



The Convenience Stores For Metal®

**FRANCHISE DISCLOSURE
DOCUMENT**
**Metal Supermarkets Franchising
America Inc.**
520 Abilene Drive
Mississauga, Ontario, Canada L5T 2H7
(905) 362-8226
<http://franchise.metalsupermarkets.com>
Franchising@metalsupermarkets.com

The franchise offered is for a Metal Supermarkets® store (as defined below) that will sell a wide variety of metals and related materials primarily to the maintenance and engineering departments of manufacturing facilities, hospitals, schools, universities and other institutions and service companies, as well as to welders, fabricators, and machine shop and tool and die shop operators. The total investment necessary to begin operation of a Metal Supermarkets franchised business is from \$189,000 to \$344,500. This includes \$59,500 that must be paid to us or our affiliates.

If you are an existing franchisee in good standing, the initial franchise fee for an additional franchise is discounted to \$25,000 and if the additional franchise is for a contiguous area, the additional franchise fee is discounted to \$10,000. If you are entering into a successor franchise agreement, the successor franchise fee is \$7,500. [Unless indicated otherwise, all references in this Franchise Disclosure Document to Dollars (\$) are U.S. Dollars (US\$).]

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, us or an affiliate in connection with the proposed franchise sale. **Note, however that no government 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 Andrew Arminen at 520 Abilene Drive, Mississauga, Ontario, (905) 362-8230.

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 a 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 on franchising.

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

Issuance Date: January 23, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchise 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 Exhibit 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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN MINNEAPOLIS, MINNESOTA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO ARBITRATE OR LITIGATE WITH US IN MINNEAPOLIS, MINNESOTA, THAN IN YOUR HOME STATE. FOR FRANCHISEES COVERED BY THE ILLINOIS FRANCHISE LAW, JURISDICTION AND VENUE WILL BE IN ILLINOIS.

THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. FOR FRANCHISEES COVERED BY THE ILLINOIS FRANCHISE LAW, THE GOVERNING LAW WILL BE ILLINOIS LAW.

STARTING FROM YOUR THIRD FISCAL YEAR AFTER THE DATE YOUR STORE FIRST OPENS FOR BUSINESS, YOU MUST PAY US A MINIMUM ANNUAL ROYALTY.

THERE MAY BE ADDITIONAL RISKS ASSOCIATED WITH 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, 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.

See next page for effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates.

California:	February 5, 2014
Illinois:	January 29, 2014
Indiana:	
Maryland:	January 31, 2014
Michigan:	January 29, 2014
Minnesota:	January 31, 2014
New York:	
Rhode Island:	February 13, 2014
Virginia:	February 10, 2014
Washington:	
Wisconsin:	January 29, 2014

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF
MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Unless the context otherwise requires, all references to “Metal Supermarkets,” “MSFA,” “we,” “us,” or “our” refer to the franchisor, Metal Supermarkets Franchising America, Inc. and all references to “Franchisee,” “you,” or “your” refer to the person who is granted the right to operate a Metal Supermarkets store under a Franchise Agreement. If you are a corporation, limited liability company, partnership or any other type of legal entity, the provisions of the Franchise Agreement also apply to your owners by virtue of the requirement that all your owners personally guarantee, and be personally bound by, your obligations under the Franchise Agreement.

We are a corporation that was formed under the laws of Ontario on October 22, 2010. We conduct business under our corporate name and as Metal Supermarkets. Our principal business address is 520 Abilene Drive, Mississauga, Ontario, Canada L5T 2H7. Our agents for service of process are listed in Exhibit A.

We do not have any parent company. We have two predecessors. On November 8, 2010 we acquired assets from both Retail Metal Stores, Inc. (formerly known as Metal Supermarkets Corporation), a Delaware corporation (“RMS”) and from Retail Metal Stores, Inc. (formerly known as Metal Supermarkets Corporation), a Canadian corporation (“MS (Canada)”). The last known principal business address of RMS and MS (Canada) was 6541 Derry Road, P.O. Box 20023, RPO Milton Trails, Milton, Ontario L9T 7W8. RMS and MS (Canada) and their affiliates owned, operated and franchised to others the right to operate Metal Supermarkets stores in Canada, the United States, the United Kingdom and Austria. On November 8, 2010, RMS assigned to us the U.S. Metal Supermarkets franchise agreements. RMS and its affiliate also sold the Metal Supermarkets trademarks and franchise system to Metal Supermarkets IP Inc. (“MSIP”), an affiliate of ours. MSIP has granted to Metal Supermarkets Service Company Inc. (“MSSC”), a wholly-owned subsidiary of MSIP, an exclusive license to use, and to sublicense others to use, the System (as defined below). MSSC has in turn granted to us an exclusive license to use, and to sublicense others to use, the System in the United States. MSSC has also granted Metal Supermarkets Franchising Corporation (“MSFC”), an affiliate of ours, an exclusive license to use, and to sublicense others to use, the System everywhere in the world except the United States, the United Kingdom and the Republic of Ireland. MSSC has also granted to Metal Supermarkets Franchising UK Limited (“MSFK”) an affiliate of ours, an exclusive license to use and to sublicense others to use the System in the UK and Ireland. MSFK owns Metal Supermarkets UK Limited (“MSUK”) which owns and operates five Stores in the UK.

RMS operated Metal Supermarkets stores (through controlled subsidiaries or affiliates) from June 1997 until August 2011 and offered Metal Supermarkets franchises from July 1994 until November 2010. RMS has not offered franchises in any other lines of business. MS(Canada) operated Metal Supermarkets stores from 1985 until February 2011 and offered Metal Supermarkets franchises from June 1987 until November 2010. MS(Canada) has not offered franchises in other lines of business.

We were incorporated on October 22, 2010 and began operations on November 8, 2010. We have not operated any Metal Supermarkets stores, but our affiliate MSUK has operated Stores since 1995. We have offered Metal Supermarkets franchises since December 2010 and have not offered franchises in any other line of business.

Our only affiliates that have offered franchises are MSFC and MSFK, which offered Metal Supermarkets franchises outside of the US since November 2010 and October 2011 respectively. MSFC and MSFK have not offered franchises in any other line of business.

We grant to qualified individuals and business entities franchises to own and operate Metal Supermarkets stores (“Stores”). Metal Supermarkets stores are metal warehouse and distribution centers that offer a wide variety of metals and related materials and provide specialized metal services including “cut to size” metal pieces, fast delivery, computerized ordering facilities, and sourcing of non-stock and “hard to find” items, with no required minimum limit on order size. Metal Supermarkets stores sell various grades, sizes and shapes of metals such as aluminum, steel, stainless steel, brass and copper to businesses (such as manufacturers machine shops, tool and die shops), schools and universities, hospitals, hotels and home owners, and hobbyists. Some, but not all stores, also offer related services such as hole punching, plasma cutting, oxy fuel cutting, water jet cutting, shearing and bending. Franchisees must sign our standard form franchise agreement (the “Franchise Agreement”), a copy of which is attached as Exhibit C-2. The Franchise Agreement grants you the right to operate a Store using trademarks and service marks, including the mark “Metal Supermarkets®” and other service marks and trademarks that we may designate for your use (the “Marks”), market analyses, supplier relationships, sales and marketing methods, training, record keeping, custom-designed computer software and business management, all of which we or our affiliates may periodically improve, further develop or otherwise modify (as fully defined in the Franchise Agreement, the “System”).

The market for the products and services of Metal Supermarkets stores is developed. By “developed,” we mean that the products and services have been offered by the Metal Supermarkets brand for over 25 years. As of the date of this Disclosure Document, there are no national competitors with widespread physical presence in the sale of small quantities of metal, but there are several small chains of three to six locations in existence and, in some markets, similar single, stand-alone types of stores have a market presence. On-line competitors are also active on a national basis. Further, certain larger distributors may sell in small quantities as an adjunct to their normal business, but typically do not offer the same level of service, selection or delivery lead times that are offered by Metal Supermarkets stores. Customers of the stores typically are the maintenance and/or engineering departments of manufacturing facilities, hospitals, schools, universities and other institutions and service companies, as well as contractors, welders, fabricators, machine shop and tool and die shop operators. You will compete with other metal distributors and on-line competitors that sell in small quantities. Other than Section 1502 of the Dodd-Frank Street Reform and Consumer Protection Act relating to the use of conflict metals and the safety regulations which vary from state to state, we are not aware of any regulations specific to the metals distribution industry.

ITEM 2

BUSINESS EXPERIENCE

President, Chief Executive Officer and Director: G. Stephen Schober

Stephen Schober has been our President, Chief Executive Officer and Director since November 2010. He has also served as President and Chief Executive Officer of MSIP, MSFC and MSSC since November 2010 and as Director of MSFK and MSUK since October 2011. He was the President and Chief Executive Officer of RMS and its affiliates from October 2006 until October 2010.

Director: Christopher Henniker

Christopher Henniker has been a director since November 2010. He has also been a director of MSIP, MSFC and MSSC since November 2010 and a director of MSFK and MSUK since October 2011. He has been a partner (practicing in commercial law) with Kidd Rapinet, a UK law firm based in London, England since November 1997.

Director and Vice President of Franchising: Andrew Arminen

Andrew Arminen has been our Vice President of Franchising since August 2011 and a director since October 2010. He has also been a director of MSIP, MSFC and MSSC since November 2010 and a director of MSFK and MSUK since October 2011. From September 2001 until July 2011 he was the Vice President, Franchise for RMS.

Director of Franchise Services and Operations: Tim Tibbs

Tim Tibbs has been our Director of Franchise Services and Operations since September 2012. Previously he was Vice President, General Manager of Blue Pencil Information Security in Oakville, Ontario from January 2012 to September 2012. From March 2008 until August 2012 he served as Chief Operating Officer for Redishred Capital Corp. in Mississauga, Ontario, which operates a franchise and corporate business under the Proshred Security brand. From October 2004 to March 2008, Mr. Tibbs served as Executive Vice President for Heron Capital Corp. in Toronto, Ontario, which operated franchised businesses as Proshred Security and Two Men and a Truck.

Store Operations and Safety Manager: Jason Jackson

Jason Jackson has served as our Store Operations and Safety Manager since November 2010 and as the Store Operations Manager for RMS from June 1996 until November 2010.

Franchise Business Consultant: Shane Gregersen

Shane Gregersen has served as Franchise Business Consultant for us since May 2013. From November 2012 until January 2013, he was a HIPO Operations Manager with IKEA Canada in Burlington, Ontario. Mr. Gregersen was an Area District Manager with ATAP (operating as The UPS Store Greater Toronto area) in Burlington, Ontario from September 2011 until November 2012. From September 2009 until August 2011, he was a Business Partner/Area District Manager with Imprints SD LLC (operating as Instant Imprints) in San Diego, California. From July 2007 to July 2009 he was an Assistant Store Manager for G.W. Line (operating as Canadian Tire) in Burlington, Ontario.

ITEM 3

LITIGATION

Franchise Litigation During Last Fiscal Year

Terrance Moody vs. Metal Supermarkets Franchising America, Inc. Doe One Through One Hundred, (Case No. 113CV254210, filed October 7, 2013 in Superior Court, Santa Clara County, California). Moody was a franchisee whose two franchise agreements expired in November 2013. He brought this action for declaratory relief to have the court determine how the purchase price for the assets of his stores should be valued for purposes of our option to purchase. We removed the case to federal court and simultaneously commenced an arbitration proceeding as required by the dispute resolution provisions of the franchise agreements. This matter is in the pre-trial stage.

Except for this one matter, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an application fee of \$5,000 when you sign the Franchise Application (“Application Fee”). The Application Fee is fully refundable, without interest, provided that you have not signed a Franchise Agreement with us. A copy of the Franchise Application is attached as Exhibit C-1.

The standard initial franchise fee is \$39,500 which is payable in full at the time you sign the Franchise Agreement. We will credit your Application Fee against the initial franchise fee.

If you are an existing franchisee in good standing and you desire to purchase an additional franchise, then the initial franchise fee is discounted to \$25,000, provided if the additional franchise is for an area contiguous to your existing franchise, then the fee is discounted to \$10,000. However, if you are awarded a franchise with a discounted fee and you transfer that franchise within one year after opening, then you must pay the amount of the discount as an additional transfer fee.

If you are an existing franchisee who is signing a successor franchise agreement, the successor franchise fee is \$7,500.

The initial franchise fee is not refundable under any circumstances, including your failure to obtain financing, your failure to successfully complete training, or your failure to lease or purchase the site for the Store within 45 days after our approval.

Except as described above, the initial franchise fee is uniform for all franchisees currently being granted a franchise.

Initial Advertising Deposit

Upon signing the Franchise Agreement, you must deposit with us \$15,000 which is the minimum amount you are required to spend on approved advertising and marketing during the first 12 months of the operation of your Store. No interest will be accrued or paid on this deposit. You must submit all advertising and marketing materials to us for approval. You must provide us with verification (receipts, etc.) as we require to substantiate the advertising and marketing expenditures. Funds will be released to you from this deposit to reimburse you for approved advertising and marketing expenditures.

Initial Telephone and Facsimile Number Charges

We will obtain, in MSIP’s name, the telephone and facsimile numbers and email addresses for use in the operation of your Store before the opening of your Store. You must purchase, lease and/or license a telephone system which we may specify and pay the initial cost/installation. We estimate that the cost for the telephone system and installation charges will not exceed \$5,000. This cost is not refundable. We will own and control the numbers and email addresses, but they will be provided only to

you while you are in good standing under your franchise agreement. You will be obligated to reimburse us for all charges we incur in obtaining these numbers as well as any installation charges. You must reimburse us for the continuing monthly service and any long distance charges associated with the telephone numbers as further disclosed in Item 6.

ITEM 6

OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty Fee	On monthly Gross Sales of up to \$47,851, 6% of such Gross Sales; on monthly Gross Sales from \$47,852 to \$71,784, 5%; on monthly Gross Sales from \$71,785 to \$95,705, 4%; on monthly Gross Sales from \$95,706 to \$119,642, 3%; and on Gross Sales of \$119,643 or more, 2%; all subject to annual CPI adjustments and the minimum annual royalty requirement as described in Note 2.	Payable by electronic fund transfer on or before the 20 th day of each month on Gross Sales for the prior month	See Note 2 for definition of Gross Sales, minimum annual royalty, and royalty rebate program for multi-store ownership. If you are a new franchisee, you pay a reduced royalty fee for the first 12 months of operation equal to the greater of: i) 25% of the regular royalty rate or \$100 per month for the first six months; ii) 50% of the regular royalty rate or \$350 per month for the 7 th through 9 th months of operation; and iii) 75% of the regular royalty rate or \$650 per month for the 10 th through 12 th months of operation.
Brand Fund Contribution	.5% of Gross Sales, subject to a maximum of \$7,718 and subject to annual CPI adjustments	Payable by electronic fund transfer on or before the 20 th day of each month on Gross Sales for the prior month	We have the right to increase up to a maximum of 2.5% of Gross Sales with increasing maximums and reduced rates for additional stores under common ownership. See Note 3
Advertising Expenditures	After the initial year, \$10,000 each subsequent year	As expended	Includes amounts spent for advertising, media and materials. All expenditures must be approved by us. This is in addition to the Brand Fund Contribution.
Email Address Fee	Currently \$50 per year per address	By January 31 of each year	You must pay this fee for each email address we assign to your Store.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Successor Franchise Fee	\$9,500	At expiration of agreement 50% of the successor franchise fee is payable when you apply for a successor franchise. If you sign all of the necessary paperwork at least 90 days before expiration of the franchise agreement, the balance is waived. Otherwise, it is payable upon signing the successor franchise agreement.	If you are a new franchisee, you must pay us this fee if we grant you a successor franchise upon the expiration of your franchise agreement.
Late Fees; Interest on Late Payments	Late Fee of \$100 for any late payment or for insufficient funds. Interest at 16% per annum (not to exceed legal maximum)	Upon demand	This interest charge and late fee applies to any money you owe us or any of our affiliates after the due date.
Hosting Fees	Currently \$300 per month for the initial Store, and \$200 per month for each additional Store. There is also a hosting licensing and set-up fee of \$250 for each work station after the initial two work stations. There is also a \$15 per month access fee if you desire remote access to the system. These fees are subject to change from time to time.	On or before the 20 th day of each month for hosting services rendered during the month	You must pay us this fee to receive hosted software services under the Hosting Support and Software Agreement.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Audit	Cost of audit plus an administrative fee of \$3,500	Upon demand	If (i) you fail to submit the periodic reports as required under the Franchise Agreement, (ii) you fail to maintain and provide us with access to your books and records (whether in hard copy or electronic form) as required under the Franchise Agreement, (iii) an audit reveals an understatement of Gross Sales for any month in a twelve consecutive month period of more than 5%, or (iv) you fail to produce all of your books and records as required by us or our authorized agents within 15 days after we request them, you must pay the entire cost of the audit (including the cost of travel, lodging, meals and wages of auditors), plus an administrative fee of \$3,500 to cover our administrative expenses
Transfer Fee	\$8,000	Upon demand if you make a transfer or assignment	You must pay us a transfer fee. If you have purchased a franchise with a discounted initial franchise fee, the amount of the discount must be paid as an additional transfer fee under certain circumstances (see Item 5).

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Conference Fee	Currently, \$65.60 per month. If you fail to attend the annual conference, you must also pay a \$1,000 fee to cover our costs in communicating information to you that was presented at the conference.	Same as Royalty Fee	You must pay us a monthly fee to cover a portion of the cost of our annual conference. If the final cost is greater than this amount, you will pay additional amount within 30 days of the conference, whether or not you attend. Only one conference fee is due regardless of how many stores you own. We will notify you of the fee for the subsequent year within 30 days after the end of our fiscal year. We have the right to increase the amount by the greater of (i) 5% over the previous year's conference fee or (ii) the CPI adjustment (see Note 2 regarding CPI adjustments).
Special Assistance	Varies	As incurred	At your request, we may provide special assistance to you.
Insurance	Varies	As incurred	If you do not obtain the required insurance coverage for your Store, we may obtain coverage at your expense.
Premises Repair or Maintenance	Varies	As incurred	If you do not maintain the condition of your Store, we may perform the repair or maintenance at your expense.
Attorneys' Fees and Other Costs	Varies	As incurred	This fee is payable if you do not comply with the Franchise Agreement or if we are joined in a lawsuit based upon your operation of a Store.
Indemnification	Varies	As incurred	You must reimburse us if we are held liable for claims arising from your operation of a Store.
Additional Training	Will vary based upon courses taken	As incurred	We will charge per diem fees for instructors' time and materials as we determine.

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Refurbishing	Not to exceed \$10,000	Not to exceed once every five years	This is for periodic upgrades including replacement of worn-out or obsolete equipment, fixtures, furnishings, and signs.
Telephone, Facsimile, Telecommunication Charges	Cost of telephone service	As incurred	Preopening charges reimbursed to us. Continuing payments then made to us. Subject to adjustment.
Taxes	Amount of taxes	Upon demand	Taxes imposed by your state and/or local governments on payments you pay to us if we have no presence in your jurisdiction.

NOTE 1: All fees are imposed by and payable to us, except as otherwise noted. All fees are nonrefundable.

NOTE 2: Gross Sales means the revenues derived from the operation of your Store, including revenues derived from the sale of authorized products and services and, without constituting a waiver or approval, any sale of unauthorized products and services (including delivery, added value services and processing of metals and metal related products), whether for cash or credit, and irrespective of their collection, but excluding sales taxes, use taxes, gross receipts taxes, and other similar taxes added to the sales price and collected from the customer.

Starting from our third full fiscal year after the date your Store first opened for business, you must pay us a minimum annual royalty as follows:

- (i) For the third fiscal year, an annual minimum royalty of \$30,805;
- (ii) For the fourth fiscal year, an annual minimum royalty of \$33,835;
- (iii) For the fifth fiscal year, an annual minimum royalty of \$35,835;
- (iv) For the sixth fiscal year, an annual minimum royalty of \$38,885;
- (v) For the seventh fiscal year, an annual minimum royalty of \$41,915;
- (vi) For the eighth fiscal year, an annual minimum royalty of \$45,450; and
- (vii) For the ninth fiscal year, an annual minimum royalty of \$49,490.

If you are an existing franchisee who is entering into a successor franchise agreement, the minimum annual royalty is \$49,490, subject to annual CPI adjustments effective as of our fiscal year ends and the base period being September 30, 2013.

If the Royalty Fee as calculated in the chart above is less than the annual minimum royalty for that year, you must pay the difference to us within 30 days after our fiscal year end (September 30 of each year).

Your failure to pay the minimum royalty in any year constitutes a default under the Franchise Agreement and grounds for termination.

All ranges in the charts above are subject to an annual CPI adjustment effective as of our fiscal year end, and the base year is our fiscal year ended September 30, 2012. CPI means the index number in the table means the index number in the table relating to "Consumer Price Index – United States City Average, all Items, for Urban Wage Earners and Clerical Workers" as presently published in the "Monthly Labor Review" of the Bureau of Labor Statistics for the United States Department of Labor (the "Bureau"). In the event the Bureau ceases publishing the Consumer Price Index or materially changes the methods of its computation or other features of it, we may substitute comparable statistics on the purchasing power of the consumer dollar published by the Bureau, another governmental agency or a responsible financial periodical or recognized authority to be chosen by us.

We also provide an annual 1% royalty fee rebate on Gross Sales of up to \$480,000 during such year if you operate at least two stores and meet certain conditions described in Section 3.7 of the Franchise Agreement.

NOTE 3: You must contribute to the Brand Fund. Currently, the amount of the Brand Fund Contribution is .5% of Gross Sales. We have the right to increase the Brand Fund Contribution up to a maximum of 2.5% of Gross Sales.

