on the accompanying consolidated balance sheet. As of December 31, 2021, scheduled amortization of software is as follows for the years ending December 31,:

2022	\$ 2,897
2023	<u>2,629</u>
	<u>\$ 5,526</u>

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company periodically evaluates its long-lived assets (on a store-by-store basis) based on, among other factors, the estimated, undiscounted future cash flows expected to be generated from such assets in order to determine if an impairment exists. Management determined there was no impairment of long-lived assets for the year ended December 31, 2021.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

6. Goodwill

Goodwill consists of the following as of December 31, 2021:

Goodwill	\$	4,289,727
Less: Accumulated amortization		<u>3,375,026</u>
		914,701
Less: Assets held for sale, net		<u>339,359</u>
	\$	<u>575,342</u>

Amortization expense was \$299,520 for the year ended December 31, 2021, which will continue through 2025, at which time the goodwill will be fully amortized. The amortization expense includes \$111,914 of current year amortization of assets held for sale. Included in accumulated amortization is \$1,297,344 of previously amortized goodwill prior to the adoption of the accounting alternative for goodwill.

7. Intangible Assets

Intangible assets consist of the following as of December 31, 2021:

		<u>Estimated Useful Lives</u>	
Trade and domain names	\$	2,049,563	Indefinite
Customer lists		<u>140,000</u>	10 years
		2,189,563	
Less: Accumulated amortization		<u>98,000</u>	
		2,091,563	
Less: Assets held for sale		<u>947,000</u>	
	\$	<u>1,144,563</u>	

Amortization expense was \$119,490 for the year ended December 31, 2021, which includes \$105,618 of current year amortization of assets held for sale. Amortization expense will continue at \$14,000 per year through 2024, at which time the customer list will be fully amortized.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

8. Line of Credit

The Company has an operating line of credit for \$1,000,000 with M&T Bank through September 2024, at which time, they will have the option to renew. The line calculates interest at a variable rate based on 3% plus one-month LIBOR. There was no outstanding balance on the line as of December 31, 2021.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The guidance provides optional expedients and exceptions related to certain contract modifications and hedging relationships that reference the London Interbank Offered Rate ("LIBOR") or another rate that is expected to be discontinued. The guidance was effective upon issuance and generally can be applied to applicable contract modifications and hedge relationships prospectively through December 31, 2022. The Company plans to adopt the standard next year and is currently evaluating this guidance to determine the impact on its disclosures.

9. Debt

In 2021, the Company had various long-term debt obligations with M&T Bank. In August, total outstanding debt of \$5,581,733 was paid-off with the sale proceeds referenced in Note 3. Interest rates at the time the debt was paid-off ranged from 3.125% to 3.6875%, with a total interest expense of \$136,416 for the year ended December 31, 2021. There was no early payment penalty.

The amortization of interest expense on debt issuance costs for the year ended December 31, 2021 was \$59,117.

10. Paycheck Protection Program

In April 2020, the Company was granted a loan from M&T Bank of \$1,187,500 under the Paycheck Protection Program ("PPP"). In May 2021, the Company was granted an additional PPP loan in the amount of \$931,462. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides forgivable loans to qualifying businesses. As of December 31, 2021, the full amount of both loans for a total of \$2,118,962 was forgiven and is recognized as Paycheck Protection Program loan forgiveness income on the consolidated statement of comprehensive loss.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

11. Income Taxes

The Company records the income tax effect of transactions in the same year that the transactions occur to determine net income, regardless of when the transactions are recognized for tax purposes. Deferred taxes are provided to reflect the income tax effects of amounts included in the Company's financial statements in different periods than for tax purposes, principally bad debt allowances for accounts receivable, accrued expenses, and depreciation and amortization expenses for income tax purposes.

Deferred tax assets represent the future income tax benefit from amounts that have been recognized as expenses for financial statement purposes in the current period, which may not be deducted for income tax purposes until future years. Likewise, deferred tax liabilities represent the current income tax benefit from amounts that may be deducted for income tax purposes but have not yet been recognized as expenses for financial statement purposes.