We will notify you each year of the amount of the Brand Fund Contribution for that year. There will be a cap on the maximum amount you are required to contribute as set forth below:

<u>Brand Fund Contribution</u>	<u>Maximum Annual Contribution</u>
0.5% of Gross Sales	\$7,718
1% of Gross Sales	\$12,864
1.5% of Gross Sales	\$17,496
2% of Gross Sales	\$25,730
2.5% of Gross Sales	\$32,934

The Maximum Annual Contribution is subject to annual CPI adjustments effective as of our fiscal year ends and the base year is our fiscal year ended September 30, 2013.

If you operate other Metal Supermarkets stores pursuant to other franchise agreements with us and such other Metal Supermarkets stores are in contiguous Protected Territories, then the Metal Supermarkets stores in contiguous Protected Areas are considered to be "Adjoining Stores."

If you are not in default under the Franchise Agreement, or any other agreements you may have with us, then, with respect only to the Adjoining Stores, the Maximum Annual Contribution described above will be the maximum contribution payable in each year by such Metal Supermarkets store operated by you which generated the greatest Gross Sales in the preceding fiscal year (the "Maximum Contribution Store"), and all other such Metal Supermarkets stores (which are not the Maximum Contribution Store) shall be required to contribute, as a Brand Fund Contribution, a maximum amount equal to 50% of the Maximum Annual Contribution.

See Item 11 for more information on the Brand Fund Contribution.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
CATEGORY OF INVESTMENT	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee ¹	\$10,000 - \$39,500	Lump sum	Upon signing Franchise Agreement	Us
Equipment, Furnishings and Fixtures ²	\$40,000 - \$70,000	As incurred	As required	Third Party Suppliers
Permits, Licenses and Professional Fees ³	\$1,000 - \$5,000	As incurred	As required	Local Government and Attorneys
Computer System and Software and Telecommunication System ⁴	\$8,000 - \$15,000	As incurred	As required	Suppliers and Us
Insurance	\$3,000 - \$5,000	As incurred	As required	Insurers
Travel and Living Expenses While Training	\$5,000 - \$10,000	As incurred	As required	Airlines, Motels, Restaurants
Security Deposits, Utility Deposits	\$5,000 - \$10,000	Lump sum	Before Opening	Landlord, Utilities Companies
Leasehold Improvements	\$10,000- \$15,000	As incurred	Before Opening	Contractors
Signage	\$2,000 - \$5,000	As incurred	Before Opening	Suppliers
Opening Inventory	\$50,000 - \$70,000	As incurred	Before Opening	Suppliers
Initial Advertising ⁵	\$15,000 - \$30,000	As incurred	As required	Local Advertising Agency, Suppliers
Additional Funds - 3 Months ⁶	\$40,000 - \$70,000	As incurred	As required	Employees, suppliers, utilities, Brand Fund, etc.
TOTAL: \$189,000 TO \$344,500, exclusive of real estate and related costs⁷				

NOTE 1 When you sign the Franchise Agreement, you must pay an initial franchise fee in an amount that varies depending on the circumstances. See Item 5. The fee is refundable under limited circumstances. We do not finance this or any other fee.

NOTE 2 You will need to purchase certain items of equipment, including one or more trucks, scales, and saws, as well as furniture, racking, fixtures and other improvements. We recommend that you acquire a shear and/or other processing equipment.

- NOTE 3 This estimate includes professional fees, incorporation fees, business permits and licenses.
- NOTE 4 You must purchase a computer system as outlined in Item 11 for access to the software which is hosted by us on our system or a third-party system. You will receive hosting services through us to allow you to use the software and you will incur monthly hosting fees (currently, \$300/month for your first Store, and \$200/month for each additional Store). There is also a hosting set-up fee of \$250 for each work station after the initial two work stations. There is also a \$15 per month access fee if you desire remote access to the system. These fees are subject to change from time to time. You will still be responsible for any additional third party charges associated with any of these services including, but not restricted to, local telephone lines and Internet connections. A new software system is anticipated for late 2014 or early 2015 which could have a different cost structure.
- NOTE 5 You must deposit \$15,000 with us upon signing the Franchise Agreement. These funds are to be used for approved local advertising and marketing during your first 12 months of operation. We will reimburse you as you submit evidence of approved advertising expenditures. Any unused portion of the \$15,000 will be deposited into the Brand Fund. Amounts spent on the mailer program, yellow page advertisements, permanent on-premises signs, and similar items are not counted as initial advertising expenditures and, thus, do not apply toward the \$15,000 requirement.
- NOTE 6 This estimate, based on our and our affiliates' experience operating stores, is of your pre-opening expenses and working capital requirements for your first three months of operations. We estimate that you will need working capital of \$40,000 to \$70,000 for general operating expenses, including lease payments, inventory, payroll, payroll expenses, employee withholding taxes, worker's compensation costs, facility expenses, insurance, security, repairs and maintenance, and other costs. These figures are estimates, and we cannot assure you that you will not have additional expenses in starting the Store. Your actual cost will depend on factors such as your management skill, experience and business acumen; local economic conditions; the local market for the Store; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. This estimate does not include any amounts for debt service or any of your personal living expenses.
- NOTE 7 The total estimated initial investment does not include real estate and related costs. Stores typically are either free-standing street locations or in multi-tenanted buildings in industrial areas. The cost of purchasing and developing a site for a Store will vary considerably depending on such factors as the location and size of the site and the local real estate market. You will need to purchase or lease a site of approximately 3,500 to 6,000 square feet. We estimate that net lease costs may range from \$4.00 to \$10.00 per square foot but may vary greatly depending primarily upon the location of the premises.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. These estimates are based on our experience in establishing franchises for over 10 years. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions concerning the type of business to be operated.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The reputation and goodwill of Metal Supermarkets stores is based on the sale of high-quality metals and other products and services. For this reason, you may only sell metals and other products from your Store of the type and quality that conform to our specifications and standards and/or are purchased from suppliers that we approve (which may include us or our affiliates). Currently, we are not an approved supplier of any metals or other products for your store.

You must purchase or lease and install all fixtures, furnishings, furniture, equipment, signs and other materials and supplies for your Store of the types, brands and models that we approve as meeting our standards and specifications. Except as otherwise specified, you may purchase or lease approved brands and types of fixtures, furniture, equipment, signs and other materials and supplies from any supplier, which may include us or our affiliates. We may designate ourselves, an affiliate or another third party as the sole approved supplier to provide you with particular equipment, furnishings, fixtures and signs.

Your Store must sell the full range of metals and metal services, and other products and services that we authorize. We can add, modify or delete products and services offered by Stores periodically. Additional authorized products and services may require you to incur additional costs for equipment, inventory, additional personnel, personnel training and leasehold improvements.

We may modify our specifications and standards and the list of approved suppliers periodically. After notice of a modification, you may not reorder any metal products or other products that do not meet our then-current specifications and standards and you may not reorder any items from any supplier which is no longer approved.

As of the date of this Disclosure Document, we are the only approved supplier of certain computer software and e-commerce services. During our most recent fiscal year we received hosting fees (\$C 92,546) and e-mail fees (\$C 5,433) for a total of \$C 97,979 which was 4.6% of our total revenues of \$C 2,141,525 as shown on our audited financial statements for the year ended September 30, 2013. As of September 30, 2013, 1 U.S. Dollar equaled 1.0303 Canadian Dollars. Except for these services, neither we nor any persons affiliated with us are an approved supplier of any product or service. We reserve the right to be an approved supplier of other products and services in the future. Except for products and services for which we designate a single source of supply, if you propose to order any metals or other products either of a type or from a supplier that is not approved by us, you must first send us sufficient information, specifications and samples concerning the type of product or the supplier so that we can decide whether the product or supplier meets our criteria. We can charge you or the supplier reasonable fees to cover our costs. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers that will be incorporated in written agreements. We generally will notify you of our approval of a product or supplier within two weeks after you submit the necessary information to us. We may impose limits on the number of suppliers for any item. We or one of our affiliates may be an approved supplier and, in some circumstances, may be the sole approved supplier.

We may solicit or accept rebates, fees, commissions, extraordinary discounts or other similar allowances (collectively, "rebates") from third-party suppliers as a result of sales to you or business conducted with you, and may use such funds and benefits as we deem appropriate. As of the date of this Disclosure Document, we receive a rebate on uniforms. During our last fiscal year, we received \$196 (US) from our preferred uniform vendor. We may establish preferred vendor programs. If you participate in any preferred vendor program, you must comply with all requirements of such program.

We establish and modify specifications and standards we impose on franchisees. We do not maintain written standards and specifications for every item. If written standards or specifications exist, we will make them available to you through the Store Operations Manual or other communications in the ordinary course of business and to suppliers by written agreement. In the absence of written standards or specifications, we may require you to submit a sample and other information about a proposed new item for examination or testing.

We may attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all Metal Supermarkets stores. We will not provide material benefits (e.g., renewal or additional franchises) to you based on your use of designated or approved suppliers. If you want to use another supplier, you must make a written request to us for approval, which approval will not be unreasonably delayed or withheld. You must obtain our approval in writing.

We estimate that your purchases from approved suppliers or in accordance with our specifications will represent approximately 90% to 100% of your total purchases in the establishment of your Store and approximately 90% to 100% of your total purchases in the continuing operation of your Store.

There are no franchisee purchasing or distribution cooperatives. Except for Microsoft (in which one of our officers own stock), there is no supplier in which an officer of ours owns an interest.

Site Selection

You must select a site for your Store which is acceptable to us (See Item 11).

Purchase and Lease of Premises

Any lease or sublease for the premises of your Store must contain provisions that are reasonably acceptable to us and must include the required Addendum to Lease. (See Exhibit C-3) Before you sign any purchase or lease agreement for Premises, you must submit the agreement to us for our approval.

Development of the Premises

You are responsible for developing your Store and for all expenses associated with it. We will furnish you with prototype plans for a Store. You must modify those prototype plans so that the plans and all specifications comply with all applicable ordinances, building codes and permit requirements and any lease requirements and restrictions. You must submit your plans to us for approval before you start to develop the Premises. All development must be in accordance with the plans and specifications we have approved and must comply with all applicable laws, ordinances and local rules and regulations.

Telephone, Facsimile, Email Address and Other Telecommunications Numbers

We will obtain, in our name, a telephone and facsimile numbers and e-mail address for use in the operation of your Store. The telephone and facsimile numbers, as well as the e-mail address will belong to us; however, you must reimburse us immediately for all charges in connection with these numbers. You must pay us a fee for each email address, which currently is \$50 per year per address.

E-Commerce Participation Agreement

You may not advertise on the Internet or conduct e-commerce except through your required participation in the Metal Supermarkets E-Commerce program. See Exhibit H for a copy of the E-Commerce Participation Agreement which is mandatory.

Specifications and Standards

You must comply with all mandatory standards and procedures including: (a) all aspects (other than prices) of authorized products and services offered by your Store and the manner in which they are promoted and sold; (b) sales procedures and services; (c) marketing and advertising programs, (including use of websites and e-mail addresses); (d) dress standards; (e) safety, appearance, cleanliness and standards of service and operation of your Store; (f) days and hours of operation; and (g) accounting and record keeping systems and forms. Our mandatory standards and procedures are described in the Store Operations Manual and the Store Opening Manual. The tables of contents of the Store Operations Manual and the Store Opening Manual are attached to this Document Disclosure as Exhibit D. The total number of pages in the Store Opening Manual is 87. The total number of pages in the Store Operations Manual is 39 pages (307 pages including attachments).

Insurance

All insurance must be purchased through our designated broker/carrier and include the following coverages. You must maintain in force and furnish us evidence of the following coverages: (i) comprehensive general liability and product liability insurance coverage of at least \$2,000,000 in the aggregate and \$1,000,000 per occurrence, and \$1,000,000 for Errors and Omissions; (ii) general casualty insurance covering fire, extended coverage, vandalism and malicious mischief for the replacement value of your Store and its contents; (iii) comprehensive vehicle liability insurance for owned, leased, hired and non-owned vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damages per occurrence; (iv) business interruption insurance equal to nine (9) months of operating expenses or an actual loss sustained; (v) umbrella liability insurance with minimum limits of \$3,000,000; (vi) Worker's Compensation Insurance as prescribed by state law; (vii) any other such insurance coverages or amounts as required by law by your Lease or by agreement related to your Store; and (viii) any other insurance we may require from time to time. All liability insurance policies must name us (and our affiliates, officers, directors and employees), as additional insureds, must provide that such insurance is primary insurance with respect to the interests of all additionally named insureds, and must provide that any other insurance maintained by us or by you and/or any subcontractor is excess and not contributing insurance with the insurance required under this Agreement. The policy must contain a waiver by the insurance carrier of all subrogation rights against us. You must provide us with proof of insurance as discussed above prior to opening your Store, and you must provide proof that such insurance remains in force on or before each anniversary date of the opening of your Store.

Computers

As described in Item 11, we require you to purchase, lease and/or license, at your expense, such technology as we may specify from time to time. We currently require you to use the software which is our MSIP's proprietary software provided to us. A copy of the Hosting Support and Software Agreement is attached to this Disclosure Document as Exhibit C-6.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document. As used in this table, "FA" means Franchise Agreement, "HSS" means Hosting Support and Software Agreement and "EPA" means E-Commerce Participation Agreement.

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	§§ 2.2, 4, Schedule A & B of FA	Items 8, 11 & 12
b. Pre-opening purchases/leases	§ 4.2 of FA	Items 7, 8 & 11
c. Site development and other pre-opening requirements	§§ 2.2, 4.2 of FA	Items 7, 8 & 11
d. Initial and ongoing training	§§ 5.1, 5.2, 5.3 of FA	Item 11
e. Opening	§ 4.2 of FA	Item 11
f. Fees	§§ 3, 7.8 of FA; § 6.1 of HSS; § 1 of EPA	Items 5, 6 & 7
g. Compliance with standards and policies/Operations Manual	§§ 4.3, 5.5, 6.1, 7, Schedule C of FA; § 3 of HSS	Items 8 & 11
h. Trademarks and proprietary information	§§ 5.5, 9, 10.1, 10.3 of FA; § 5 of HSS	Items 13 & 14
i. Restrictions on products/services offered	§§ 4.3, 7.1, 7.2, 7.4 of FA; § 3 of HSS; § 1 of EPA	Item 8 & 16
j. Warranty and customer service requirements	§ 7.1 of FA; § 7 of HSS; §§ 2 and 3 of EPA	Item 6 & 11
k. Territorial development and sales quotas	None in FA	Item 12
l. Ongoing product/service purchases	§§ 7.1, 7.2 of FA	Item 8
m. Maintenance, appearance, and remodeling requirements	§§ 4.2, 7.3 of FA; § 2 of HSS	Item 8
n. Insurance	§ 7.7 of FA	Items 6 & 8

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
o. Advertising	§§ 7.8, 7.10 of FA	Items 6, 8 & 11
p. Indemnification	§§ 9.5, 15.2 of FA; § 7.1 of HSS; § 5 of EPA	Item 6
q. Owner's participation/management/staffing	§§ 6, 7.6, Schedule C, Guaranty of FA; § 2.3 of SA	Item 15
r. Records/reports	§ 8 of FA; § 5 of EPA	Item 8, 11 & 16
s. Inspections/audits	§§ 5.4, 8.4, 8.5 of FA	Item 6
t. Transfer	§ 11 of FA; § 9.1 of HSS	Items 6 & 17
u. Renewal	§ 13 of FA	Items 6 & 17
v. Post-termination obligations	§ 10.4, 14 of FA; § 8.4 of HSS	Item 17
w. Non-competition covenants	§§ 10.2, 10.4 of FA; § 8 of HA; § 4.2 of LA	Item 17
x. Dispute resolution	§§ 16.1 and 16.2 of FA	Item 17
y. Other	None	Not applicable

ITEM 10

FINANCING

Although neither we nor any agent or affiliate of ours offers direct or indirect financing to you or guarantees any note, lease or other obligation of yours, the Metal Supermarkets brand is approved for eligibility for Small Business Association's ("SBA") loans and our franchise offering is listed on the SBA Franchise Registry. The SBA Franchise Registry is a listing hosted through FRANdata.com of franchise systems whose franchisees may receive expedited and streamlined SBA loan processing, because the franchise agreement has been pre-approved by the SBA through the SBA Franchise Registry program. Our approval for eligibility or inclusion on the SBA Franchise Registry list does not guarantee that you will obtain financing or that any financing you do obtain will meet with our approval, or contain favorable or other specific terms.

Additionally, FRANdata has prepared a Bank Credit Report on the Metal Supermarkets system. It is an objective third party report to help lenders understand the franchise system from a lender credit risk perspective. This is a service that we have made available to lenders to help in the financing process. Franchisees can direct lenders to obtain a copy of the report on the Franchise Registry. This report is only available to accredited lenders.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

We will provide the following pre-opening assistance:

1. We will approve or disapprove the site you select for your Store and determine the "Protected Area" (Franchise Agreement, Section 2.2).
2. We will provide you with prototype plans for layout and design for a Metal Supermarkets store and will approve the plans and specifications for your Store (Franchise Agreement, Section 4.2).
3. If you (or your Operating Partner) have not previously owned or operated a Metal Supermarkets store, we will provide you with the pre-opening assistance, which may include up to two weeks with on-site assistance, that we deem appropriate (Franchise Agreement, Section 4.5).
4. We will furnish you a database of potential customers located in your Protected Area (Franchise Agreement, Section 4.6).
5. If you (or your Operating Partner) have not previously owned or operated a Metal Supermarkets store, we will provide initial training to you (or, if applicable, your Operating Partner) and your manager. (Franchise Agreement, Section 5.1).
6. We will provide you access to our Store Opening Manual and Store Operations Manual . The table of contents of the Store Operations Manual and Store Opening Manual are attached to this Disclosure Document as Exhibit D. (Franchise Agreement, Section 5.6).
7. We may, but are not required to, provide you with sales and marketing assistance as we may deem appropriate, including updating the data base of potential customers in the Protected Area and assistance with sales and marketing programs we may develop. (Franchise Agreement, Section 5.4).
8. Currently, it is our practice to provide an initial supply of brochures (500) and Metal Supermarkets catalogues (50) to assist you in the startup phase of your store.
9. We will provide you with an online metal knowledge training program (Franchise Agreement, Section 5.1).

Continuing Obligations

We will provide the following assistance during the operation of your Store:

1. We will visit your Store as frequently as we deem appropriate to evaluate its operation and provide advice to you (Franchise Agreement, Section 5.4).

2. We will provide periodic guidance to you with regard to the System (Franchise Agreement, Section 5.2).
3. We will conduct periodic or additional training programs as we deem appropriate (Franchise Agreement, Section 5.2).
4. We will periodically modify the Store Operations Manual to reflect changes in our standards, specifications and operating procedures (Franchise Agreement, Section 5.5).
5. We may, but are not required to, provide you with sales and marketing assistance as we may deem appropriate. (Franchise Agreement, Section 5.3).
6. Currently, we provide hosting services, either through ourselves or designated third party computer servers, and other related items so that you have access to the Information System, and email for your Store. (Franchise Agreement, Section 8.2).
7. We will provide you and your employees access to our On-line University which provides tracked courses available over the Internet on topics such as Brand meaning, customer service, equipment operation and safety.

Site Selection

We and you will agree to a “Protected Area”. We will identify the “Protected Area” based on our reasonable determination of the presence of at least 750 manufacturing facilities, tool and die shops and other potential customers. Within 45 days after the date of the Franchise Agreement, you must propose to us for our approval a location for your Store within the Protected Area and submit to us all information about the proposed location that we request. In approving or disapproving any proposed location, we will consider factors including general location, the number of potential customers in its immediate surroundings, and the distance to any other Metal Supermarkets store outside the Protected Area. Upon your and our agreement as to a proposed location, Schedule B to the Franchise Agreement will identify your Store location and will be signed by both you and us. Once Schedule B has been completed and signed, the location identified in Schedule B will be the “Premises” for purposes of the Franchise Agreement.

We estimate the time from the date you sign the Franchise Agreement to the date you open your Store to be between two and three months. This time estimate may, however, vary depending on numerous factors, including finding a location, construction schedules and your efforts in completing development. Your Store must be open and operating within four months after the date of the Franchise Agreement.

Training

If you (or your Operating Partner) have not previously owned or operated a Store, before you open your Store, you (or your Operating Partner) and your manager, if applicable, must attend a training program on the operation of a Metal Supermarkets store at the place and time we designate. You (and your manager, if applicable) must complete the training program to our satisfaction at least two weeks before opening the Business. If you hire or retain an outside sales representative, he or she may be required to complete the marketing and sales portion of our training program. Classroom training is conducted by our officers, associates and outside companies or individuals. We reserve the right to change trainers from time to time. We will select an appropriate Metal Supermarkets store for your on-the-job training. You will be responsible for your own compensation (or the compensation of your Operating Partner) and that of your

manager and sales representative (if applicable) and any travel, lodging and living expenses incurred in connection with attendance at the training program. You can include any other employees you think necessary in the initial training program.

We will not charge any additional fees for attending the initial training programs. Neither you nor your employees will receive any compensation from us for services performed during training. The initial training program is not scheduled on any set time table. Rather, it is scheduled on an as-needed basis.

Before you open your Store and for a period of one year from the date that you open your Store, we will provide you with access, at our expense, to an online metal product knowledge training program provided by a third party. Before opening your Store, you must complete to our satisfaction the on-line training program which is approximately 20 hours. In addition to completing the training, you must participate in weekly conference calls with the pre-opening team to make sure that you are progressing toward the opening of your Store.