The Company evaluates deferred income taxes annually to determine if it is more likely than not that the future tax benefits from deferred tax assets will be realized in future years. Valuation allowances are established if it is determined that the Company may not realize some or all of such future tax benefits. The Company assesses whether valuation allowances against the deferred tax assets should be established or adjusted based on consideration of all available evidence, both positive and negative, using the more likely than not standard. This assessment considers, among other matters, the nature, frequency of recent income and losses, forecasts of future profitability, and the duration of statutory carryforward period. In making such judgments, significant weight is given to evidence that can be objectively verified.

As of December 31, 2021, the deferred tax asset was approximately \$240,000, resulting primarily from the future tax benefit of NYS and NYC net operating loss carryforwards.

The tax effect of temporary differences that give rise to the deferred tax assets (liabilities) as of December 31, 2021 is as follows:

	<u>Amount</u>
Deferred tax assets (liabilities):	
Net operating loss carryforwards	\$ 496,000
Reserves and allowances	94,000
Other	(52,000)
Depreciation and amortization	(298,000)
Net deferred tax assets	<u>\$ 240,000</u>

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

11. Income Taxes (continued)

As of December 31, 2021, the Company has no federal net operating loss carryforwards available to reduce future taxable income.

The federal and state income tax provision (benefit) is summarized as follows:

	<u>Amount</u>
Current:	
Federal	\$ -
State	(14,492)
Total current	(14,492)
Deferred	3,360,000
Total	<u>\$ 3,345,508</u>

The Company's effective tax rate differs from the statutory Federal income tax rate of 21%, primarily due to the effect of state and local income taxes and the impact of reversing a valuation allowance on the potential future tax benefits from net operating loss carryforwards.

The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expenses. As of December 31, 2021, the Company has no unrecognized tax positions, including interest and penalties.

Under the CARES Act, NOLs arising in tax years beginning after December 31, 2017, and before January 1, 2021, (for example, NOLs incurred in 2018, 2019 or 2020 by a calendar year taxpayer), may be carried back to each of the five (5) tax years preceding the tax year of such loss. Since the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA), NOLs generally could not be carried back but could be carried forward indefinitely. Further, the TCJA limited NOL absorption to 80% of taxable income. The CARES Act temporarily removes the 80% limitation, reinstating it for tax years beginning after 2020, and accordingly, during the year ended December 31, 2021 the Company has fully utilized its NOLs in 2021.

12. Commitments and Contingencies

Operating lease commitments – The Company leases locations for both its Company-owned and franchised stores, as well as its executive and administrative offices.

As required by FASB Accounting Standards Codification No. 840 (“ASC 840”), “*Accounting for Leases*”, the Company amortizes its rent expense on a straight-line basis over the life of the related lease. Rent expense, net of sublease rentals, for the years ended December 31, 2021, was \$2,993,400.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

12. Commitments and Contingencies *(continued)*

As of December 31, 2021, minimum future rental payments for Company-owned stores and the Company's executive and administrative offices, as well as for stores leased by the Company and subleased to franchisees, in the aggregate, are as follows for the years ending December 31,:

2022	\$	6,699,450
2023		6,252,380
2024		5,475,140
2025		3,760,750
2026		3,167,900
Thereafter		5,885,860
	\$	<u>31,240,480</u>

In addition to the fixed minimum rent payable under such master leases, most master leases require payment of a pro rata portion of common area maintenance expenses and real estate taxes, as well as percentage rent based upon the sales volume of the store in question, as outlined in the underlying leases.

The Company holds a separate letter of credit for \$112,850 in favor of the landlord for the corporate office covering the rent security. The letter of credit has a one-year term that expired in July 2022, at which time the Company renewed the letter until July 2023.