Instructional materials for the initial training program include the Store Operations Manual, videos, on-line training and customer service materials. The subjects covered and approximate hours of classroom and on-the-job training are described in the table below.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Supplier Relations	4	10	Mississauga, head office in a Store and in your Store
Product Knowledge	6	6	Mississauga, head office in a Store and in your Store
Customer Service	4	30	Mississauga, head office in a Store and in your Store
Value-Added Services	2	4	Mississauga, head office in a Store and in your Store
Safety	0	5	Mississauga, head office in a Store and in your Store
Marketing and Sales	10	14	Mississauga, head office in a Store and in your Store

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Small Business Management	6	0	Mississauga, head office in a Store and in your Store
Purchasing	0	16	Mississauga, head office in a Store and in your Store
Software Training	8	30	Mississauga, head office in a Store and in your Store
Band Saw Training	0	2	Mississauga, head office in a Store and in your Store
Core Value	1	0	Mississauga, head office in a Store and in your Store
Inventory Management	0	8	Mississauga, head office in a Store and in your Store
Total	41	125	Mississauga, head office in a Store and in your Store

(1) The training program consists of approximately five working days of classroom training at our head office in Mississauga, Canada, five working days at Toronto area Metal Supermarkets stores and up to ten working days in your store with a field supervisor. Our training coordinator is Jason Jackson. He has three years of experience with us and more than 16 years of experience in the field, all relevant to the subjects he teaches. Another trainer is Tim Tibbs with over 20 years of franchise training experience and less than one year experience with us. Another trainer is Shane Gregersen with over 8 years of franchise training experience and less than one year experience with us. Other instructors may be involved in the training and they will have at least one year experience with us and in the field in the subject matter they teach.

In addition to the initial training program, we may require you (or your Operating Partner) and your Manager, if applicable, to attend and successfully complete periodic or additional training programs for which we may charge reasonable fees.

Advertising Programs

We have established a Brand Fund (“Fund”). The Fund currently is in the amount for the creation and development of marketing, advertising and related program materials. You must make a monthly contribution to the Fund (subject to adjustment) of .5% of Gross Sales. We have the right to adjust the

amount of the contribution from time to time, as we deem appropriate. However, the monthly contribution fee shall in no event exceed 2.5% of Gross Sales. Within 30 days of our fiscal year end, we will notify you of the amount of the Brand Fund Contribution for that year. There will be a cap on the maximum amount you are required to contribute as set forth below:

<u>Brand Fund Contribution</u>	<u>Maximum Annual Contribution</u>
0.5% of Gross Sales	\$7,718
1% of Gross Sales	\$12,864
1.5% of Gross Sales	\$17,496
2% of Gross Sales	\$25,730
2.5% of Gross Sales	\$32,934

The amount of the Maximum Annual Contribution is subject to annual CPI adjustments effective as of our fiscal year ends and the base year is our fiscal year ended September 30, 2013.

If you operate other Metal Supermarkets stores pursuant to other franchise agreements with us and such other Metal Supermarkets stores are in contiguous Protected Territories, Areas then your Store together with your other Metal Supermarkets stores in contiguous Protected Areas are considered to be “Adjoining Stores.”

If you are not in default under any of your franchise agreements with us, then, with respect only to the Adjoining Stores, the Maximum Annual Contribution described above will be the maximum contribution payable in each year by such Metal Supermarkets store operated by you which generated the greatest Gross Sales in the preceding fiscal year (the “Maximum Contribution store”), and all other such Metal Supermarkets stores (which are not the Maximum Contribution store) will contribute, as a Brand Fund Contribution, a maximum amount equal to 50% of the Maximum Annual Contribution.

Any Metal Supermarkets stores owned by us and our affiliates in the United States will contribute to the Fund on the same basis. Currently, Metal Supermarkets stores that were opened under franchise agreements that were executed prior to December 31, 2002 (and one other Store) are not contractually required to contribute to the Fund, although we will make reasonable efforts to obtain participation by all Metal Supermarkets stores. The Fund will not spend any money on advertising that is principally a solicitation for the sale of new franchises. We will not be required to spend any set amount or percentage in your area (from the Fund or otherwise).

We will have sole control over all aspects of programs financed by the Fund including international, national or regional media, creative concepts, materials and endorsements. Although the Fund will be intended to maximize general recognition and patronage of the Marks for the benefit of all Metal Supermarkets stores, we cannot assure you that any particular Metal Supermarkets Store will benefit directly or pro rata from the placement of advertising, or that expenditures from the Fund will be made in the United States or in the Protected Area. The Fund may be used to pay for the cost of preparing and producing materials and programs we select, including video, audio, written, internet, social media and other electronic media, and for the cost of employing advertising agencies in support of market research activities. The Fund will not be used to defray any of our general operating expenses, except for reasonable employee salaries, benefits, administrative costs and overhead expenses that we or our Affiliates may incur or that are allocated to activities related to the administration of the Fund and its programs, including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Fund.

During our last fiscal year ending September 30, 2013, we spent 69% of the Brand Fund contributions on production, 13% on a market study, 10% media placement, 5% customer satisfaction, and 3% administration.

The Fund will be accounted for separately from our other funds, but may be deposited in any of our general accounts and commingled with our other funds and funds of our Affiliates. The Fund will not be audited. While our goal generally will be to balance the Fund on an annual basis, from time to time the Fund may run either a surplus or a deficit. All disbursements from the Fund shall be first from income and then from contributions. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all Metal Supermarkets stores to the Fund in that year, and the Fund may borrow from us or other lenders to cover deficits in the Fund or cause the Fund to invest any surplus for future use by the Fund. We loaned approximately \$28,000 interest-free to the Fund to get it started which is being repaid over time. We will prepare annually an unaudited statement of monies collected and costs incurred by the Fund and furnish you a copy upon your written request. Except as otherwise provided in the Franchise Agreement, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Fund. We will not act as trustee or in any other fiduciary capacity with respect to the Fund. We and/or our Affiliates may maintain other marketing and/or advertising funds in other regions or countries and certain costs and/or expenses relating thereto may be shared among the various funds, including the Fund. We and/or our Affiliates have the right to co-mingle or separate such funds or combine administrative functions of such funds, including the Fund, to create one or more funds for Canada and/or the United States and/or elsewhere, and/or to allocate all or a portion of such funds, including the Fund, to regional, national or international advertising and marketing administered by us, or to co-operatives administered by one or more groups of franchisees.

There is no advertising council composed of franchisees. However, we sponsor a franchisee advisory council ("FAC") that has an advertising subcommittee that we appoint. The subcommittee provides input on advertising policies. The FAC subcommittee serves only in an advisory capacity. We have the power to form, change and dissolve the FAC or the advertising subcommittee.

You are not required to participate in any advertising cooperative. You may use your own advertising material provided that we have approved it in advance.

We may, but are not required to, provide you with sales and marketing assistance, including updating the database of potential customers in the Protected Area, telemarketing, and other sales and marketing programs that we may develop. You may use advertising and promotional materials not prepared or previously approved by us only with our prior approval as described in Item 8. Restrictions on your use of particular advertising media, including web sites and the Internet, are described in Item 8 and below.

Franchisee Advertising

Upon signing the Franchise Agreement you deposit with us \$15,000 which is the minimum amount you must spend on approved advertising and marketing programs during the first 12 months of your Store operations. We will reimburse you from the \$15,000 deposit for approved advertising and marketing as you submit paid receipts to us evidencing approved advertising expenditures. For each subsequent year co-terminus with our fiscal year, you must spend on approved advertising programs at least the greater of \$10,000 or 1.0% of Gross Sales accrued during such period (for the period of time between the end of your first 12 months of operations and the start of our then next fiscal year, the \$10,000 annual minimum requirement will be prorated). For these purposes, approved advertising and marketing programs include: (a) any amounts spent for advertising media; and (b) the cost of producing approved materials necessary to participate in these media, if not provided by us. Before using any promotional and advertising and

marketing materials not provided by us, you must submit to us, for our prior approval all promotional and advertising material proposed to be used by you. Advertising expenditures will not be approved for items which we, in our reasonable judgment, deem inappropriate for meeting this minimum advertising requirement, including permanent on-premises signs, maintaining vehicles (even though such vehicles may display the Marks), both in the print and online format. You will submit documentation of your advertising expenditures at such times and in such form as we designate. If you fail to make any required advertising expenditures, we have the right to require you to contribute the amount of any deficiency to the Fund to be used by us for general advertising and promotion. In addition, expenditures on yellow page advertisements do not count toward the \$15,000 requirement for the first 12 months of your operations.

You must list and advertise your Store in the principal regular (white pages) and classified (Yellow pages) telephone directories, both in the print and online format distributed within your Protected Area, and in other directories that we specify, using our standard forms of listing and classified directory advertisements and using such media placement agency as we may designate from time to time. You must submit to us for our prior approval, samples of all marketing, solicitation, advertising and promotional materials not prepared or previously approved by us and which vary from our standard materials. You may not use any materials or advertise in any media which we have disapproved, including the Internet. You agree not to advertise your Store nor to offer or sell any products or services of your Store through any medium we determine to be inappropriate, including the Internet or website. You may not engage in unsolicited faxing or e-mailing to customers.

Computer Hardware and Software

We may require you to purchase, lease and/or license at your expense such technology, as we may specify from time to time, such as computer hardware and software, communications technology, printers, and other computer-related accessories or peripheral equipment, for the purpose of, among other functions, recording Gross Sales and performing other financial, management information and reporting functions. As of the date of this Disclosure Document, the estimated purchase price of the computer system and third party software and licenses such as Microsoft Office is \$4,000 to \$7,500 and the cost of accessing and utilizing our proprietary software is \$300 per month for the first store and \$200 per month for additional stores. There is also a hosting set-up fee of \$250 for each work station after the initial two work stations. There is also a \$15 per month access fee if you desire remote access to the system. These fees are subject to change from time to time. Neither we nor our affiliates or any third party has any obligation to provide ongoing maintenance, repairs, upgrades or updates, except as provided in the Hosting Support and Software Agreement (see below and see [Exhibit C-5](#)). You are required to upgrade the computer system (hardware and software) from time to time as we designate. There is no contractual limit on the frequency or cost of upgrades. You agree to duly execute and deliver such technology agreements as we may require from time to time. You agree to abide by the terms of such agreements, including payment of all fees owed under the agreements. You agree not to use any technology in the operation of your Store without our express prior approval. The current estimated annual cost of optional or required maintenance, updating, upgrading or support contracts is \$0.00 to \$1,000. It may be significantly greater if we impose material upgrade requirements in any given year.

At your expense, you will take such actions and measures as we may require from time to time, for you to access the internet connection to our hosted solution and to protect the security of networks we make available to you, including inserting "firewalls" and other security devices between such networks, interfaces or systems. We may make such inspections and tests as we deem necessary to verify compliance with these requirements.

We will have independent access to the information generated and stored in your system. We have the right to retrieve and use such data and information from your computer system as we deem

desirable, with any cost of retrieval to be borne by you; provided, however, that we agree to comply with all applicable privacy laws in connection with the retrieval, use, storage and transmission of such data and information, provided that you must ensure that you obtain all necessary consents to ensure that we can collect, use and disclose customers' personal information in the manner set out in our privacy policy.

To ensure full operational efficiency and optimum communication capability between and among computer systems, you agree at your expense, to keep your computer and communications systems in good condition, and to promptly install such additions, changes, modifications, substitutions or replacements to technology, including hardware, software, telephone and power lines, and other computer-related facilities, as we direct.

At your expense, you will use such communication devices and methods for communication between us and you (or your Store personnel) as we may require from time to time, including email and the internet. Currently, we require you to obtain a high-speed internet connection from a provider acceptable to us.

MSSC provides hosting services to us that we offer to you. You must enter into a Hosting Support and Software Agreement, a current copy of which is attached to this Disclosure Document as Exhibit C-5. We require you to purchase at least three Window's PCs with at least four gigabytes of random access memory (RAM) and a Windows 7 or higher operating system, and two supported laser printers. You will also be required to pay a per user Windows Server license and administration fee to us. You will receive support for the hosting services as part of the monthly hosting services fee.

You may be required to implement and use new or additional software. The required software provides all the basic functions of a standard point of sale system, including facilitating purchase transactions, receipt generation and sales tracking. In addition to these basic functions, it manages inventory, metal procurement, tracks cost of goods sold, generates invoices, provides in-depth business reports and analytics and performs all required accounting functions.

ITEM 12

TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to own and operate a Metal Supermarkets store at a specific location within a protected area (the "Premises"). We and you will mutually agree, and designate in Schedule A to the Franchise Agreement, a geographical area called the "Protected Area." The Protected Area will be a geographical area that includes in our reasonable estimate at least 750 manufacturing facilities, tool and die shops and other potential customers of your Metal Supermarkets store. You will receive an exclusive territory in that we agree not to operate or grant anyone else the right to operate a Metal Supermarkets Store whose geographic premises is located in the Protected Area. However, we reserve various rights and as a result, you may face competition from other franchisees and from outlets we own, or from other channels of distribution or competitive brands that we own. Within 45 days after the date of the Franchise Agreement, you must propose to us for our approval a location for your Store within the Protected Area. We and you will then complete and sign Schedule B to the Franchise Agreement. At that time, the location identified in Schedule B will be deemed the "Premises" for purposes of the Franchise Agreement. If you want to relocate your Store, we will approve of the relocation provided that: (1) the new location is in the Protected Area, and (2) the new location meets our then-current standards.

You may not conduct the business of your Store or use the System at any other location, or relocate your Store, without our prior written consent. You may not solicit any customers (e.g. through telemarketing, emailing, faxing, Internet, catalog sales, telemarketing or other direct marketing and other sales and marketing efforts that we reasonably designate) who are located outside your Protected Area. You will operate your Store in a Protected Area as further described below. We do not pay any compensation for soliciting or accepting orders in your area. However, we manage the Metal Supermarkets E-Commerce site in the United States. You must sign the E-Commerce Participation Agreement (see Exhibit H) and you may be referred work to be performed for E-Commerce customers in your geographic area and receive compensation for such work. You do not have the right to advertise on the Internet or otherwise conduct e-commerce except through the Metal Supermarkets E-Commerce website.

During the term of the Franchise Agreement, (1) we will not operate (directly or through an affiliate), nor grant to another person the right to operate, any Metal Supermarkets store whose physical premises is located within the Protected Area; (2) you will exert your best efforts to fully exploit the commercial potential for your Store within the Protected Area and you will not without our prior written consent directly or indirectly solicit any customer (e.g., through telemarketing, e-mailing, Internet, faxing, mailer programs and other sales or marketing efforts that we reasonably determine constitutes a solicitation) whose business address (or the location to which you deliver your products or services) is located outside of the Protected Area; and (3) we will exert commercially reasonable efforts to restrict Metal Supermarkets stores owned and operated by independent third parties under franchise, license or other arrangements directly soliciting customers whose principal business address (or the location to which they deliver products and services) is located within the Protected Area. However, some such third parties are not territorially restricted under their agreements or arrangements with us and that we have no legal right to restrict their activities and therefore have no liability for any inability to restrict such conduct.

You agree not to advertise your Store nor to offer or sell any products or services of your Store through any medium we reasonably determine to be inappropriate, including the Internet or websites.

Even though you have a Protected Area, we may advertise and provide ordering and fulfillment services (or to authorize another person to fulfill any customer orders) for products and services authorized for Metal Supermarkets stores to customers located within the Protected Area, through the Internet or other form of electronic media, on such terms and conditions we deem appropriate, except to the extent we may agree otherwise by a separate agreement with you. In connection with that, you agree to abide by such reasonable requirements and restrictions as we may impose from time to time. We may require you to participate in any such endeavors, including participation with pages on any of our Websites, and to execute such agreements and pay such fees as we deem reasonably appropriate.

Continuation of your rights to the Protected Area does not depend on achievement of a certain sales volume, market penetration or other contingency. However, there are minimum royalties which you are required to pay. We may not alter or modify your Protected Area without your written agreement. We do not grant franchisees options, rights of first refusal or similar rights to acquire additional franchises within the Protected Area or in contiguous territories.

Except as otherwise expressly provided in the Franchise Agreement, we and/or our affiliates retain all of our rights with respect to the Marks, the System and Metal Supermarkets stores anywhere in the world, including the right to: (a) operate and grant other persons the right to operate Metal Supermarkets stores at locations outside the Protected Area on the terms and conditions we deem appropriate; (b) operate, and grant others the right to operate, Competitive Businesses inside or outside of the Protected Area identified by trademarks or service marks other than the Marks within your Protected Area but only as the result of a merger or acquisition of or by an entity that operates a similar business; and (c) operate, and grant others the

right to operate, inside or outside of the Protected Area, a business that is not a Competitive Business, identified by trademarks or service marks, other than the Marks; and (d) offer and sell any products and services inside or outside of the Protected Area under the Marks or any other trademarks, service marks, or trade dress through any other channels of distribution other than a permanently situated Metal Supermarkets store (including through the Internet or other electronic media).


Neither we nor any affiliate operates, franchises, or has plans to operate or franchise a business which sells or will sell similar goods or services under a different trademark.

ITEM 13

TRADEMARKS

Status of Principal Marks

The following is a list of the service marks which are registered on the Principal Register of the United States Patent and Trademark Office (“PTO”) and which are licensed to you under the Franchise Agreement:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	3,638,672	June 16, 2009
METAL SUPERMARKETS	4,275,469	January 15, 2013

All rights to the trademark registrations are owned by MSIP. MSIP has granted MSSC the exclusive right to sublicense the Marks and MSSC has in turn granted us the exclusive right to use and sublicense the use of the Marks in the United States. All required affidavits of use and renewals have been filed. None of these Marks are subject to any pending material litigation or any pending infringement, opposition or cancellation proceedings.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving any of the above-identified marks. There are no infringing uses actually known to us that could materially affect your use of any of the above-identified marks.

Effective November 8, 2010, we entered a license agreement (the “License Agreement”) with MSSC under which we have an exclusive license to use and sublicense the Marks and the System in the United States. The License Agreement has an initial term of 30 years, with automatic renewal rights for subsequent 10-year terms. The License Agreement may be terminated in the event that we fail to cure a default (e.g., maintain quality standards, failure to pay royalty) under the License Agreement within 30 days after we receive a notice of default. In consideration for the right to use and sublicense the Marks and System, we pay a monthly royalty to MSSC. Otherwise, there are no agreements currently in effect which significantly limit our rights to use or license the Marks in any manner material to the franchise.

Franchise Agreement

The Franchise Agreement grants you the right to use the trademarks and service marks that identify the services and/or products offered by Metal Supermarkets stores, including the mark Metal Supermarkets (the “Marks”). If we decide to modify or discontinue use of any Mark or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after notice. We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of any Mark or promotion of a substitute trademark or service mark.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights to any Mark, and you must not communicate with any person other than us, MSSC and its counsel in connection with any infringement, challenge or claim. MSIP will have sole right to decide to take any action it deems appropriate and will have the right to control exclusively any litigation or PTO proceeding arising out of any infringement, challenge or claim, or otherwise relating to any Mark. You must execute any and all instruments and documents, provide assistance and do those acts and things as, in the opinion of counsel to MSIP, may be necessary or advisable to protect its interests in any litigation or PTO proceeding or otherwise to protect its interests in the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark under the Franchise Agreement and, except as provided in the Franchise Agreement, for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and you and your Owners are in compliance with the Franchise Agreement and all other agreements entered into with us and our affiliates. In our sole judgment, we and our Affiliates will be entitled to prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we decide to prosecute, defend or settle any of these matters, we will have no obligation to indemnify or reimburse you for any fees or disbursements of legal counsel retained by you.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise.

MSIP claims copyright protection for the Store Operations Manual and all printed and/or electronically transmitted advertising and promotional materials. MSIP has not registered any of the materials to which it claims copyright protection.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Except for our License Agreement with MSIP described in Item 13, there are no agreements currently in effect which significantly limit our right to use or authorize you to use the copyrighted materials. Further, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we will do so when this action is in the best interest of our franchise system.

MSIP also considers certain information, contained in the Store Operations Manual or otherwise, relating to the development and operation of Metal Supermarkets stores proprietary and confidential, including: (1) technical information and expertise relating to metals and the equipment used in connection therewith; (2) sourcing information for metals and metal related products; (3) site selection

criteria for Metal Supermarkets stores; (4) data bases of potential customers for Metal Supermarkets stores; (5) sales and marketing programs and techniques for Metal Supermarkets stores; (6) identity and contact information (e.g., name, address, phone and fax numbers, and e-mail addresses) of past, present and prospective customers of your Store; (7) knowledge of operating results and financial performance of Metal Supermarkets stores, other than Metal Supermarkets stores that you own; (8) comprehensive methods of operating Metal Supermarkets stores; and (9) computer systems, technology and software programs. You may not use the confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

All ideas, concepts, methods or techniques useful to Metal Supermarkets stores, whether or not constituting protectable intellectual property, and whether created by you or on your behalf, must be promptly disclosed to us and, if adopted as part of the System, will be considered our property and works made-for-hire for us and/or MSIP. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, methods or techniques.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you agree to designate in Schedule C to the Franchise Agreement as the “Operating Partner” an individual approved by us who (unless we waive this requirement): (a) owns and controls at least 10% of your equity and voting rights; and (b) has completed our initial training program to our satisfaction.

You (or your Operating Partner): (a) must exert your full-time and best efforts to the operation of your Store and other Metal Supermarkets stores that you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under the Franchise Agreement. Your Store must be managed at all times by you (or your Operating Partner) or by a manager who has completed our initial training program to our satisfaction. Your officers, directors and Operating Partner must sign nondisclosure agreements to prevent unauthorized disclosure of any of our confidential information.

If you are a partnership, corporation, limited liability company or other legal entity, each of your owners must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement. A copy of these guarantees are attached to the forms of Franchise Agreement attached as Exhibit C-2 to this Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those metals and other products and services that we have approved. You must offer all metals and other products and services that we authorize for Metal Supermarkets stores. We have the right to add, modify or delete metals and other products and services we authorize and there are no limitations on our right to make these changes (see Item 8). We do not restrict the customers to whom you may sell products and services.

You agree not to advertise your Store nor to offer or sell any products or services of your Store through any medium we reasonably determine to be inappropriate, including the Internet or websites.

We may advertise and provide ordering and fulfillment services (or to authorize another person to fulfill any customer orders) for products and services authorized for Metal Supermarkets stores to customers located within the Protected Area, through the Internet or other form of electronic media, on such terms and conditions we deem appropriate, except to the extent we may agree otherwise by a separate agreement with you. In connection with that, you agree to abide by such reasonable requirements and restrictions as we may impose from time to time. We may require you to participate in any such endeavors, including participation with pages on any of our Websites, and to execute such agreements and pay such fees as we deem reasonably appropriate.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Franchise Agreement

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Term of the franchise	§ 2.1	10 years
b. Renewal or extension of the term	§ 13	You may be granted a single successor franchise for one additional term of 10 years, under terms of then current franchise agreement.

PROVISION	SECTION IN AGREEMENT	SUMMARY
c. Requirements for you to renew or extend	§ 13	If you are in compliance with all terms of all agreements, give 180-day prior notice, sign new agreement, pay fee, remodel, and sign release. A copy of our current form of general release is attached as Exhibit C-6 to this Disclosure Document. If you seek to renew your Franchise Agreement at the expiration of the initial term or any renewal term, you may be asked to sign a new Franchise Agreement that contains terms and conditions materially different from these in your previous Franchise Agreement, such as different fee requirements and territorial rights.
d. Termination by you	§ 2.2	You may terminate if we and you are unable to agree on a location for your Store.
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	§§ 2.2, 4.1, 12	We can terminate if we and you are unable to agree on a location for your Store, or if you do not lease or purchase Premises within 45 days after we approve the Premises.
g. “Cause” defined - defaults which can be cured	§§ 12.2(g), 12.2(h), 12.2(i)	You have 10 days to cure nonpayment of amounts due to us and 30 days to cure nonpayment of amounts due to third parties or to cure any failure to perform under the Agreement.
h. “Cause” defined - defaults which cannot be cured	§§ 12.1, 12.2	Non-curable defaults include failure to open Store, insolvency, abandonment of franchise, material misrepresentation, felony conviction, unauthorized transfer, unauthorized use of Marks or Confidential Information, and repeated defaults.

PROVISION	SECTION IN AGREEMENT	SUMMARY
i. Your obligations on termination/nonrenewal	§§ 4.4, 14	Pay all amounts due, discontinue use of Marks and any distinctive features of a Metal Supermarket store (such as blue stripe and blue coloring on racking system), computer software and Confidential Information, cancel all fictitious or assumed names registrations, discontinue use of telephone numbers, return the manuals, signs and marketing materials, furnish proof of compliance with termination/expiration obligations within 30 days after termination/expiration. All customer information belongs to us and you may not retain or use any customer information.
j. Assignment of contract by us	§ 11.9	We have the right to transfer or assign all or any part of our rights and obligations.
k. "Transfer" by you - definition	§ 11.1	Includes voluntary or involuntary, direct or indirect, sale assignment, transfer or other disposition of the Agreement, any right under this Agreement or any change in ownership
l. Our approval of your transfer	§§ 11.1, 11.2, 11.3, 11.4, 11.8	Any transfer or assignment is subject to our right of first refusal. We must approve all transfers, but will not unreasonably withhold approval.

PROVISION	SECTION IN AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	§ 11.2	You must be in compliance with agreement, transferee must qualify, complete training, agree to remodel and sign existing or new agreement, transfer fee (the amount of which may increase under certain circumstances if you received any discounted initial franchise fee) must be paid, you must subordinate debts and sign a release and non-compete, and we must approve price and payment terms. A copy of our current form of general release is attached as Exhibit C-8 to this Disclosure Document.
n. Our right of first refusal to buy your business	§ 11.6	We can match any offer for your business from a bona fide purchaser within 30 days of receipt of written notice.
o. Our option to buy your business	§ 14.4	Upon termination or expiration of the Franchise Agreement we may purchase your assets and may obtain an assignment of your lease for the Premises.
p. Your death or disability	§ 11.5	Upon death or disability, rights under Agreement to be transferred to an approved third party within 9 months
q. Non-competition covenant during term of franchise	§ 10.2	Without our consent, you may not own, directly or indirectly any legal or beneficial interest in, nor render services or give advice to, any Competitive Business (as defined in the Franchise Agreement) located anywhere that grants franchises, licenses or other interests to others to operate any Competitive Business, or divert or attempt to divert any business to any competitor.

PROVISION	SECTION IN AGREEMENT	SUMMARY
r. Non-competition covenant after franchise is terminated or expires	§ 10.4	For a period of two years following termination or expiration, you may not directly or indirectly: (a) own a legal or beneficial interest in, or render services or give advice to any Competitive Business operating at the Premises, within the Protected Area, within 10 miles of the Premises, or within 5 miles of any other Metal Supermarkets Store; (b) solicit (e.g., through telemarketing, e-mailing, faxing, mailer program and other marketing efforts that we reasonably determine to constitute a solicitation) any former, current or prospective customer of your Store; or (c) hire or attempt to hire anyone who has been employed by another Metal Supermarkets store.
s. Modification of the Agreement	§ 16.9	No modification except by written agreement signed by you and us
t. Integration/merger clause	§ 16.9	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 16.1	Disputes will be resolved by arbitration which will take place in Minneapolis, Minnesota.
v. Choice of forum	§ 16.2	Arbitration to be held in Minneapolis, Minnesota. Litigation must be brought in the state or federal courts in Minneapolis, Minnesota. (Subject to state law). For Illinois franchisees, litigation will be in Illinois.
w. Choice of law	§ 16.3	Minnesota Law will apply. (Subject to state law). For Illinois franchisees, Illinois law will apply.

Hosting Support and Software Agreement

This table lists certain important provisions of the Hosting Support and Software Agreement and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Term of the franchise	§ 8.2	Coterminous with the Franchise Agreement
b. Renewal or extension of the term	None	Not applicable
c. Requirements for you to renew or extend	None	Not applicable
d. Termination by you	None	Not applicable
e. Termination by us without cause	§ 8.2	We can terminate with or without cause, effective 15 days after notice to you.
f. Termination by us with cause	§ 8.2	We can terminate with or without cause, effective 15 days after notice to you.
g. "Cause" defined - defaults which can be cured	None	Not applicable
h. "Cause" defined - defaults which cannot be cured	None	Not applicable
i. Your obligations on termination/nonrenewal	§ 8.4	Pay all amounts owed and cease all use of software and hosted solution.
j. Assignment of contract by us	§ 9.1	We have the right to assign any or all of our rights or obligations.
k. "Transfer" by you - definition	None	Not applicable
l. Our approval of your transfer	§ 9.1	The agreement or any rights granted may not be, directly or indirectly, assigned or otherwise transferred by you without our prior written consent.

PROVISION	SECTION IN AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	None	Not applicable
n. Our right of first refusal to buy your business	None	Not applicable
o. Our option to buy your business	None	Not applicable
p. Your death or disability	None	Not applicable
q. Non-competition covenant during term of franchise	§ 5.3	Without our express written permission, you may not discuss any of the Confidential Information to any third party.
r. Non-competition covenant after franchise is terminated or expires	None	Not applicable
s. Modification of the Agreement	None	Not applicable
t. Integration/merger clause	§ 9.7	Only provisions of the Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 9.4	Disputes are resolved as designated in franchise agreement and therefore are subject to arbitration in Minneapolis, Minnesota.
v. Choice of forum	§ 9.4	Arbitration and litigation must be brought in the state or federal courts in Minneapolis, Minnesota (subject to state law). For Illinois franchisee litigation will be in Illinois.
w. Choice of law	§ 7.4	Minnesota law will apply. (Subject to state law). For Illinois franchisees, Illinois law will apply.

E-Commerce Participation Agreement

This table lists important provisions of the E-Commerce Participation Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION		SECTION IN AGREEMENT	SUMMARY
a.	Term of the franchise	§ 6.1	Until Franchise Agreement expires or is terminated or upon termination by either party.
b.	Renewal or extension of the term	None	Not applicable.
c.	Requirements for you to renew or extend	None	Not applicable.
d.	Termination by you	§ 6.1	With or without cause.
e.	Termination by us without cause	§ 6.1	No cause required.
f.	Termination by us with cause	None	Not applicable.
g.	“Cause” defined – defaults that can be cured	None	Not applicable.
h.	“Cause” defined – defaults that cannot be cured	None	Not applicable.
i.	Your obligations on termination/non-renewal	§ 6.2	Return confidential information and cannot represent that you are part of E-Commerce network.
j.	Assignment of contract by us	None	Not applicable.
k.	“Transfer” by you – definition	None	Not applicable.
l.	Our approval of transfer by franchisee	None	Not applicable.
m.	Conditions for our approval of transfer	None	Not applicable.

PROVISION		SECTION IN AGREEMENT	SUMMARY
n.	Our right of first refusal to acquire your business	None	Not applicable.
o.	Our option to purchase your business	None	Not applicable.
p.	Your death or disability	None	Not applicable.
q.	Non-competition covenants during the term of the franchise	§ 1.7	Cannot encourage E-Commerce customer to direct its business from E-Commerce platform.
r.	Non-competition covenants during the term of the franchise	§ 1.7	Not applicable.
s.	Modification of the agreement	§ 16	Modifications must be in writing and signed by both parties.
t.	Integration/merger clause	§ 16	Only the terms of the Agreement are binding (subject to state law). Any representations or promises made outside of the Agreement and the Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	§ 15	Arbitration in Minneapolis, Minnesota.
v.	Choice of forum	§ 15	Arbitration will take place in Minneapolis, Minnesota. (Subject to state law).
w.	Choice of law	§ 15	Minnesota law applies. (Subject to state law). For Illinois franchisees, Illinois law will apply.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the sale of our franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATION

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following charts show the actual average invoice values, gross margins and sales per store for 2010, 2011, 2012 and 2013 fiscal years. The figures are based on the 29 stores (corporately owned and operated by our predecessor and/or independently owned and operated by franchises) that were in operation for the entire four year period that operated either on our server based Platform, or converted from a standalone system to our server based platform. Seven of the 29 stores were corporately owned by our predecessor or its affiliate during fiscal years 2008 – 2010 and converted to franchise owned and operated during fiscal year 2011.

AVERAGE INVOICE VALUES

Fiscal Year	Average Invoice Value	# and % of Stores that met or exceeded the Average Invoice Value	Average # Invoices/Per Month Per Store	# and % of Stores that met or exceeded the Average Invoices/Per Month Per Store
2010	\$158.06	12 (41%)	507	12 (41%)
2011	\$175.03	13 (45%)	524	11 (38%)
2012	\$179.30	14 (48%)	547	12 (41%)
2013	\$166.18	14 (48%)	544	13 (44%)

AVERAGE GROSS MARGINS

Fiscal Year	Average Gross Margin	# and % of Stores that met or exceeded the Average Gross Margin	Average Gross Profit Per Store	# and % of Stores that met or exceeded the Average Gross Profit Per Store	Median Annual Gross Profit Per Store
2010	44.45%	17 (59%)	\$534,232	10 (34%)	\$463,618
2011	43.98%	17 (59%)	\$617,089	11 (38%)	\$468,262
2012	46.19%	19 (66%)	\$633,315	12 (42%)	\$477,744
2013	46.90%	15 (52%)	\$576,260	12 (42%)	\$479,100

AVERAGE SALES

Fiscal Year	Average Sales Per Store	# and % of Stores that met or exceeded the Average Sales Per Store	Median Annual Sales
2010	\$961,737	11 (38%)	\$823,191
2011	\$1,101,523	11 (38%)	\$902,140
2012	\$1,176,942	11 (38%)	\$914,974
2013	\$1,085,569	12 (41%)	\$891,641

1. Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

2. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

3. Gross Margin is calculated as Gross Sales less cost of goods sold.

4. Many factors, including the location of the Store, management and staff capabilities and knowledge, local market conditions, competition and other factors, are unique to each franchisee's business and may significantly impact the financial performance of a franchisee's business.

It is your sole responsibility to do your own research before purchasing a Metal Supermarkets franchise. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with professional advisors before signing the Franchise Agreement.

Other than the preceding financial performance representation, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of franchised outlets or units owned by our predecessor. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Stephen Schober, our President, c/o Metal Supermarkets Franchising America Inc., 520 Abilene Drive, Mississauga, Ontario L5T 2H7, (905) 362-8230, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
For Years 2011-2013**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised Outlets	2011	30	37	+7
	2012	37	35	-2
	2013	35	37	+2
Company-Owned*	2011	8	0	-8
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	38	37	-1
	2012	37	35	-2
	2013	35	37	+2

*All company-owned outlets were owned by our predecessor, RMS or its affiliates.

**Information is for calendar years ended December 31, 2011, 2012 and 2013.

**Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years 2011 to 2013**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
New Mexico	2011	0
	2012	0
	2013	1
State Total	2011	0
	2012	0
	2013	1

**Table No. 3
Status of Franchised
Outlets For Years 2011-2013**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquire d by Franchisor	Column 8 Ceased Operation s Other Reasons	Column 9 Outlets at the End of the Year
Alabama	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Arizona	2011	1	0	0	1	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
California	2011	3	0	0	0	0	1	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	2	0	0	0
Colorado	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Georgia	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Illinois	2011	1	3	0	0	0	0	4
	2012	4	1	0	0	0	0	5
	2013	5	0	0	0	0	0	5
Indiana	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Kentucky	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Maryland	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Minnesota	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
New Jersey	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	1	0
	2013	0	0	0	0	0	0	0
New Mexico	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
New York	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquire d by Franchisor	Column 8 Ceased Operation s Other Reasons	Column 9 Outlets at the End of the Year
North Carolina	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Ohio	2011	1	2	0	0	0	0	3
	2012	3	0	0	0	0	2	1
	2013	1	0	0	0	0	0	1
Oklahoma	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Oregon	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Pennsylvania	2011	1	0	0	0	0	0	1
	2012	1	1	0	1	0	0	1
	2013	1	1	0	0	0	0	2
South Carolina	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Tennessee	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Texas	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	1	0	0	0	0	3
Utah	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Washington	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Wisconsin	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Total	2011	30	9	0	1	0	1	37
	2012	37	2	0	1	0	3	35
	2013	35	4	0	2	0	0	37

Information is for calendar years ended December 31, 2011, 2012 and 2013.

**Table No. 4
Status of Company-Owned
Outlets For Years 2011-2013**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the
Florida	2011	1	0	0	1	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Illinois	2011	3	0	0	1	2	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Michigan	2011	1	0	0	1	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Missouri	2011	1	0	0	1	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Ohio	2011	1	0	0	1	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Texas	2011	1	0	0	1	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Total*	2011	8	0	0	5	3	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

*All company-owned outlets were owned by our predecessor, RMS or its affiliates.

**Table No. 5
Projected Openings for Upcoming Fiscal Year
(As of September 30, 2013)**

Column 1 State	Column 2 Franchised Agreements Signed But Not Opened	Column 3 Projected New Franchised Outlets in the next Fiscal Year	Column 4 Projected New Company-Owned Outlets in Current Fiscal
California	0	1	0
Florida	1	1	0
Massachusetts	1	0	0
Michigan	0	1	0
New Jersey	0	1	0
Texas	0	1	0
Washington	0	1	0
Totals	2	6	0

The name, addresses and telephone numbers of our franchisees are listed in Exhibit E-1.

The names, state and last known business telephone numbers of every franchisee who has had a

franchise terminated, canceled, or not renewed by us in fiscal year 2013 or who otherwise voluntarily or involuntarily ceased to do business under their franchise agreement in fiscal year 2013, or who have not communicated with us within 10 weeks before the date of this Disclosure Document, are listed in Exhibit E-3. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We sponsor a Metal Supermarkets Franchise Advisory Council. It does not have its own address, telephone number or e-mail address.

No franchisees have signed confidentiality clauses in last three fiscal years which restrict their ability to speak openly about their experience with the Metal Supermarkets system.

ITEM 21

FINANCIAL STATEMENTS

The following financial statements are attached to this Disclosure Document as Exhibit B:

Our audited financial statements for the period October 22, 2010 to September 30, 2011 and for the years ended September 30, 2012 and 2013. Our fiscal year end is September 30.

ALL FINANCIAL DATA IN THE FINANCIAL STATEMENTS ARE EXPRESSED IN CANADIAN DOLLARS. AS OF SEPTEMBER 30, 2013, 1 US DOLLAR EQUALED 1.0303 CANADIAN DOLLARS.

ITEM 22

CONTRACTS

Attached as exhibits to this Disclosure Document are the following contracts and their schedules:

1. Applicant Agreement (Exhibit C-1).
2. Franchise Agreement (Exhibit C-2).
3. Addendum to Lease (Exhibit C-3).
4. MetalNet Extranet Agreement (Exhibit C-4)
5. Hosting Support and Software Agreement (Exhibit C-5)
6. General Release (Exhibit C-6)
7. E-Commerce Participation Agreement (Exhibit H)

ITEM 23

RECEIPTS

The last two pages of this Disclosure Document are copies of a detachable acknowledgment of receipt. One copy is for your records and one copy must be signed, dated and returned to us.



The Convenience Stores For Metal®

Metal Supermarkets Franchising America Inc.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND AGENTS
FOR SERVICE OF PROCESS**

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Business Oversight Commissioner 1515 K Street Suite 200 Sacramento, CA 95814
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-7044	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 (651) 296-4026	Commissioner of Commerce Same Address
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8222	Secretary of State of New York 41 State Street Albany, NY 12231-0001

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
RHODE ISLAND	Division of Securities 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920 (401) 277-3048	Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, WA 98504 (360) 902-8700	Same (or physical address is:) 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Commission of Securities 345 West Washington Ave. Madison, WI 53703 (608) 266-1365	Same

Metal Supermarkets Franchising America Inc.

EXHIBIT B

FINANCIAL STATEMENTS

**Metal Supermarkets Franchising
America Inc.**

**Financial Statements
For the year ended September 30, 2013
(in Canadian Dollars)**

**Metal Supermarkets
Franchising America Inc.**

**Financial Statements
For the year ended September 30, 2013
(in Canadian Dollars)**

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Statement of Shareholders' Equity	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8-15



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BDO Canada LLP
TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto ON M5K 1H1 Canada

Independent Auditor's Report

To the Shareholders of Metal Supermarkets Franchising America Inc.

We have audited the accompanying financial statements of Metal Supermarkets Franchising America Inc., which comprise the balance sheet as of September 30, 2013 and the related statements of operations, shareholders' equity and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metal Supermarkets Franchising America Inc. as at September 30, 2013 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.



Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2012 financial statements have been restated to correct an error related to accounting for income taxes.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

January 23, 2014
Toronto, Ontario

Metal Supermarkets Franchising America Inc.
Balance Sheet
(in Canadian dollars)

September 30 **2013** **2012**

(Restated -Note 12)

Assets

Current

Cash and cash equivalents	\$	468,244	\$	43,195
Accounts receivable		178,424		179,214
Income tax receivable		86,539		28,367
Prepaid expenses		8,048		3,382
		741,255		254,158

Long term receivables (Note 2)		10,149		4,342
Due from related company (Note 3)		288,743		473,464
Franchise agreements (Note 5)		663,708		745,202
Goodwill		84,243		90,343
		1,788,098		1,567,509

\$ 1,788,098 **\$ 1,567,509**

Liabilities and Shareholders' Equity

Current

Accounts payable and accrued liabilities	\$	44,238	\$	93,942
Deferred revenues		91,949		74,727
Current portion of due to related companies (Note 4)		12,367		-
		148,554		168,669

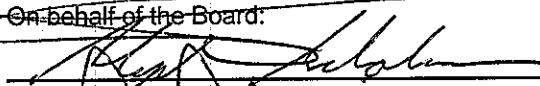
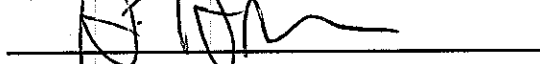
Due to related companies (Note 4)		128,967		93,019
Contingent consideration liabilities (Note 6)		-		86,432
		277,521		348,120

Shareholders' equity

Share capital (Note 7)		990,000		990,000
Retained earnings		520,577		229,389
		1,510,577		1,219,389

\$ 1,788,098 **\$ 1,567,509**

On behalf of the Board:

 Director
 Director

The accompanying notes are an integral part of these financial statements.

Metal Supermarkets Franchising America Inc.
Statement of Shareholders' Equity
(in Canadian dollars)

For the year ended September 30	2013	2012
	(Restated -Note 12)	
Class A common shares	\$ 198,000	\$ 198,000
Class C special shares	792,000	792,000
	990,000	990,000
Retained earnings, beginning of year	229,389	39,769
Net income (loss) for the year	291,188	189,620
Retained earnings, end of year	\$ 1,510,577	\$ 1,219,389

The accompanying notes are an integral part of these financial statements.

Metal Supermarkets Franchising America Inc.
Statement of Operations
(in Canadian dollars)

For the year ended September 30	2013	2012
	(Restated -Note 12)	
Revenue		
Royalties and franchise fees	\$ 1,823,524	\$ 1,808,384
E-commerce	218,074	160,933
Hosting and other fees	99,927	152,398
	<u>2,141,525</u>	<u>2,121,715</u>
Operating expenses		
Amortization	96,594	90,806
Bad debts (recovery)	(1,808)	(70,738)
E-commerce	199,443	148,788
Franchise fee and royalty rebates	4,842	4,761
Foreign exchange (gain)	(11,910)	5,138
Foreign taxes paid	183,151	188,582
Professional fees	108,245	87,156
Licensing fees (Note 8)	549,871	563,282
Loss on changes in fair value of contingent consideration liabilities	158,164	172,322
Management fees (Note 8)	557,443	727,895
Miscellaneous	2,522	14,103
	<u>1,846,557</u>	<u>1,932,095</u>
Income before income taxes	<u>294,968</u>	<u>189,620</u>
Income taxes		
Current	3,780	-
Deferred	-	-
	<u>3,780</u>	<u>-</u>
Net income for the year	<u>291,188</u>	<u>189,620</u>
Retained earnings, beginning of year	<u>229,389</u>	<u>39,769</u>
Retained earnings, end of year	<u>\$ 520,577</u>	<u>\$ 229,389</u>

The accompanying notes are an integral part of these financial statements.