The Company holds the master lease on certain of its franchised locations and, as part of the franchise agreement, sublets the subject premises to the franchisee. For franchise locations, the Company acts in an agent capacity with respect to those rental charges. In most cases, the Company's obligations are limited due to holding leases in the name of a leasehold corporation with a limited guarantee from the Company.

In the event that all of such franchisees defaulted on their respective subleases for which the Company guarantees payment under such lease, then the Company would be obligated through 2023 for aggregate lease obligations of \$2,443,750 as of December 31, 2021.

Litigation – In the ordinary course of business, the Company is a defendant in certain lawsuits alleging various claims incurred, certain of which claims are covered by various insurance policies, subject to certain deductible amounts and maximum policy limits. In the opinion of management, the resolution of these claims should not have a material adverse effect, individually or in the aggregate, upon the Company's business or financial condition. Management believes that there are no other legal proceedings, pending or threatened, to which the Company is, or may be, a party, or to which any of its properties are or may be subject to, which, in the opinion of management, will have a material adverse effect on the Company.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

13. Related Party

As of December 31, 2021, the Company paid \$400,000 of management fees to the owners of the company on an ownership percentage basis.

14. 401(k) Employee Savings Plan

Emerging Vision, Inc. sponsors a 401(k) Employee Savings Plan (the “401(k) Plan”) to provide all qualified employees of this entity with retirement benefits. Presently, the administrative costs of the 401(k) Plan are paid entirely by participating employees. The Company did not make a matching contribution for the year ended December 31, 2021.

15. Assets Held for Sale

Sale of TOG and OG

On August 24, 2021, the Company completed the sale of TOG and OG for total cash proceeds of approximately \$7,235,000, see Note 3 for additional details on the sale. The following is a summary of the net assets (liabilities) sold as initially established at December 31, 2020 and as finally reported on the closing date of August 24, 2021;

	<u>August 24, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ -	\$ 4,123,386
Property and equipment, net	-	18,777
Intangible assets, net	958,048	958,176
Goodwill, net	553,823	659,312
Other assets	-	112,136
Total assets	<u>\$ 1,511,871</u>	<u>\$ 5,871,787</u>
Accounts payable and accrued expenses	\$ -	\$ 3,641,554
Due to subsidiaries	-	4,145,879
Total Liabilities	<u>\$ -</u>	<u>\$ 7,787,433</u>
Net assets (liabilities) of discontinued operations	<u>\$ 1,511,871</u>	<u>\$ (1,915,646)</u>

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

15. Assets Held for Sale (continued)

The income from discontinued operations consists of the following for the years ended:

	<u>August 24, 2021</u>	<u>December 31, 2020</u>
Revenue	\$ 34,252,775	\$ 37,767,299
Cost of sales	(33,363,142)	(36,653,876)
Selling, general and administrative	(406,222)	(1,209,318)
Depreciation and amortization	(116,765)	-
Other income	-	59,814
Provision for income tax - current	(153,367)	(94,686)
Income (loss) from discontinued operations	<u>\$ 213,279</u>	<u>\$ (130,767)</u>
Foreign currency translation gain (loss)	<u>(102,543)</u>	<u>39,367</u>

Discontinued Operations

Under ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* guidance, it was determined that the 4 TEG stores located in Atlanta, Georgia qualify as assets held for sale as of December 31, 2021, since it represents a strategic shift that will have a major impact on operations or financial results.

The summary of the carrying amounts of major classes of assets of the assets held for sale stores are as follows as of December 31, 2021:

Accounts receivable	\$ 135,278
Inventory	868,557
Property and equipment, net	54,266
Intangible assets	947,000
Goodwill, net	339,359
	<u>\$ 2,344,460</u>

The table below sets forth selected financial information related to the operating results of the reporting unit classified as assets held for sale for the year ended December 31, 2021:

Revenue	\$ 4,210,983
Cost of sales	(1,461,234)
Selling, general and administrative	(2,350,573)
Depreciation and amortization expense	(179,162)
	<u>\$ 220,014</u>

Management does not believe the accrual of the closing costs can be currently estimated or that it will have a material effect on the operations of the entity.