Metal Supermarkets Franchising America Inc.
Statement of Cash Flows
(in Canadian dollars)

For the year ended September 30 **2013** **2012**

(Restated -Note 12)

Cash was provided by (used in)

Operating activities

Net income (loss) for the year	\$ 291,188	\$ 189,620
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of intangible assets	96,594	90,806
Deferred income taxes	-	(40,000)
Loss on changes in fair value of contingent consideration liabilities	158,164	172,322
	545,946	412,748
Changes in non-cash working capital balances		
Accounts receivable	790	239,089
Long term receivables	(5,807)	42,287
Prepaid expenses	(4,666)	(1,990)
Accounts payable and accrued liabilities	(49,704)	(62,798)
Due to related companies	233,036	(876,293)
Income taxes payable	(58,172)	11,633
Deferred revenues	17,222	74,727
	678,645	(160,597)

Investing activities

Transfer of deposit to Metal Supermarkets Franchising Corporation	(9,000)	-
Proceeds related to franchise agreements	-	15,100
	(9,000)	15,100

Financing activities

Payment on contingent consideration liabilities	(244,596)	(256,322)
	(244,596)	(256,322)

Net increase (decrease) in cash and cash equivalents	425,049	(401,819)
Cash and cash equivalents, beginning of year	43,195	445,014
Cash and cash equivalents, end of year	\$ 468,244	\$ 43,195

The accompanying notes are an integral part of these financial statements.

Metal Supermarkets Franchising America Inc.
Notes to Financial Statements
(in Canadian dollars)

September 30, 2013

1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Company:

(a) Nature of Business

Metal Supermarkets Franchising America Inc. (the "Company") franchises wholesale metal stores. The Company was incorporated under the Business Corporations Act (Ontario) on October 22, 2010 and franchises stores in the United States ("U.S.").

As of September 30, 2013, the Company had 37 franchised stores in the U.S. The Company enters into franchise agreements that have initial terms of 10 years and may be renewed for an additional 10 year period for a renewal fee.

(b) Basis of Presentation

The financial statements have been prepared by the Company in Canadian dollars and in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") applied on a consistent basis.

(c) Revenue Recognition

The Company's franchisees are required to pay royalties to the Company based on their sales. The Company recognizes royalty revenue when it is earned under the terms of the franchise agreement, which is when the franchisee generates the associated revenue, and when collection is reasonably assured.

The Company's franchisees are required to pay non-refundable initial franchise fees upon signing a franchise agreement. The Company recognizes initial franchise fee revenue when all material obligations of the Company in relation to the initial fees have been substantially performed and collection is reasonably assured.

The Company earns e-commerce revenue from online sales which are outsourced to franchisees. The Company recognizes revenue on e-commerce sales once goods have been delivered to the customer and collection is reasonably assured.

The Company's franchisees are required to pay hosting fees for services provided by the Company. The Company recognizes hosting revenue when it is earned under the terms of the agreement, which is when the hosting services are provided and collection is reasonably assured.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances and investments in money market instruments with original maturities of three months or less.

The carrying amount approximates fair value because of the short term nature of these instruments.

Metal Supermarkets Franchising America Inc.
Notes to Financial Statements
(in Canadian dollars)

September 30, 2013

1. Significant Accounting Policies - (Continued)

(e) Accounts receivable and long term receivables

Accounts receivable and long term receivables are recorded at the invoiced amount and bear interest as stipulated in the franchise agreements. Balances are determined to be past due based on the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable and long term receivables. The Company determines the allowance based on historical write-off experience, customer payment history and current economic data. The Company reviews its allowance for doubtful accounts periodically. As of year-end, the Company has determined there are \$26,787 (2012 - \$32,211) of doubtful amounts.

(f) Franchise Agreements

Franchise agreements subject to amortization are amortized on a 10 years straight-line basis over the period in which the Company expects to receive future economic benefit and are reviewed for impairment when the facts and circumstances indicate that the carrying value of the asset may not be recoverable. Franchise agreements are tested for impairment based on discounted cash flows and, if impaired, are written down to fair value based on the discounted cash flows.

Fees related to renewals of franchise agreements are accounted for as revenue in the period in which the renewal takes place.

(g) Goodwill

Management evaluates goodwill, at a minimum, on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. In accordance with Accounting Standards Codification (ASC) Topic 350, "Intangibles - Goodwill and other", impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any.

Management concluded that the fair value did not exceed the carrying amount and no impairment loss was recorded for the year ended September 30, 2013.

(h) Impairment of Long-lived Assets

Long-lived assets and definite life intangibles held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the undiscounted value of the future cash flows expected to result from the use and eventual disposition of the long-lived asset is less than the carrying amount of the asset, an impairment loss is recognized for the amount by which the carrying amount of the long-lived asset exceeds its fair value. Management believes that there has been no impairment of the Company's long-lived assets as of September 30, 2013.

Metal Supermarkets Franchising America Inc.
Notes to Financial Statements
(in Canadian dollars)

September 30, 2013

1. Significant Accounting Policies - (Continued)

(i) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Foreign denominated assets, liabilities and operating items of the Company are initially measured in Canadian dollars at the exchange rate prevailing at the respective transaction dates. Monetary assets and liabilities denominated in foreign currencies, which are outstanding at period end, are measured at exchange rates prevailing on the balance sheet date.

Included in the financial statements are the following Canadian equivalent amounts denominated in U.S. dollars:

	<u>2013</u>		<u>2012</u>	
Cash	CDN \$	443,618	CDN \$	38,999
Accounts receivable	CDN \$	164,243	CDN \$	152,119
Long term receivables	CDN \$	10,149	CDN \$	4,342
Accounts payable	CDN \$	26,169	CDN \$	69,100

(j) Income Taxes

The Company uses an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns as well as loss carry forwards. These deferred taxes are measured by applying enacted tax rates. Future tax benefits are adjusted downward via a valuation allowance. Significant temporary differences arise from differences in accounting and tax bases for withholding taxes and contingent liability.

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in tax returns that do not meet these recognition and measurement standards. At September 30, 2013, the Company did not have any uncertain tax positions.

(k) Financial Instrument

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from its financial instruments and that the carrying value of the Company's financial instruments approximates the fair value.

The fair value of long term receivables and due to related companies cannot be reasonably determined as there is no comparable market data for these amounts. The Company's cash is held at one major financial institution.

Metal Supermarkets Franchising America Inc.
Notes to Financial Statements
(in Canadian dollars)

September 30, 2013

1. Significant Accounting Policies - (Continued)

(l) Use of Estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Estimates are used when accounting for items and matters such as allowances for uncollectible accounts receivable, asset valuations, impairment assessments, taxes and related valuation allowance.

(m) Brand Fund

The Company receives monthly advertising fees from franchisees based primarily at 0.5% of their sales. These fees are set aside and used for marketing, advertising, and related programs and materials for the benefit of the company's franchisees.

2. Long Term Receivables

Long term receivables represent receivables from franchisees entered under long term payment programs with various interest rates and payment schedules, and are secured by the personal guarantees of the franchise owners.

3. Due from Related Company

	<u>Relationship</u>	<u>2013</u>	<u>2012</u>
Metal Supermarkets Service Company Inc.	Common shareholders	\$ 278,760	\$ 473,464
Metal Supermarkets Franchising UK Limited	Common shareholders	9,983	-
		<u>\$ 288,743</u>	<u>\$ 473,464</u>

The amounts due from related company are non-interest bearing and are receivable on demand with 13 months notice. As of September 30, 2013, notice of demand was not made.

Metal Supermarkets Franchising America Inc.
Notes to Financial Statement
(in Canadian dollars)

September 30, 2013

4. Due to Related Companies

	<u>Relationship</u>	<u>2013</u>		<u>2012</u>	
Metal Supermarkets Franchising Corporation	Common shareholders	\$ 106,071	\$	39,670	
Metal Supermarkets Service Company Inc.	Common shareholders	12,367		-	
Metal Supermarkets IP Inc.	Common shareholders	22,896		53,349	
		<u>141,334</u>		<u>93,019</u>	
Less: current portion		12,367		-	
		<u>\$ 128,967</u>	<u>\$</u>	<u>93,019</u>	

The amounts due to related companies are non-interest bearing and are payable on demand with 13 months notice. As of September 30, 2013, notice of demand was not made.

5. Franchise Agreements

	<u>2013</u>		<u>2012</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Franchise agreements	\$ 937,000	\$ 273,292	\$ 921,900	\$ 176,698
Net book value		<u>\$ 663,708</u>		<u>\$ 745,202</u>

The estimated amortization expense expected to be recognized over the next 5 years is as follows:

2014	\$ 93,700
2015	93,700
2016	93,700
2017	93,700
2018	93,700

Metal Supermarkets Franchising America Inc.
Notes to Financial Statement
(in Canadian dollars)

September 30, 2013

6. Contingent Consideration Liabilities

The contingent liabilities were payable as a result of the company acquiring the wholesale metal franchise operations from Retail Metal Stores, Inc a Delaware company ("RMS") in accordance with the Asset Purchase Agreement from November 10, 2010. The liabilities were based on a fixed percentage of royalty revenue received from corporate stores owned by RMS that were converted to franchises of the Company subsequent to the acquisition. The payments were to be paid for a term of three years following the conversion. During the year, the Company agreed to pay a single lump sum payment to RMS in consideration of the cancellation and termination of the remaining rebate obligations.

As of September 30, 2013, there was no remaining consideration payable to RMS.

7. Share Capital

Authorized:

The Company is authorized to issue the following:

An unlimited number of Class A common shares

- no par value, voting, entitled to dividends subject to prior rights of special shares.

An unlimited number of Class B common shares

- no par value, voting, entitled to dividends equal to those paid on Class A common shares subject to prior rights of special shares, redeemable by the Company at the issuance cost plus any declared and unpaid dividends.

An unlimited number of Class A, B, and C special shares

- no par value, non-voting, entitled to non-cumulative dividends subject to prior rights of Class D, E, and F special shares, redeemable by the Company at \$1 per share plus any declared and unpaid dividends.

An unlimited number of Class D, E, and F special shares

- no par value, non-voting, entitled to non-cumulative dividends, redeemable by the Company at \$1 per share plus any declared and unpaid dividends.

Issued:

		2013		2012
177,299	Class A common shares	\$ 198,000	\$	198,000
709,200	Class C special shares	792,000	\$	792,000
		\$ 990,000	\$	990,000

Metal Supermarkets Franchising America Inc.
Notes to Financial Statement
(in Canadian dollars)

September 30, 2013

8. Related Party Transactions

Transactions with related companies are as follows:

	<u>2013</u>	<u>2012</u>
Metal Supermarkets Service Company Inc.		
Licensing fees paid	\$ 549,871	\$ 563,282
Management fees paid	557,443	727,895

These transactions are in their normal course of operations and are recorded at their exchange amount, which is the amount of consideration established and agreed upon by the related parties.

9. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to the accounts receivable which is due from franchises and amounts due from related companies. The risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises primarily from accounts payable and contingent consideration liabilities. The risk has not changed from the prior year.

Metal Supermarkets Franchising America Inc.
Notes to Financial Statement
(in Canadian dollars)

September 30, 2013

10. Commitments

In 2010, the Company entered into an IP License Agreement with Metal Supermarkets Service Company Inc., a related company under common control. Under the terms of this agreement, the Company has committed to pay licensing fees based on 32% of royalty revenues and 12% of hosting fees for a 30 year period in exchange for the IP services provided to the franchise stores.

These transactions are in their normal course of operations and are recorded at their exchange amount, which is the amount of consideration established and agreed upon by the related parties (Note 8).

11. Subsequent Events

In accordance with ASC 855, the Company has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through January 23, 2014, the date these financial statements were available to be issued. The Company has determined that there are no such subsequent events.

12. Restatement

The financial statements for the year ended September 30, 2012 have been amended for an adjustment to current and deferred income taxes related to an error in the calculation of income taxes. The adjustment has been reflected on a retroactive basis, resulting in the following changes to the prior comparative figures from those previously presented.

	As Previously Reported	Adjustment	As Restated
Income tax receivable	\$ -	\$ 28,367	\$ 28,367
Deferred income taxes	204,000	(204,000)	-
Income taxes payable	(25,433)	25,433	-
Retained earnings	(379,589)	150,200	229,389
Current income taxes	40,000	(40,000)	-
Deferred income taxes	(88,000)	88,000	-

Metal Supermarkets Franchising America Inc.

EXHIBIT C-1

APPLICANT AGREEMENT

METAL SUPERMARKETS
APPLICANT AGREEMENT

The undersigned (“Applicant”) does hereby apply for a franchise for the operation of a Metal Supermarkets Store to be located in the following general area:
_____ (the “Local Market Area”).

Applicant acknowledges and agrees that Metal Supermarkets Franchising America Inc. (“the Company”) has granted no rights whatsoever to the applicant with respect to the Local Market Area and that the Company now or in the future may open and operate, and grant to others the right to own and operate, Metal Supermarkets stores within the Local Market Area, subject to any contrary provisions contained in any now existing or future franchise agreements entered into with Applicant.

Concurrently herewith, Applicant shall pay the Company an application fee of \$5,000. The application fee is fully refundable, without interest, unless and until the Company enters a Franchise Agreement with Applicant.

Applicant represents and warrants that the information contained in the attached Franchise Application Form is true and correct and fairly reflects Applicant’s financial position as of the date hereof.

Applicant may withdraw this application at any time upon notice to the Company. Applicant understands that the Company has the absolute right to deny this application for any or no reason.

The Company has the right to decide whether or not to award a franchise to Applicant. Applicant agrees the Company will have no liability for any denial of the application, other than the obligation to refund the application fee.

If Applicant withdraws his application or the Company denies Applicant’s application, the Company agrees to promptly refund the application fee, without interest.

If and when the Company approves the Applicant, the Company will offer Applicant a franchise to operate a Metal Supermarkets Store by delivering its then-current form of standard franchise agreement, together with all standard ancillary documents (including exhibits, riders, guarantees and other related documents) that it then customarily uses in granting franchises for the operation of Metal Supermarkets Stores in the state in which the Local Market Area is located. The franchise agreement and ancillary documents must be duly executed and returned not earlier than 5 business days and not later than 15 business days after they are delivered, with payment of the initial fees required thereunder. If the Company does not timely receive the fully executed franchise agreement and ancillary documents and payment of the required initial fees, the Company may revoke its offer to grant a franchise to operate a Metal Supermarkets Store.

This application does not confer any rights relating to the Company's trademarks or service marks. Any proprietary or confidential information provided by the Company to the Applicant is solely for the purpose of Applicant's evaluating a Metal Supermarkets Store franchise. Applicant acknowledges that any rights to use such property or confidential information may be derived only pursuant to an executed Franchise Agreement, and that unauthorized disclosure, transfer of use, either direct or indirect, of such information by the Applicant would constitute an infringement of the Company's rights thereto and result in irreparable injury to the Company for which there is no adequate remedy at law.

The effective date of this Application is the date it is acknowledged by the Company.

APPLICANT(S):

ACKNOWLEDGED by Metal Supermarkets Franchising America, Inc., this ___ day of _____, ____.

METAL SUPERMARKETS FRANCHISING
AMERICA INC.

By: _____
As Its _____

Metal Supermarkets Franchising America Inc.

EXHIBIT C-2

FRANCHISE AGREEMENT

**METAL SUPERMARKETS®
FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

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METAL SUPERMARKETS FRANCHISE AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, ____, between **METAL SUPERMARKETS FRANCHISING AMERICA INC.** (“Franchisor” or “we”), an Ontario corporation, with its principal business offices located at 520 Abilene Drive, Mississauga, Ontario, Canada L5T 2H7 and _____ (“Franchisee” or “you”), a(n) _____, whose principal address is _____.

1. INTRODUCTION AND DEFINITIONS.

1.1 Metal Supermarkets Stores

We franchise Metal Supermarkets stores in the United States. Our affiliate, Metal Supermarkets IP Inc. (“MSIP”), owns a system for developing and operating Metal Supermarkets stores (collectively, the “System” as more fully defined below). MSIP has granted to its subsidiary, Metal Supermarkets Service Company Inc. (“MSSC”) an exclusive license to use, and to sublicense others to use, the System. MSSC has in turn granted to us an exclusive license to use, and to sublicense others to use, the System in the United States. We, MSIP or MSSC may improve or otherwise change the System from time to time.

1.2 Acknowledgments

You have read this Agreement and our franchise disclosure document. You understand the terms of this Agreement and accept them as being reasonably necessary for us to maintain the uniformity of our high quality standards at all Metal Supermarkets stores and to protect the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that an investment in a Metal Supermarkets store involves business risks, that its success is largely dependent on your own abilities, efforts and financial resources and that the nature of the business of Metal Supermarkets stores may change over time. You have not received or relied on any representation, warranty, guarantee or assurance, express, implied or collateral, as to the revenues, profits or success of the business contemplated by this Agreement. You acknowledge that MSIP owns, and has indirectly granted to us an exclusive license to use, and to sublicense others to use, all of the rights and title to the Metal Supermarkets business and system as it is currently operated and as it may change over time due to enhancements to the System, business offering, or methods of conducting business. You do not have any rights or title to any of the business methods or technologies that are used in connection with the System except as expressly granted by this Agreement.

1.3 Your Representations

You, and your Owners, if applicable, represent and warrant to us, that: (a) neither you nor any of your Owners has made any untrue statement of any material fact or has omitted to state any material fact in obtaining the rights granted hereunder; (b) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed, solely by us, a Competitive Business (as defined below), except as completely and accurately disclosed in your original franchise application; and (c) the execution and performance of this Agreement will not violate any other agreement to which you or any Owner of your Owners may be bound. You recognize that we have approved your franchise application or renewal in reliance on all of the statements you and your Owners have made in connection therewith.

1.4 Definitions

The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) “Affiliate” means any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party.

(b) “Competitive Business” means any business enterprise that offers or sells metals and/or metal processing services or any products or services that are the same as or similar to the products and/or services authorized to be offered and sold by Metal Supermarkets stores.

(c) “Confidential Information” means proprietary and confidential information owned by us and/or our Affiliates relating to the development or operation of Metal Supermarkets stores whether expressly identified as confidential or not, and whether contained in the Operations Manual or otherwise, including, but not limited to: (1) technical information and expertise relating to metals and the equipment used in connection therewith; (2) sourcing information for metals and metal related products; (3) site selection criteria for Metal Supermarkets stores; (4) data bases of potential customers for Metal Supermarkets stores; (5) sales and marketing programs and techniques for Metal Supermarkets stores; (6) Customer Information; (7) knowledge of operating systems, results and financial performance of Metal Supermarkets stores, other than Metal Supermarkets stores that you own; (8) comprehensive methods of operating Metal Supermarkets stores including the unique part numbering system and methodology; and (9) computer systems, technology and software programs.

(d) “Consumer Price Index (CPI)” means the index number in the table relating to "Consumer Price Index – United States City Average, all Items, for Urban Wage Earners and Clerical Workers" as presently published in the "Monthly Labor Review" of the Bureau of Labor Statistics for the United States Department of Labor (the "Bureau"). In the event the Bureau ceases publishing the Consumer Price Index or materially changes the methods of its computation or other features of it, we may substitute comparable statistics on the purchasing power of the consumer dollar published by the Bureau, another governmental agency or a responsible financial periodical or recognized authority to be chosen by us.

(e) “Customer Information” means contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, corporate background, and all other information about (i) any person or entity included on any marketing or customer list provided by us to you, (ii) any person or entity who has purchased or purchases products and/or services from you during the Term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or who you have solicited to purchase any goods and/or services, (iii) any person or entity in your Protected Area who purchases products and/or services from us, (iv) any person or entity for whom you provide services on our behalf or at our direction; and (v) if customer is a corporation or limited liability company, all employees of such corporation or limited liability company.

(f) “Dollars (\$)” means U.S. Dollars (US\$).

(g) “Enterprise Resource Planning System” or “ERP System” means the proprietary point-of-sale, inventory management, accounting and customer relationship management software and computer system that we own and/or license, as may be revised, updated or replaced from time to time.

(h) "Existing Franchise Agreements" means agreements that you or your Owners have entered into with us or our Affiliates or predecessors prior to the date hereof for the operation of other Metal Supermarkets stores.

(i) "Extranet" means the proprietary on-line password protected World Wide Web interface utilized by us to communicate information, host the Operations Manual and other System-related information, and link to preferred vendors and suppliers. The current Extranet (or any substitute technology) system is also referred to as "Metal-Net".

(j) "Gross Sales" means the revenues derived from the operation of your Store, including revenues derived from the sale of authorized products and services (including delivery, added value services and internal or outside processing of metals and metal related products) and, without constituting a waiver or approval, any sale of unauthorized products and services, whether for cash or credit, and irrespective of the collection thereof, but excluding sales taxes, use taxes, gross receipts taxes, and other similar taxes added to the sale price and collected from customers.

(k) "Internet" means all communications between computers and television, telephone, facsimile and any other communication or communication capable devices and another such device or machine, including the World Wide Web, proprietary online services, social media platforms, blogs, E-mail, news groups and electronic bulletin boards and forums.

(l) "Marks" means the current and future trademarks, service marks and trade names, including the mark Metal Supermarkets® and associated logo, that we authorize you to use from time to time to identify your Store and the goods and services offered at or in connection with your Store.

(m) "Metal Supermarkets stores" means warehouse and distribution centers, offering a wide variety of metals and related materials and services to machine shops, tool and die makers, fabricators, manufacturing companies, maintenance and engineering departments and to a variety of other customers and individuals that are identified by the Marks and use the System.

(n) "Operating Partner" means the individual who has been appointed by you to devote full time and attention to the operation of your Store and other Metal Supermarket stores that you own.

(o) "Operations Manual" means our confidential operations manual, as amended from time to time, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating policies and procedures relating to the development and operation of Metal Supermarkets stores and other information relating to your obligations under this Agreement. The term "Operations Manual" includes all means of communicating such information, including all written, digitized, computerized, and electronically formatted versions, such as our MetalNet extranet site (or any substitute technology), bulletins, e-mails, videotapes, audio tapes, compact discs, computer diskettes and CD Roms.

(p) "Owner" means each person or entity that has a 10% or more direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company or other legal entity.

(q) "Protected Area" means the geographical area described as the Protected Area in Schedule A.

(r) “Qualified Affiliate” means an entity (e.g., corporation, limited liability company or partnership) that is an Affiliate of yours, (1) of which more than 50% of the equity interest and voting power is owned by you; (2) which owns more than 50% of the equity interest and voting power in you; or (3) of which the principal individual owner (i.e. the person who owns more than 50% of the equity of voting power) also is the principal individual owner of you.

(s) “Reduced Fee Addendum” means, if applicable, the Reduced Fee Addendum attached hereto as Schedule F and executed by both parties. The addendum is applicable if you already own one or more Metal Supermarket stores that you opened on your own account (i.e., that was not purchased or acquired by you) and you enter into this Agreement for an additional Metal Supermarkets store that you open (i.e., not purchased or acquired); we then have the option, but not the obligation, of granting you a franchise at our then-current reduced fee, which may be stated in then-current franchise disclosure document (if applicable), or, if we are no longer offering new franchises, then in our stated company policy regarding additional franchise stores. In order to qualify for the reduced fee for an additional store you must be in compliance with all terms and conditions of the prior agreements you have entered into with us.

(t) “System” means the business methods, systems, software, designs and arrangements for developing and operating Metal Supermarkets stores, including the Marks; the Confidential Information; building design and layout; equipment standards; standards and specifications for metal products and other authorized products and services; training and assistance; inventory ordering and control systems; marketing programs; and certain operations and business standards and policies.

(u) “Store” means the Metal Supermarkets store that you operate pursuant to this Agreement.

2. GRANT OF RIGHTS.

2.1 Grant of Franchise

Subject to the terms of this Agreement, we grant you the right, and you assume the obligation, to operate the Store at the location selected by you pursuant to Section 2.2 (the “Premises”), and to use the System solely in connection therewith, for a term of ten (10) years, starting on the date of this Agreement (the “Term”). You may not conduct the business of your Store or use the System anywhere other than the Premises, or relocate your Store, without our consent.

2.2 Selection of Location

Within a reasonable period of time, not to exceed forty-five (45) days after the date of this Agreement, you agree to propose to us a location for your Store within your Protected Area, which location is subject to our approval. You agree to submit to us all information about the proposed location that we request, and we have no obligation to consider a proposed location until we receive from you a complete site analysis report for such proposed location. You agree not to execute any lease or purchase agreement for, nor commit to any other binding obligation to purchase or occupy, any proposed location until we have approved the location in accordance with the terms of Section 4.1. In determining whether to approve or disapprove any proposed location, we will consider such factors as we deem relevant, including general location, the number of potential customers in its immediate surroundings, and the distance to any other Metal Supermarkets store located outside the Protected Area. We will have no liability whatsoever to you or anyone else for approving or disapproving a proposed location. Upon approval of a proposed location, we

will identify the location in Schedule B. Upon completion of Schedule B, both parties agree to sign and attach it to this Agreement, and Schedule B shall then be part of this Agreement.

Neither our site selection requirements, our approval of the Premises, nor any information we may impart to you about the Premises or the Protected Area constitutes a representation, warranty, guarantee or assurance of any kind, express, implied or collateral, that your Store will be profitable or successful. Our approval of the Premises merely signifies that we will permit you to operate a Metal Supermarkets Store at that site. Your decision to develop and operate a Metal Supermarkets Store at the Premises is based solely on your own independent investigation and judgment and not in reliance on any approvals or information from us.

2.3 Your Territorial Protection

During the Term, (1) we will not operate (directly or through an Affiliate), nor grant to another person the right to operate, any Metal Supermarkets store with a physical location within the Protected Area; (2) you will exert your best efforts to fully exploit the commercial potential for your Store within the Protected Area and you will not directly or indirectly solicit any customer or prospect (e.g., through telemarketing, e-mailing, Internet, faxing, mailer programs and other sales or marketing efforts that we reasonably determine constitutes a solicitation) whose business address (or the location to which you deliver your products or services) is located outside of the Protected Area; and (3) we will exert commercially reasonable efforts to restrict Metal Supermarkets stores owned and operated by independent third parties under franchise, license or other arrangements from directly soliciting customers whose principle business address (or the location where products and services are delivered) is located within the Protected Area. You agree not to advertise your Store and not to solicit, offer or sell any products or services of your Store through any medium we designated, including the Internet or websites. You acknowledge and agree that we have no liability for the conduct of a franchisee who does not comply with our restrictions.

2.4 Our Reservation of Rights

Except as otherwise expressly provided in Section 2.3(1) of this Agreement, we, on our own behalf and on behalf of our Affiliates, reserve all rights with respect to the Marks, the System and Metal Supermarkets stores anywhere in the world, including the right to: (a) operate, and grant to others the right to operate, Metal Supermarkets stores at such locations outside the Protected Area on such terms and conditions as we deem appropriate; (b) operate, and grant to others the right to operate, a Competitive Business that is identified by trademarks or service marks, other than the Marks, but only in the event of a merger or acquisition of or by an entity that operates a similar business; (c) operate, and grant others the right to operate, a business that is not a Competitive Business identified by trademarks or service marks, other than the Marks; and (d) to offer and sell any products or services under the Marks or under any other trademarks, service marks or trade dress, through any channel of distribution other than a permanently situated Metal Supermarkets store (including the Internet or other electronic media).

Further, notwithstanding Section 2.3 above, we may advertise and provide ordering and fulfillment services (or to authorize another person to fulfill any customer orders) for products and services authorized for Metal Supermarkets stores to customers located within the Protected Area, through the Internet or other form of electronic media, on such terms and conditions we deem appropriate, except to the extent we may agree otherwise by a separate agreement with you. In connection therewith, you agree to abide by such reasonable requirements and restrictions as we may impose from time to time. We may require you to participate in any such endeavors, including participation with pages on any of our Websites, and to execute such agreements and pay such fees as we deem reasonably appropriate.

3. FEES.

3.1 Initial Franchise Fee

You agree to pay us an initial franchise fee in the amount of Thirty-Nine Thousand Five Hundred U.S. Dollars (U.S. \$39,500), unless you and we have signed a Reduced Fee Addendum. The initial franchise fee is fully earned by us and payable by you upon signing this Agreement and, except as otherwise provided herein, is non-refundable in whole or in part for any reason whatsoever. Any application fee you have paid to us in connection with your application for the rights conferred by this Agreement shall be credited against the initial franchise fee.

3.2 Monthly Royalty Fees

(a) For the first twelve months of operation you will pay us, on or before the twentieth (20th) day of each month, a reduced royalty fee based upon your Gross Sales accrued during the immediately preceding month as follows:

- i. For the first six months of operation the royalty fee will be equal to the greater of 25% of the royalty fee calculated under Section 3.2(b) or a minimum of \$100 per month;
- ii. For the seventh through ninth months of operation, the royalty will be equal to the greater of 50% of the royalty fee calculated under Section 3.2(b) or a minimum of \$350 per month; and
- iii. For the tenth through twelfth months of operation, the royalty fee will be equal to the greater of 75% of the royalty fee calculated under Section 3.2(b) or a minimum of \$650 per month.

(b) You agree to pay us, on or before the twentieth (20th) day of each month, a royalty fee based on your Gross Sales accrued during the immediately preceding month as follows (subject to an annual CPI adjustment effective as of our fiscal year end and the base year being our fiscal year ending September 30, 2013):

- i. On Gross Sales up to \$47,851, a royalty fee of six percent (6%) of such Gross Sales;
- ii. On Gross Sales from \$47,852 to \$71,784, a royalty fee of five percent (5%) of such Gross Sales;
- iii. On Gross Sales from \$71,785 to \$95,705, a royalty fee of four percent (4%) of such Gross Sales;
- iv. On Gross Sales from \$95,706 to \$119,642, a royalty fee of three percent (3%) of such Gross Sales; and
- v. On Gross Sales from \$119,643 or more, a royalty fee of two percent (2%) of such Gross Sales.

(c) Notwithstanding subsection (b) above, you agree to pay a minimum annual royalty as set forth below, starting with our third full fiscal year after the date your Store first opened for business (subject to an annual CPI adjustment effective as of our fiscal year end and the base year being our fiscal year ending September 30, 2013):

- i. For the third (3rd) fiscal year, an annual minimum royalty of \$30,805;
- ii. For the fourth (4th) fiscal year, an annual minimum royalty of \$33,835;
- iii. For the fifth (5th) fiscal year, an annual minimum royalty of \$35,835;
- iv. For the sixth (6th) fiscal year, an annual minimum royalty of \$38,885;
- v. For the seventh (7th) fiscal year, an annual minimum royalty of \$41,915;
- vi. For the eighth (8th) fiscal year, an annual minimum royalty of \$45,450; and
- vii. For the ninth (9th) fiscal year, an annual minimum royalty of \$49,490.

You must pay to use the amount by which the annual minimum royalty exceeds the percentage royalty as calculated under Section 3.2(b) for such fiscal year. You must pay any such amount to us within thirty (30) days after the fiscal year end.

3.3 Interest On Late Payments; Late Fees

All amounts which you owe us or any of our Affiliates will bear interest after their due date at the highest contract rate of interest permitted by law, not to exceed sixteen percent (16%). In addition, we have the right to assess service charges for any checks or other payment methods that are returned or otherwise refused for insufficient funds. You must also pay us a \$100 late fee for each payment owed to us under this Agreement which we receive after its due date or for which there are insufficient funds. The late fee is not interest or a penalty. It is used to compensate us for increased administrative and management costs due to late payment. Notwithstanding the foregoing, your failure to pay all amounts when due constitutes grounds for termination of this Agreement as provided in Section 12.

3.4 Electronic Transfer of Funds

You must sign an electronic transfer of funds authorization in the form attached as Schedule G and/or such other documents as we designate from time to time, to authorize and direct your bank or financial institution to transfer either electronically or through some other method of payment designated by us, directly to our account or our Affiliates' account and to charge your account all amounts due to us and our Affiliates from you. Your authorizations must permit us and our Affiliates to designate the amount to be sufficient to allow us and our affiliates to collect the amounts owed to us or our Affiliates when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds. You acknowledge and agree that we have the right to require you to pay either by electronic transfer of funds or through some other method of payment designated by us, regardless of whether we impose the same requirement on other Metal Supermarkets franchisees.

3.5 Application of Payments; Offsets

We intend to apply payments made by you first to interest and to the oldest outstanding amounts due to us or our Affiliates regardless of any contrary designation by you. However, we have the right to apply any payments by you to any of your past due indebtedness for the initial franchise fee, royalties, purchases or any other past due indebtedness to us or any of our Affiliates. If we or our Affiliates owe you any money, we have the right to offset amounts owed to us and our Affiliates against what is owed to you. However, you agree that all payments owed by you will be made as and when due without any setoff, deduction or prior demand.

3.6 Brand Fund Contribution

We have established a Brand Fund (“Fund”) in accordance with the provisions of Section 7.10, and, subject to any maximum annual contribution levels we establish, you agree to pay us a monthly fee equal to a percent, as determined by us (not to exceed 2.5%), of your Gross Sales to fund the Fund (the "Brand Fund Contribution"). The Brand Fund Contribution is payable on or before the twentieth (20th) day of each month based on your Gross Sales accrued during the immediately preceding month.

Within thirty (30) days of our fiscal year end, we will notify you of any change in the amount of the Brand Fund Contribution for that year. There will be a cap on the maximum amount you are required to contribute as set forth below:

<u>Brand Fund Contribution</u>	<u>Maximum Annual Contribution</u>
0.5% of Gross Sales	\$7,708
1% of Gross Sales	\$12,864
1.5% of Gross Sales	\$17,496
2% of Gross Sales	\$25,730
2.5% of Gross Sales	\$32,934

The Maximum Annual Contribution is subject to annual CPI adjustments effective as of our fiscal year ends and the base year is our fiscal year ended September 30, 2013.

If you operate other Metal Supermarkets stores pursuant to other franchise agreements with us and such other Metal Supermarkets stores are in contiguous Protected Territories to your Store operated under this Agreement, then your Store under this Agreement together with your other Metal Supermarkets stores under separate agreements in contiguous Protected Areas are considered to be “Adjoining Stores.”

If you are not in default under this Agreement, or any other agreements you may have with us, then, with respect only to the Adjoining Stores, the Maximum Annual Contribution described above will be the maximum contribution payable in each year by such Metal Supermarkets store operated by you which generated the greatest Gross Sales in the preceding fiscal year (the “Maximum Contribution Store”), and all other such Metal Supermarkets stores (which are not the Maximum Contribution store) shall be required to contribute, as a Brand Fund Contribution, a maximum amount equal to fifty percent (50%) of the Maximum Annual Contribution.

3.7 Royalty Fee Rebate

We agree to pay you, within sixty (60) days after the end of each of our fiscal years, a royalty fee rebate of one percent (1%) of your Gross Sales of your Store accrued during such fiscal year (“Calculation Year”) on Gross Sales of up to \$480,000 during such year, provided:

(a) During the entire Calculation Year, you (either directly or through one or more Qualified Affiliates) had open and operating at least two (2) Metal Supermarkets stores under valid franchise agreements (“Existing Franchise Agreements”) with us or one of our Affiliates, including your Store operated under this Agreement;

(b) Your Store under this Agreement, and at least one (1) of the other Metal Supermarkets stores, was opened by you and not purchased or otherwise directly or indirectly acquired by you or your Owners; and

(c) During the entire Calculation Year, you (and, if applicable, such Qualified Affiliate) shall have been in full compliance with all payment obligations to us and our Affiliates (including royalty fees) and with all material performance obligations under this Agreement and all Existing Franchise Agreements.

Notwithstanding the foregoing, if the sole reason you do not qualify for the royalty fee rebate is that you did not have two (2) Metal Supermarkets stores open during the entire Calculation Period, but you or a Qualified Affiliate opened your second (2nd) store at any time during such period, you will be entitled to a royalty fee rebate for Gross Sales accrued during that period of time starting within the month after the opening date of your second (2nd) store until the end of the Calculation Period (“Short Year”); however the rebate will be calculated up to a maximum amount equal to an amount that bears the same proportion to \$480,000 as the Short Year bears to the Calculation Period.

We have the right to offset the royalty fee rebate against any amounts that you or your Affiliates owe us or any of our Affiliates.

3.8 Conference Fee

You agree to pay us a monthly fee as a deposit to cover the cost of our annual conference. This fee applies whether or not you attend the annual conference and is not refundable except as set forth in this Section. The initial monthly fee will be \$65.62 and within thirty (30) days after our fiscal year end we will notify you of the monthly fee for the subsequent year. We have the right to increase the fee by the greater of the change in CPI or five percent (5%) of the previous year's conference fee. This fee is due and payable by the twentieth (20th) day of each month and is payable in the same manner as the Royalty Fee. This fee is a deposit and not your total cost for the conference. The final cost of the conference may be higher than the aggregate you have contributed and you will pay any additional cost on our request. If we choose not to have a conference in any given year, then no fee will be due. If you have already paid the conference fee for such given year, we will refund it without interest to you.

The annual conference is a vital element in the development and operation of the Metal Supermarkets System and your failure to attend will result in additional costs being incurred by us in communicating relevant information regarding updates to and training on the System. Without prejudice to our other rights under the Agreement, in the event you fail to attend the conference, an additional fee of One Thousand Dollars (\$1,000) will be payable to us upon demand.

3.9 Tax Payments

You will pay all state and local franchise, use and similar taxes that may be imposed on us as the result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Marketing Fees, or other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

4. DEVELOPMENT OF YOUR STORE.

4.1 Purchase or Lease of Premises

You agree to lease, sublease or purchase the Premises within thirty (30) days after we approve the Premises as set forth in Section 2.2. We have the right to approve the terms of any lease, sublease or

purchase contract for the Premises, and you agree to deliver a copy to us for our approval before you sign it. You agree that any lease or sublease for the Premises shall, in form and substance satisfactory to us: (a) provide for notice to us of your default under the lease or sublease and an opportunity for us to cure such default; (b) give us the right on any termination or expiration (without the grant of a successor franchise) of this Agreement to assume the lease or sublease without the lessor's or sublessor's consent; (c) include an acknowledgment by the lessor and/or sublessor that we have no liability or obligation whatsoever under the lease or sublease until and unless we assume the lease or sublease on termination or expiration of this Agreement.

You may not execute a lease, sublease or purchase contract for the Premises or any modification thereof without our approval. Our approval of the lease, sublease or purchase contract does not constitute a representation, warranty, guarantee or assurance of any kind, express, implied or collateral, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties. You agree to deliver a copy of the fully signed lease, sublease or purchase contract to us within five (5) days after its execution.

Neither you nor any Affiliate of yours may own the Premises without prior written consent. We may condition our consent on you or your Affiliate entering into written agreements with us including provisions that: (a) require that the Premises be used only for the operation of your Store, (b) give us a right to lease the Premises upon commercially reasonable terms upon termination or expiration of this Agreement, and (c) grant other rights to us necessary to protect our interests.

4.2 Development and Opening of Your Store

You agree to open your Store within four (4) months after the date of this Agreement. You are solely responsible for developing your Store and for all expenses associated with it. We will furnish you prototype plans for a Metal Supermarkets store. You may modify the prototype plans only to the extent necessary to comply with all applicable laws, regulations, ordinances, building codes and permit requirements and any lease requirements and restrictions. You agree to submit such plans and specifications to us for our approval before starting to develop the Premises. All development must be in accordance with the plans and specifications we have approved and must comply with all applicable laws, regulations, ordinances, building codes and local rules and regulations. We may periodically inspect the Premises during its development. Your Store may not be opened for business until we notify you that all our requirements for opening have been met.

4.3 Equipment, Furniture and Signs

You must purchase or lease all equipment, communication systems, furnishings, fixtures and signs for your Store of the types, brands and models that we approve for Metal Supermarkets stores as meeting our standards and specifications. You must purchase or lease approved types, brands or models of equipment, fixtures, furnishings, signs and systems from suppliers specified by us. You agree that we may designate ourselves, an Affiliate or another third party as an exclusive supplier to provide you with particular equipment (including communication systems, computer hardware and software), furnishings, fixtures and signs. We may modify the list of approved types, brands, models, and/or suppliers and you may not, after receipt of notice of such modification, reorder any type, brand or model, or from any supplier, that is no longer approved.

If you propose to purchase or lease any equipment, fixtures, furnishings or signs of a type, brand or model that we have not previously approved or from a supplier that is not our exclusive supplier, you agree

to notify us and submit to us such information as we may request. We have the right to charge reasonable fees to cover our costs for this service.

Without limiting the generality of the foregoing, you must, upon execution of this Agreement, enter into the Enterprise Resource Planning System Agreement with us.

4.4 Telephone, Facsimile, E-Mail and Other Telecommunications Services

We will obtain, in MSIP's name, the telephone and facsimile numbers and email addresses for your Store, which you will have the right to use during the Term. We will allow you to use an @metalsupermarkets.com email address during the term of this Agreement for an annual fee that we determine (currently \$50 per email address). You may not use any other email addresses in the operation of the Store except those obtained through us. The telephone and facsimile numbers and the e-mail addresses will belong to MSIP, and you agree to reimburse us or MSIP. However, you must pay all third party charges in connection with these numbers directly to the applicable provider and to reimburse us immediately if we pay any such charges. You must also pay all costs and fees associated with installing and using our approved telecommunications system.

You acknowledge that all telephone and facsimile numbers, e-mail addresses, URLs, domain names, social media platforms, and other communication numbers and contact information and directory listings for your Store are MSIP's property and that MSIP and we have the right to transfer, terminate or amend such telephone, e-mail addresses, facsimile and other telecommunications numbers and contact information and directory listings as either MSIP or we deem appropriate. MSIP or we will exert reasonable efforts to maintain the telephone and facsimile numbers, e-mail addresses and other telecommunications numbers and contact information during the Term, so long as you reimburse us or MSIP for all third party charges immediately. If MSIP or we take any action pursuant to this Section, the third party provider and all listing agencies may accept this Agreement as conclusive evidence of MSIP or our exclusive rights in such telephone and facsimile numbers, e-mail addresses and other telecommunications numbers and contact information and directory listings and MSIP's or our authority to direct their amendment, termination or transfer without any liability to you.

4.5 Pre-Opening Assistance

If you (or your Operating Partner) have not previously owned or operated a Metal Supermarkets store, we will provide or cause to be provided to you with such pre-opening assistance as we deem appropriate, including on-site opening assistance for not more than ten (10) days.

4.6 Initial Customer List

We will furnish you a database of potential customers located in your Protected Area in order to facilitate initial solicitation of customer orders. You acknowledge and agree that this database and all updates thereto are part of the Customer Information and are MSIP's property. You agree to update, maintain and communicate to us this database and related information on an ongoing basis as we may require from time to time.