EMERGING VISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021

16. Risks and Uncertainties

During the year ended December 31, 2020 and throughout 2021, an outbreak of, COVID-19, the Coronavirus Disease, has caused economic uncertainty from the impact of this pandemic outbreak and its consequences have had negative implications for both the global and U.S. economies. COVID-19 has impacted supply chains and markets and has spread throughout the U.S., causing disruption through mandated and voluntary business closings in various industries. The Company experienced a decrease in revenue which was attributed to government mandated store closures, delays in obtaining products from suppliers and a reduced customer demand for product. Additionally, during the year, the Company reduced their workforce as a result of the aforementioned actions. However, beginning in July 2020, the Company was able to resume operations for most of their store locations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. A recession or severe market reaction to any of the foregoing could have a material effect on our business operations and financial condition. The long-term effect, if any, is not currently determinable as of the date of these financial statements.

17. Subsequent Events

Management has evaluated subsequent events through September 15, 2022, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements, except as disclosed in Note 15, in connection with the sale of certain Company stores located in Atlanta, Georgia in April 2022. At that time, the Company declared a dividend of \$3,300,000.

**EMERGING VISION INC.
AND SUBSIDIARIES**

Supplementary Information

December 31, 2021



Independent Auditors' Report
on Supplementary Information

To the Board of Directors and Stockholders of
Emerging Vision, Inc. and Subsidiaries:

We have audited the consolidated financial statements of Emerging Vision, Inc. and Subsidiaries as of and for the year ended December 31, 2021, and our report thereon dated September 15, 2022 which expressed an unmodified opinion on those consolidated financial statements appears elsewhere in the report. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of selling, general and administrative expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Janover LLC

Garden City, New York
September 15, 2022

**EXHIBIT "R"
RECEIPT**

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF EVI OFFERS YOU A FRANCHISE, EVI MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU AT LEAST 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.

IF EVI 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, D.C. 20580 AND THE STATE AGENCIES LISTED IN ATTACHMENT A.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS JUNE 23, 2023

EVI AUTHORIZES THE AGENTS LISTED IN EXHIBIT "P" TO RECEIVE SERVICE OF PROCESS FOR EVI.

THE FRANCHISOR IS EMERGING VISION, INC. AND IS LOCATED AT 100 QUENTIN ROOSEVELT BOULEVARD, GARDEN CITY, NEW YORK 11530; THE FRANCHISE SELLER FOR THIS POTENTIAL FRANCHISE IS: _____

I have received the Disclosure Document including the following Exhibits on the date indicated below:

Attachment "A"	List of State Administrators
Exhibit "A"	Form of Franchise Agreement and State Addenda
Exhibit "B"	Form of Sublease
Exhibit "C"	Form of Collateral Assignment of Lease
Exhibit "D"	Form of Guaranty and Assumption Agreement
Exhibit "E"	Form of Purchase and Sale Agreement
Exhibit "F"	Form of Bill of Sale
Exhibit "G"	Form of Promissory Note and Guaranty
Exhibit "H"	Form of Security Agreement
Exhibit "I"	Form of Deposit Agreement
Exhibit "J"	Form of Debit Authorization
Exhibit "K"	Form of Software License Agreement
Exhibit "L"	Form of Business Associate Agreement
Exhibit "M"	Table of Contents of Operations Manual
Exhibit "N"	List of Franchised and Company Operated Centers
Exhibit "O"	List of Former Franchisees
Exhibit "P"	Agents for Service of Process
Exhibit "Q"	Financial Statements
Exhibit "R"	Receipt

Date: _____

Signature of Franchisee

Print - Home Address

Print Name

Print - Telephone Number

Social Security Number

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Exhibit "R"	Receipt

Date: _____

Signature of Franchisee

Print - Home Address

Print Name

Print - Telephone Number

Social Security Number