4.7 Customer Information

MSIP owns all Customer Information, including updates and additions made by you, and has granted to us, indirectly, an exclusive license to use and to sublicense the use of such Customer Information. Nothing in this Agreement grants you any ownership interest in or to the Customer Information. You hereby

assign and transfer to us all rights, including intellectual property rights, you may have in and to the Customer Information, and you waive any rights you may have in and to the Customer Information.

5. TRAINING AND GUIDANCE.

5.1 Initial Training Program

If you (or your Operating Partner) have not previously owned or operated a Metal Supermarkets store, then before you open your Store, you (or your Operating Partner) and your Manager, if applicable, agree to attend and successfully complete an initial training program on the operation of a Metal Supermarkets store at such time(s) and place(s) as we designate. We will not charge any fees for attendance at any initial training programs. You will be responsible for all expenses (including compensation, travel, meals and lodging) incurred by you, your Operating Partner or your Manager. In addition, before opening your Store, you must complete to our satisfaction, online training programs we provide to you.

5.2 On-Going Guidance

We will furnish you periodic guidance with respect to the System, including improvements and changes to it. Such guidance will be furnished in the form of the Operations Manual, bulletins and other written materials, consultations by telephone or in person at our offices or at your Store, or by any other means of communications including postings, e-mails and other means through our Extranet. We may require you (or your Operating Partner) and your Manager, if applicable to attend and successfully complete periodic or additional training programs (which includes the annual conference) for which we may charge reasonable fees, such as the annual conference as outlined in Section 3.8. You acknowledge that: (a) we have the right to charge you fees for any mandatory training programs, regardless whether you attend or not; and (b) your failure to attend any mandatory training program for any reason whatsoever constitutes an admission that you have received all necessary training, advice and assistance under this Agreement and otherwise to successfully operate your Store. Your failure to attend or successfully complete any mandatory training program constitutes a breach of this Agreement. The foregoing acknowledgements are not in lieu of any other remedy we may have for your failure to attend any mandatory training programs.

If requested by you, we may provide special assistance for which you will be required to pay the per diem fees and charges we may establish from time to time.

5.3 Sales and Marketing Assistance

We, including in conjunction with the Fund, may, but are not required to, provide you with sales and marketing assistance as we may deem appropriate, including updating the database of potential customers in the Protected Area and assistance with other sales and marketing programs we or the Fund may develop from time to time. You are responsible for ensuring that you comply with all applicable telemarketing, internet or e-mail, consumer protection, privacy and similar laws.

5.4 Periodic Visits

We will visit your Store, when and as frequently as we deem appropriate, to evaluate and provide advice on your Store's operations and compliance with the System.

5.5 Operations Manual

We will provide you access to the Operations Manual. We reserve the right to provide the Operations Manual in hard copy, electronic form or any other form as we may select. At your expense, you

will acquire any necessary equipment and technology to receive and use the Operations Manual in its various forms and execute such agreements as may be necessary in connection therewith. You agree to comply with all mandatory standards, specifications and operating procedures and other obligations contained in the Operations Manual. We may modify the Operations Manual to reflect changes in standards, specifications and operating procedures and other obligations imposed on you, provided no addition or modification may alter your fundamental status and rights under this Agreement. Mandatory specifications, standards and operating procedures and other obligations we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all such mandatory specifications, standards and operating procedures and other obligations imposed on you. Any required or mandatory standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty or take control over these matters that are reserved to you. You agree to keep your copy of the Operations Manual current by timely downloading or inserting updated information. If we and you have a dispute relating to the contents of the Operations Manual, our master copy will be controlling. The Operations Manual contains Confidential Information, and you agree not to copy any part of it.

6. YOUR ORGANIZATION AND MANAGEMENT

6.1 Disclosure of Ownership Interests

You and each of your Owners represents, warrants and agrees that Schedule C is current, complete and accurate. You agree that an updated Schedule C will be furnished promptly to us, so that Schedule C (as so revised and signed by you) is at all times current, complete and accurate. Each person who is or becomes an Owner must execute an Owner's Personal Guaranty, in a form designated by us, undertaking to personally guarantee, and to be personally bound jointly and severally by, the terms of this Agreement. Each Owner must be an individual acting in his personal capacity, unless we waive this requirement in writing.

6.2 Management of Store

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you agree to designate in writing an Operating Partner to operate your Store.

You (or your Operating Partner): (a) agree to exert your full-time and best efforts to the operation of your Store and other Metal Supermarkets stores that you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder. You agree that your Store shall at all times be managed by you (or your Operating Partner) or a manager who has completed our training program to our satisfaction. If your Store is to be managed by an Operating Partner then such Operating Partner will be bound to the obligations of this Agreement, and as such, will enter into an Agreement whereby he/she agrees to be bound by in-term and post-term non-compete covenants. You will be solely responsible for the costs associated with such Agreement. We have sole right of approval of such document and conditions contained in such document. Your owners and Operating Partner may not have any direct or indirect ownership interest in a Competitive Business.

7. OPERATING STANDARDS.

7.1 Authorized Metals and Other Products and Services

You agree that your Store will offer for sale the full range of metals and metal services, and such other products and services, that we authorize for Metal Supermarkets stores from time to time. You agree

to exert your best efforts to market and sell all such products and services and to capitalize on the full potential of your Store. We have the right from time to time to add, modify or delete products and services offered by Metal Supermarkets stores. You acknowledge and agree that additional authorized products and services may require you to incur additional costs for equipment, inventory, additional personnel, personnel training and leasehold improvements.

If you fail to obtain or maintain the full range of metals and other products, we may, at our election, obtain the metals and products on your behalf. Immediately upon written request by us, you must pay all costs of obtaining the full range of inventory for your Store.

You agree that your Store will not, without our approval, offer any products or services that we have not authorized for Metal Supermarkets stores. Your Store may not be used for any purpose other than the operation of a Metal Supermarkets store in compliance with this Agreement. You agree that your Store will offer courteous, efficient and high quality services in accordance with our standards.

7.2 Purchase of Metals and Other Products

You acknowledge that the reputation and goodwill of Metal Supermarkets stores is based on the sale of high-quality metals and other products and services. Therefore, you agree that your Store will only sell metals and other products of the type and quality that conform to our specifications and standards and/or are purchased from suppliers (which may include us and/or any of our Affiliates) which we approve.

We may modify from time to time our specifications, standards and approved suppliers. After notice of such modification, you may not reorder any metal products or other products that do not meet our then current specifications and standards or reorder any such items from any supplier which is no longer approved.

If you propose to order any metals or other products of a type or from a supplier, which is not then approved by us, you must first submit to us sufficient information, specifications and samples concerning such type of metal or other product or such supplier so that we can decide whether such product or supplier meets our criteria. We have the right to charge reasonable fees to cover our costs. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in written agreements. We may impose limits on the number of suppliers for any items.

We have the right to solicit and accept rebates, fees, commissions, discounts or other similar allowances (collectively, "rebates") from any third-party supplier as a result of sales to you or business conducted with you, and may use such rebates as we deem appropriate. Further, we and our Affiliates reserve the right to be an approved supplier, and in some circumstances, the sole approved supplier of various products and services. Anything that you purchase from us or from an Affiliate will be at the then-current price in effect.

We also have the right to establish preferred vendor and/or designated supplier programs. You agree to comply with all requirements of any such programs. If we designate suppliers, you will be required to purchase products and/or services from them.

7.3 Condition of Store

You agree to maintain the condition and appearance of your Store so that it is clean and attractive. You agree to repair and to make such modifications and additions to your Store's layout and decor as we may reasonably require, including replacing worn-out or obsolete equipment, fixtures, furnishings and signs.

If at any time the general state of repair, appearance or cleanliness of your Store or its fixtures, equipment, furnishings or signs does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within ten (10) days after receiving such notice, you fail or refuse to initiate and thereafter continue in good faith and with due diligence a bona fide program to complete such required repair or maintenance, we, or our agents, have the right (in addition to our rights under Section 12), but not the obligation, to enter the Premises and perform such repair or maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses. You agree to periodically upgrade and/or remodel your Store as we may reasonably require provided we will not require any major refurbishment of your Store more than once every five (5) years or which costs more than Ten Thousand U.S. Dollars (U.S. \$10,100). The foregoing maximum refurbishment amount is subject to annual CPI adjustments effective as of our fiscal year ends and the base year is our fiscal year ended September 30, 2013. You may not make any alterations to your Store, or make any replacements, relocations or alterations of fixtures, equipment, furnishings or signs, without our approval.

7.4 Specifications and Standards

The Operations Manual contains both requirements and recommendations for the operation of a Metal Supermarkets Store. Any mandatory standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Operations Manual or any other written or electronic communication) relating to the operation of a Metal Supermarkets Store, including (a) authorized products and services offered by your Store and manner in which they are promoted and sold; (b) sales procedures and services; (c) marketing and advertising programs (including use of websites and e-mail addresses); (d) appearance, cleanliness, uniforms and standards of service and operation of your Store; (e) days and hours of operation; and (f) accounting and record keeping systems and forms.

We may, from time to time, suggest prices at which authorized products offered by your Metal Supermarkets Store may be sold or offered for sale. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

7.5 Compliance With Laws

You agree to maintain in force in your name all required licenses, permits and certificates relating to your Store. You agree to operate your Store in full compliance with all applicable laws, ordinances and regulations. You agree to notify us in writing within five (5) days after: (a) the commencement of any legal or administrative action, or the issuance of any order of any court, agency or other governmental instrumentality that may adversely affect the operation of your Store or your financial condition; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation. You agree to adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with us, as well as your customers, suppliers, lessors and the public.

7.6 Personnel

You agree that your Store will at all times be staffed by a sufficient number of competent and trained employees who are trained according to our specifications from time to time. You are responsible for hiring all employees of your Store and are exclusively responsible for the terms of their employment, including their compensation and training. You are solely responsible for all employment decisions for your Store, including those related to hiring, firing, remuneration, personnel policies, benefits, record keeping, supervision and discipline, and regardless of whether you received advice from us on these subjects.

7.7 Insurance

You agree to purchase and maintain in force at your sole expense and from a company we approve: insurance that insures both you and us and our Affiliates and any other persons or entities we designate by name. The insurance policies must include, at a minimum: (i) commercial general liability insurance covering claims for personal injuries and property damage with minimum limits of \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate, and \$1,000,000 for Errors and Omissions; (ii) employers liability insurance with minimum limits of \$1,000,000 for bodily injury caused by accident or disease, or the minimum required by state law (whichever is greater); (iii) vehicle liability for owner, leased, hired and non-owned vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (iv) umbrella liability insurance with minimum limits of \$1,000,000; (v) Worker's Compensation Insurance; (vi) any other such insurance coverages or amounts as required by law or agreement related to your Store; and (vii) any other insurance we may require from time to time. Additional insurance requirements are set forth in the Manual. All liability insurance policies must name us (and our affiliates, officers, directors and employees) as additional insureds, must provide that such insurance is primary insurance with respect to the interests of all additionally named insureds, and must provide that any other insurance maintained by us or by you and/or any subcontractor is excess and not contributing insurance with the insurance required under this Agreement. The policy must contain a waiver by the insurance carrier of all subrogation rights against us.

You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that we will be given thirty (30) days' prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may modify, upon written notice to you, the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Metal Supermarkets System, standards of liability and higher damage awards. In the event of such notification, you must immediately cause the modification of the policy, and evidence thereof, in accordance with our request. If at any time you do not procure or maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice. We also have the right to terminate this Agreement for cause should you fail to comply with this provision.

7.8 Advertising and Marketing

Upon signing this Agreement, you must deposit with us Fifteen Thousand Dollars (\$15,000) which is the minimum amount you are required to spend on approved advertising and marketing during the first twelve (12) months of the operation of your Store. No interest will be accrued or paid on this deposit. You must submit all advertising and marketing materials to us for approval. You must provide us with verification (receipts, etc.) as we require to substantiate the advertising and marketing expenditures. Funds will be released to you to reimburse you for the advertising and marketing expenditures.

After the first twelve (12) months of operation, during each year co-terminus with our fiscal year, you agree to spend on approved advertising and marketing programs at least the greater of \$10,000 or 1.0% of Gross Sales accrued during such period (for the period between the end of your first twelve (12) months of operations and the start of our then next fiscal year, the \$10,000 annual minimum requirement will be prorated). For these purposes, approved advertising and marketing programs include: (a) any amounts spent for advertising media; and (b) the cost of producing approved materials necessary to participate in these media, if not provided by us. Before using any promotional and advertising materials not provided by us, you will submit to us, for our prior approval, promotional materials and advertising materials proposed to be

used by you. Advertising expenditures will not be approved for items which we, in our reasonable judgment, deem inappropriate for meeting this minimum advertising requirement, including permanent on-premises signs, maintaining vehicles (even though such vehicles may display the Marks). You will submit documentation of your advertising expenditures at such times and in such form as we designate. If you fail to make any required advertising expenditures, we have the right to require you to contribute the amount of any deficiency to the Fund to be used by us for general advertising and promotion. In addition, expenditures on yellow page advertisements do not count toward the \$15,000 requirement for the first twelve (12) months of your operations.

You agree to list and advertise your Store in the principal regular (white pages) and classified (yellow pages) telephone directories distributed within your Protected Area, in such directories and directory categories as we may specify, using our standard forms of listing and classified directory advertisements and using such media placement agency as we may designate from time to time. You shall not use any other directory advertising agency other than the one we specify. The content and the format of the advertising will be recommended by the specified agency and approved by us. Such classified directory advertisements shall list other Metal Supermarkets stores operating within the distribution area of such classified directories and the cost of such advertisements shall be reasonably apportioned among all Metal Supermarkets stores listed therein.

You may not use any advertising or promotional materials, including online presences, electronic mediums and social networking sites (such as LinkedIn[®], twitter[®], myspace.com[®], facebook[®] or YouTube[®]) that we have not approved or that we have disapproved. You agree to submit to us for our prior approval, samples of all advertising and promotional materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials. All of your advertising and promotion must comply with all applicable laws, be completely factual and conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice that may be injurious to our business, to the business of other Metal Supermarkets or to the goodwill associated with the Marks. We consider any discussions about or promotion of your Store by you or your employees or agents via the internet (including, without limitation, social media websites or platforms) to be advertising subject to the requirements of this Section.

All of your advertising (including advertising on social media platforms by you or your employees or agents) must be in such media and of such type and format as we may approve, must be conducted in a dignified manner and must conform to our social media policy and such standards and requirements as we specify from time to time.

7.9 Websites/Internet Sales

You agree not to advertise your Store or to offer or sell any products or services of your Store through Internet websites, social media platforms, or any other medium we determine to be inappropriate from time to time. You must participate in our E-Commerce program as it exists from time to time and you will execute an E-Commerce Participation Agreement in the form we designate from time to time. You acknowledge and agree that we or our affiliate will own and control the Metal Supermarkets E-Commerce website and all E-Commerce customers.

You agree to abide by such reasonable requirements and restrictions relating to the E-Commerce Program as we may impose from time to time.

We may advertise and provide ordering and fulfillment services (or authorize another person to fulfill any customer orders) for products and services authorized for Metal Supermarkets stores to customers located within the Protected Area, through the Internet or other form of electronic media, on

such terms and conditions we deem appropriate, except to the extent we may agree otherwise by a separate agreement with you. In connection therewith, you agree to abide by such reasonable requirements and restrictions as we may impose from time to time. We may require you to participate in any such endeavours, including participation with pages on any of our Websites, and to execute such agreements and pay such fees as we deem reasonably appropriate.

7.10 Brand Fund

We have established and administer a Fund for the creation and development of marketing, advertising and related programs and materials. We have sole determination over all aspects of all programs financed by the Fund, including international, national and/or regional media, creative concepts, materials and endorsements. Although the Fund is intended to maximize general recognition and patronage of the Marks for the benefit of all Metal Supermarkets stores, we cannot assure you that any particular Metal Supermarkets store will benefit directly or pro rata from the placement of advertising or that expenditures from the Fund will be made in the United States or in the Protected Area. The Fund may be used to pay for the cost of preparing and producing materials and programs we select, including video, audio, written, Internet and other electronic media, and for the cost of engaging advertising agencies and supporting market research activities. We may furnish you with marketing, advertising and promotional materials at cost, plus any related administrative, shipping, handling and storage charges.

Brand Fund Contributions payable pursuant to Section 3.6 will be deposited in the Fund. We agree that all Metal Supermarkets stores located in the United States that we own, operate or manage will contribute to the Fund on the same basis as you are required to under this Agreement. The Fund will be accounted for separately from our other funds, but may be deposited in any of our general accounts and commingled with our other funds and funds of our Affiliates. The Fund will not be used to defray any of our general operating expenses, except for reasonable salaries, benefits, administrative costs and overhead which we or our Affiliates may incur or which are allocated to activities related to the administration of the Fund and its programs, including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Fund. All disbursements from the Fund will be made first from income and then from contributions. We have the right to spend an amount greater or lesser than the amount of the Fund Contributions in any year. The Fund may borrow from us or others to cover deficits in the Fund or cause the Fund to apply any surplus for future use by the Fund. We will internally prepare annually a statement of monies collected and costs incurred by the Fund and furnish you with a copy upon your written request. Except as otherwise expressly provided in this Section 7.10, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Fund. The Fund is not a trust fund, an escrow fund or a separate bank account and we do not act as trustee or in any other fiduciary capacity with respect to the Fund.

You acknowledge and agree that we and/or our Affiliates may maintain other marketing and/or advertising funds in other regions or countries and that certain costs and/or expenses relating thereto may be shared among the various funds, including the Fund. We and/or our Affiliates, have the right to co-mingle or separate such funds or combine administrative functions of such funds, including the Fund, to create one or more funds for Canada and/or the United States and/or elsewhere, and/or to allocate all or a portion of such funds, including the Fund, to regional, national or international advertising and marketing administered by us, or to co-operatives administered by one or more groups of franchisees.

8. REPORTS AND INSPECTIONS.

8.1 Records

You agree to prepare and to maintain for seven (7) years complete and accurate books, records (including invoices and records relating to your Gross Sales) and accounts (using our standard chart of accounts) for your Store, copies of your sales tax returns and such portions of your state and federal income tax returns as relate to your Store. All such books and records must be kept at the Premises, unless we otherwise approve.

8.2 Computer System

You must purchase, lease and/or license at your expense such technology as we may specify from time to time, such as computer hardware and software, communications technology, printers, and other computer-related accessories or peripheral equipment, for the purpose of, among other functions, recording Gross Sales and performing other management information and reporting functions. You agree to duly execute and deliver such technology agreements as we may require from time to time. You agree to abide by the terms of such agreements, including payment of all fees thereunder. You agree not to use any technology in the operation of your Store without our express prior approval.

At your expense, you will take such actions and measures as we may require from time to time, to protect the security of networks we make available to you, including inserting “firewalls” and other security devices between such networks, interfaces or systems. We may make such inspections and tests as we deem necessary to verify compliance with these requirements.

We have the right to retrieve and use such data and information from your computer system or communication system, as we deem desirable, with any cost of retrieval to be borne by you.

To ensure full operational efficiency and optimum communication capability between and among computer systems, you agree at your expense, to keep your computer and communications systems in good condition, and to promptly install such additions, changes, modifications, substitutions or replacements to technology, including hardware, software, telephone and power lines, and other computer-related facilities, as we direct.

At your expense, you will use such communication devices and methods for communication between us and you (or your Store personnel) as we may require from time to time, including e-mail and the Internet. In connection with any electronic communications, you agree that (i) electronic reports and other communications shall be deemed to be in “writing” and shall be deemed for all purposes to have been signed and to constitute an original when printing from electronic files or records established and maintained by us in the normal course of business, and (ii) you will not contest the validity, enforceability or admissibility of any such reports or other communications, if introduced as evidence on paper in any judicial or arbitration proceedings.

8.3 Periodic Reports

You agree that for purposes of determination of your Store’s Gross Sales we can utilize the information within the ERP System. You will inform us of any errors in the ERP System related to Gross Sales for a given month by the fifth (5th) day of the following month. You must report you Store’s Gross Sales by the fifth (5th) day of the following month if the ERP System fails to do so for any reason whatsoever. You agree to furnish us: (a) no later than the twentieth (20th) day of each month, an income statement for your Store for the preceding month (subject to your compliance with all relevant privacy laws

relating to the retrieval, use, storage and transmission of personal information of customers) and for the year-to-date and the identity and contact information of each customer of your Store during the preceding month; (b) within ninety (90) days after the end of each fiscal year, a year-end balance sheet and income statement and statement of cash flow of your Store for such year, reflecting all year-end adjustments and accruals; and (c) such other information as we may require from time to time, including reports on sales and marketing activities, inventory purchase reports, sales and income tax statements and personal financial statements of your Owners. You agree to verify that the information in each such report and financial statement is complete and accurate and, in the case of financial statements, that they are prepared consistently and in compliance with applicable generally accepted accounting principles, and to acknowledge in writing that such information is complete and accurate. We have the right to use or disclose information from such reports and statements as we deem appropriate. We reserve the right to require that your annual financial statements be audited, at your expense, by an independent certified public accountant.

8.4 Inspections; Other Store Visits

We and our agents have the right at any time during business hours and without notice to: (a) inspect your Store and make purchases; (b) observe, record, photograph, audio-tape and/or video tape the operations of your Store; and (c) interview personnel and customers of your Store. You agree to cooperate fully with such activities.

You will permit us or our authorized representative to enter your Store during normal business hours, and extend reasonable cooperation to us or them, for the purpose of our touring potential or existing franchisees or their employees, conducting on-site training or testing new policies, procedures, technologies, products or services.

8.5 Audits

We have the right at any time during business hours, and without notice to you, to inspect, copy and audit the books, records, tax returns and documents relating to the development, ownership, lease, occupancy or operation of your Store. You must cooperate fully with our representatives and independent accountants conducting such audits. If any audit discloses an understatement of Gross Sales, we agree to provide you with a copy of the audit report, and you will pay us, within seven (7) days after receipt of such audit report, the royalties due on the amount of such understatement, plus interest and fees (as provided in Section 3.3) from the date originally due until the date of payment.

In addition, you agree to pay us the costs of any audits performed (plus an administrative fee of \$3,500 to cover our administrative expenses) as a result of: (a) your failure to submit any statements required by Section 8.3; (b) your failure to maintain and provide us access to books and records (whether in hard copy or electronic form) as required by Sections 8.1 and 8.2; (c) your reporting of Gross Sales for any month that are more than two percent (2%) below your actual Gross Sales for such month, as determined by any such audit; or (d) your failure to produce all of your books and records as required by us or our authorized agents within ten (10) days after we request any such items. Such audit costs include the fees and costs of any independent accountants, travel and related expenses incurred by our employees and a reasonable allocation of compensation for time expended by our employees in connection with such audit.

You hereby authorize us to contact your vendors, suppliers, lenders, financial institutions and landlord to obtain information related to the operation of your Store and your compliance with the terms of this Agreement.

8.6 Privacy

You expressly permit us to use and otherwise disclose in our franchise disclosure document (whether required by law or made available on a voluntary basis), personal information related to you, including your principals' names, any addresses, telephone numbers and facsimile numbers, and sales, revenues, expenses, costs, results of operations and similar information regarding your Metal Supermarkets Store and any information regarding the non-renewal, closure, expiration or termination of this Agreement.

9. TRADEMARKS

9.1 Ownership of the Marks

You acknowledge that the Marks are valid and that MSIP owns the Marks as of the date of this Agreement. Your right to use the Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement. Your unauthorized use of any of the Marks constitutes a breach of this Agreement and an infringement of MSIP's, MSSC's and our rights to the Marks. This Agreement does not confer on you any goodwill or other interests in the Marks. Your use of the Marks and any goodwill established thereby inures to the exclusive benefit of us, MSIP, MSSC and our other Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks and service marks we authorize you to use. You may not at any time during or after the Term contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

9.2 Use of the Marks

You agree to use the Marks as the sole identification of your Store. You must identify yourself as the independent owner in the following manner or in any other manner we prescribe:

“The independent franchised operator of these premises is a licensed user of the METAL SUPERMARKETS® trademarks which are owned by Metal Supermarkets IP Inc.”

You agree to use the Marks as we prescribe in connection with the sale of authorized products and services and in a manner which conforms in nature and quality to the specifications, standards, and procedures that we prescribe from time to time and communicate to you. You may not use any Mark (or any abbreviation, modification, confusingly similar variation, or colorable imitation) as part of any corporate or legal business name or in any other manner not expressly authorized by us in writing. You must hold yourself out to the public as an independent contractor operating the Store pursuant to a license from us. You must display a sign in a prominent place on your Store premises indicating that your Store is independently owned by you. You must clearly indicate on your business checks, stationery, purchase orders, receipts, and other written materials that you are the owner of your Store and that you are a Metal Supermarkets franchisee. You may use the Marks on various materials, such as business cards, stationery, purchase orders and checks, provided you: (i) accurately depict the Marks on the materials; (ii) include a statement on the materials indicating that you independently own and operate your Store; and (iii) do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve it in writing prior to the use.

You agree to permit us, our Affiliates and our authorized representatives, at all reasonable times, to enter the Premises for the purpose of inspecting your products and services and the sale, advertisement or performance of your products and services, and any relevant documents, materials and records, in order to determine that you are complying with Section 9.2.

You may not, either during or after the term of this Agreement, use any of the Marks or any similar word, phrase or symbol (i) as part of any domain name or electronic address you maintain on the internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system or (ii) in any user name, screen name or profile in connection with any social networking websites such as, but not limited to, LinkedIn®, twitter®, myspace.com®, facebook® or YouTube®, except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing from time to time. If we approve the use of any social networking websites (such as LinkedIn®, twitter®, myspace.com®, facebook® or YouTube®) in the operation of your Store or the posting of messages relating to your Store on other websites, you will do so only in accordance with our guidelines as they may be modified from time to time. We reserve the right to require our approval of any message you compose for a social networking website or commentary for any other website before you post such message or commentary.

9.3 Discontinuance of Use of Marks

If we determine it is advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after notice. We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark or service mark.

9.4 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or any claim by another person of any rights in any Mark. You may not communicate with any person, other than MSIP, MSSC, us and your own legal counsel, in connection with any such infringement, challenge or claim. MSIP will have sole right to determine what action, if any, to take as it deems appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all documents, render such assistance and do such things as may be advisable in the opinion of legal counsel to MSIP to protect its interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect its interests in the Marks.

9.5 Indemnification of Franchisee

We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any action for trademark infringement arising out of your authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs you reasonably incur in defending any such claim brought against you, provided you have timely notified us of such claim and provided further that you and your Owners are in compliance with this Agreement and all other agreements entered into with us or any of our Affiliates. MSIP, MSSC or we are entitled to prosecute, defend and/or settle any such action arising out of your use of any Mark, and if MSIP, MSSC or we undertake to prosecute, defend and/or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you.

10. RESTRICTIVE COVENANTS.

10.1 Confidential Information

We will disclose to you those parts of the Confidential Information that are applicable to the development and operation of Metal Supermarkets stores solely for your use in the development and

operation of your Store. You and each of your Owners acknowledge and agree that the Confidential Information is proprietary and includes trade secrets. During the Term and thereafter: (a) you may not use the Confidential Information in any other business or capacity (and you acknowledge that such use is an unfair method of competition); (b) you agree to exert your best efforts to maintain the confidentiality of the Confidential Information; (c) you may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; and (d) you agree to implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements with your officers, directors, Operating Partner and the delivery of such agreements to us. Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the metals industry (other than through your own disclosure), provided you obtain our prior written consent to such disclosure or use.

10.2 In-Term Covenants

During the Term, you, your Owners and your Operating Partner shall not, without our prior consent (which consent may be withheld at our sole judgment):

(a) directly or indirectly own any legal or beneficial interest in, or render services or give advice to: (1) any Competitive Business located anywhere; or (2) any entity located anywhere which grants franchises, licenses or similar rights to others to operate any Competitive Business;

(b) directly or indirectly divert or attempt to divert or assist or cooperate in the diversion of any customer, potential customer or prospect of any Metal Supermarkets store to any competitor or do anything injurious or prejudicial to the goodwill associated with the Marks or the System; or

(c) directly or indirectly divert or attempt to divert or assist or cooperate in the diversion of any business or customer from the Metal Supermarkets E-commerce site to your Store or to any competitor.

The foregoing restrictions on competitive activities set forth in 10.2(a), (b) and (c) above do not apply to: (i) the ownership or operation of other Metal Supermarkets stores that are licensed or franchised by us or any of our Affiliates; or (ii) the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

10.3 Information Exchange

You acknowledge and agree that the value of the System is maximized by our evaluating and, if we deem appropriate, incorporating into the System innovations suggested by franchisees of Metal Supermarkets stores. If such innovations from other Metal Supermarkets store franchisees are incorporated in the System, you will be entitled to use them as part of the System licensed hereunder. You acknowledge and agree to having a reciprocal obligation to us hereunder and therefore agree to disclose to us all ideas, concepts, methods, techniques and products relating to the development, marketing and/or operation of a Metal Supermarkets store that you conceive or develop. If we or MSIP adopt any of them as part of the System, they will be deemed MSIP's sole and exclusive property, or, at MSIP's determination, our sole and exclusive property, as if they had been conceived or developed by you under a Contract of Service with MSIP, or us, as applicable and deemed to be works made-for-hire for MSIP. You agree to execute assignments and other documents we require to evidence our or MSIP's ownership, as applicable, and to assist MSIP and us in securing intellectual property rights in such ideas, concepts, methods, techniques or

products. You must also ensure that any person who wholly or partially assisted in the creation and development of such ideas, concepts, methods, techniques or products executes a waiver of his or her rights.

10.4 Post-Term Covenants

For a period of two (2) years, starting on the effective date of termination or expiration (without grant of a successor franchise) of this Agreement, you, your Owners and your Operating Partner shall not: (a) directly or indirectly own a legal or beneficial interest in, or render services or give advice to, any Competitive Business operating at the Premises, within the Protected Area, within a fifteen (15) mile radius from the Premises or within a ten (10) mile radius of any other Metal Supermarkets Store; (b) take any action that could reasonably be considered to directly or indirectly solicit (e.g., through telemarketing, e-mailing, faxing, mailer program and/or any other marketing efforts that we reasonably determine to constitute a solicitation) any former, current or prospective customer of your Store; or (c) directly or indirectly own a legal or beneficial interest in, or render services or give advice to any entity which grants franchises, licenses or other interests to others to operate any competitive lawsuits or solicit the employment of any manager or other person employed by any franchised or company-owned Metal Supermarkets store, including any person employed by you. The foregoing restrictions on competitive activities do not apply to: (i) the ownership or operation of other Metal Supermarkets stores that are licensed or franchised by us or any of our Affiliates; or (ii) the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

You and each of your Owners acknowledge that your Store will benefit materially from the use of the System, that we have a legally protectable interest in the System and that the foregoing non-competition covenants are reasonable and necessary elements to the protection of the System and therefore are an integral part of this Agreement. You, each of your Owners and your Operating Partner also acknowledge that you possess skills and abilities of a general nature and have the opportunity for exploiting such skills in other ways, so that enforcement of the covenants made in this Section will not deprive any of you of your personal goodwill or ability to earn a living. You further acknowledge that you have entered into this Agreement with the benefit of legal advice in full knowledge of the above restrictions which you agree are fair and reasonable. If you, any of your Owners or your Operating Partner fails or refuses to abide by any of the foregoing covenants, and we obtain judicial enforcement thereof, the obligations under the breached covenant will continue in effect for a period of time ending two (2) years after the date such person commences complying with the order enforcing the covenant.

10.5 Non-Solicitation

During the term and for a period of two (2) years, starting on the effective date of termination or expiration (without grant of a successor franchise) of this Agreement, you, your Owners and your Operating Partner shall not directly or indirectly solicit for employment any person who is, at the time of such solicitation, employed by us or by or with any of our franchisees, nor shall you directly or indirectly induce any such person to leave or terminate his or her employment or engagement.

11. TRANSFER OF AGREEMENT.

11.1 Transfer by You Subject to Our Approval

You and/or your Owners may effect a transfer of the Franchise (as defined below) subject to our approval and subject to you complying with all of the applicable provisions of this Section 11. You agree to submit to us all information we require in order to determine whether to approve a proposed Transfer of the Franchise, and we agree to notify you of our approval or disapproval within a reasonable period of

time, not to exceed thirty (30) days, after we have received all requested information relating to the proposed Transfer of the Franchise. "Transfer of the Franchise" means the voluntary or involuntary, direct or indirect, sale, assignment, transfer, pledge, grant of a security interest in, or other disposition of this Agreement, any right or obligation under this Agreement, or any form of ownership interest in Franchisee or the assets, revenues or income of your Store, including: (1) any issuance or redemption of a legal or beneficial ownership interest in the capital stock of Franchisee; (2) any merger or consolidation of Franchisee, whether or not Franchisee is the surviving corporation; (3) any transfer as a result of a divorce, insolvency or dissolution proceeding or otherwise by operation of law; (4) any transfer on the death of Franchisee or any Owner of Franchisee by will, declaration of trust or under the laws of intestate succession; or (5) any foreclosure of your Store or your transfer, surrender or loss of possession, control or management of your Store. You may sell, transfer or assign any supplier list only to a transferee to whom your rights and obligations under this Agreement are simultaneously being transferred in accordance with the terms of this Agreement.

You may not purport to sell, transfer or assign any ownership interest in or two any Confidential Information, Customer Information or goodwill associated with the System, either as part of a Transfer of the Franchise or otherwise. In the event of a proposed Transfer of the Franchise, you must advise any prospective transferee of MSIP's ownership of such information, and our license to use, and sublicense the use of, such information and that it does not form part of the purchased assets. Upon an approved Transfer of the Franchise, you may, subject to compliance by you and the transferee with all relevant privacy laws relating to the retrieval, use, storage and transmission of personal information of such customers, provide such Customer Information to the transferee. You may not retain or use any Customer Information, in any format or media, in whole or in part, for any purpose, after the Transfer of the Franchise.

Our approval of a transfer of the Franchise does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success of your Store by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific Transfer of the Franchise being proposed and shall not constitute an approval of, nor shall be deemed to have any effect on, any other transfer of the Franchise.

11.2 Conditions for Approval

If we have not exercised our rights under Section 11.6, we will not unreasonably withhold our approval of a Transfer of the Franchise that meets all of the reasonable restrictions, requirements and conditions that we may impose on the transfer, the transferor(s) and/or the transferee(s), including the following:

(a) you and your Owners and Affiliates must be in compliance with the provisions of this Agreement and all other agreements with us or any of our Affiliates, whether relating to your Store or any other Metal Supermarkets store;

(b) the transferee (and its owners) must meet our then-applicable standards for Metal Supermarkets store franchisees;

(c) the transferee (or its Operating Partner) and its manager, if applicable, must complete our initial training program to our satisfaction;

(d) the transferee (and its owners) must agree to be bound by all of the provisions of this Agreement for the remainder of the Term, or, at our option, execute our then current standard form of franchise agreement and related documents used in the state in which your Store is located (which may contain provisions materially different from these contained in this Agreement including different royalties, term and other rights and obligations;

(e) you or the transferee must pay us a transfer fee in an amount not to exceed Eight Thousand U.S. Dollars (U.S. \$8,000) to defray our expenses incurred in connection with the transfer, including the training of the transferee, of which Two Thousand Five Hundred Dollars (\$2,500) is due upon your request for our approval and is fully earned and non-refundable and the balance is due upon completion of the transfer;

(f) you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to us, of any and all claims against us and our Affiliates, stockholders, officers, directors, employees, agents, successors and assigns;

(g) the terms of the proposed Transfer of the Franchise must not in our judgment place an unreasonable financial or operational burden on the transferee;

(h) any financing you or any of your Owners or Affiliates offer the transferee must be subordinate to any current or future obligations of the transferee to us;

(i) you, your Owners and your Operating Partner must execute a non-competition covenant, in form and substance satisfactory to us, in favor of us and the transferee, agreeing that, for a period of two (2) years, starting on the effective date of the transfer, you, your Owners and Operating Partner will not: (1) directly or indirectly own a legal or beneficial interest in, or render services or give advice to: i) any Competitive Business operating at the Premises, ii) within a fifteen (15) mile radius from the Premises, iii) any Competitive Business operating within the Protected Area, iv) any Competitive Business operating within a fifteen(15) mile radius from the Premises, v) any Competitive Business operating within a ten (10) mile radius of any other Metal Supermarkets store in existence, or vi) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business; or (2) directly or indirectly solicit (e.g., through telemarketing, e-mailing, faxing, mailer program and other marketing efforts that we reasonably determine to constitute a solicitation) any former, current or prospective customer of your Store. The foregoing restrictions on competitive activities do not apply to: (i) the ownership or operation of other Metal Supermarkets stores that are licensed or franchised by us or any of our Affiliates; or (ii) the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities; and

(j) you, your Owners, your Operating Partner and Affiliates must execute such other documents and do such other things as we may reasonably require to protect our rights under this Agreement.

11.3 Transfer To A Corporation

Notwithstanding Sections 11.1 and 11.2, on thirty (30) days' prior notice to us, you (if you are an individual or partnership) may transfer this Agreement, in conjunction with a transfer of all of the assets of your Store, by an agreement in form and substance approved by us, to a corporation or limited liability company of which you own and control all of the equity and voting power of all issued and outstanding

capital stock. No such assignment will relieve you or your Owners of your obligations hereunder, and you and your Owners remain jointly and severally liable for all obligations hereunder.

11.4 Special Transfers

Subsections (b), (e) and (f) of Section 11.2 are inapplicable to any Transfer of the Franchise among any of your then current Owners. Section 11.6 is inapplicable to any Transfer of the Franchise to any member of the immediate family of Franchisee (if an individual) or any member of the immediate family of a then current Owner of Franchisee (if a corporation, limited liability company or partnership).

11.5 Death or Disability of Franchisee

Upon your death or permanent disability, or the death or permanent disability of an Owner who has a controlling interest in the Franchisee entity, the executor, administrator or other personal representative of such person must transfer his or her interest in this Agreement or his or her interest in Franchisee to a third party approved by us in accordance with all of the applicable provisions of this Section 11 within a reasonable period of time, not to exceed nine (9) months from the date of death or permanent disability.

11.6 Franchisor's Right of First Refusal

If you or any of your Owners desires to transfer the Franchise for legal consideration, you or such Owner must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least ten percent (10%) of the offering price from a responsible and fully disclosed potential purchaser and must deliver immediately to us a complete and accurate copy of such offer, together with copies of all other agreements, documents and other information (written or oral) you or your agents have delivered to the potential purchaser. If the potential purchaser proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under area development agreements or other franchise agreements for Metal Supermarkets stores) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to us, and the price and terms of purchase offered to you or your Owners for the Transfer of the Franchise must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you or your Owners within thirty (30) days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; and (c) we will have not less than ninety (90) days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of our right of first refusal. We may conduct such investigation and analysis in any manner we deem reasonably appropriate and you and your Owners must cooperate fully with us in connection therewith.

If we exercise our option to purchase, we are entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities as we reasonably may require. If we do not exercise our option to purchase, you or your Owners may complete the sale to such potential purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 11.1 and 11.2, provided that if the sale to such potential purchaser is not completed within ninety (90) days after delivery of such offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional option to purchase (on the terms of the revised offer, if

any, and otherwise as set forth herein) during the thirty (30) day period following your notification of the expiration of the ninety (90) day period or the material change to the terms of the offer.

11.7 Securities Offerings By Franchisee

Neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates.

11.8 Franchisee Bankruptcy

If you file or become the subject of a petition for relief under Title 11 of the United States Code or under any successor or similar federal or state bankruptcy, insolvency or receivership statute (hereafter referred to as “Franchisee’s Bankruptcy”), and, for any reason, this Agreement is not terminated pursuant to Section 12, then you shall immediately inform us of Franchisee’s Bankruptcy and disclose the specific court in which such action is pending.

You acknowledge that this Agreement is an executory contract. In the event of Franchisee’s Bankruptcy, promptly upon written demand by us, but in no event more than thirty (30) days following such demand, you shall determine whether to assume or reject this Agreement as an executory contract, shall advise us of your decision, shall advise us of the manner in which you propose to provide us with adequate assurances of future performance, and shall diligently pursue any required approvals.

In the event of Franchisee’s Bankruptcy, if you wish to assign to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement, then notice of such proposed assignment, setting forth the name and address of the proposed assignee and all of the terms and conditions of the proposed assignment, shall be given to us within twenty (20) days after receipt of such proposed assignee’s offer to accept the assignment of this Agreement, and, in any event, within ten (10) days prior to the date that the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and we shall thereupon have a right of first refusal on the terms and conditions set forth in Section 11.6, except that we may deliver notice of our exercise of our right of first refusal at any time prior to the effective date of the proposed assignment.

11.9 Transfer by Franchisor

We have the right to transfer or assign all or any part of our rights or obligations under this Agreement to any person or legal entity. If the assignee shall expressly assume and agree to perform all of our obligations under this Agreement accruing after the date of assignment, then the assignee shall become solely responsible for such obligations and we, as the assignor shall have no liability therefore. In addition, and without limiting the foregoing, we may sell our assets; may sell our securities in a public offering or in a private placement; may merge, amalgamate or reorganize with or acquire other corporations, or be acquired by another corporation; and may undertake any refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

12. TERMINATION OF AGREEMENT.

12.1 Immediate Termination

You will be in material breach of this Agreement, and this Agreement will automatically terminate without notice, if we so determine, if you become insolvent or are unable to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; if you file a petition in bankruptcy, reorganization or similar proceedings under the bankruptcy laws of the United States or have such a petition filed against you which is not discharged within thirty (30) days; if a receiver or other custodian, permanent or temporary, is appointed for your business, assets or property; or if you request the appointment of a receiver or make a general assignment for the benefit of creditors; or if final judgment against you in the amount of Twenty-Five Thousand U.S. Dollars (U.S. \$25,000) or more remains unsatisfied of record for thirty (30) days or longer; if your bank accounts, property or accounts receivable are attached; if execution is levied against your business or property; if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; if you voluntarily dissolve or liquidate; or have a petition filed against you for dissolution or liquidation and such petition is not dismissed within thirty (30) days; if for any reason after opening your Store you fail to have it open for business for any four (4) consecutive days; or if another agreement between the parties is terminated as a result of a breach by you; or if you or any of your Owners is convicted or pleads guilty to any felony; if you are past due in the payment of rent for your Store for fifteen (15) days or more; or if you engage in any conduct which could materially impair the goodwill associated with the trademarks and/or the System.

12.2 Termination Upon Notice

In addition to our right to terminate pursuant to other provisions of this Agreement and under applicable law, you will be in breach of this Agreement and we will have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Owners, Operating Partner or Affiliates:

- (a) fail to open your Store and start business, as provided in Section 4.2;
- (b) make any material misstatement or omission in the application for your Store or in any other information provided to us;
- (c) suffer cancellation or termination of the lease or sublease for your Store;
- (d) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the goodwill associated with the Marks;
- (e) make an unauthorized Transfer of the Franchise or any of the assets utilized in the operation of the Franchise;
- (f) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement;
- (g) fail to make payment of any amount due us or any of our Affiliates and do not correct such failure within ten (10) days after notice of default is delivered to you;
- (h) fail to make payment of any amount due to a supplier (other than payments which are subject to a bona fide dispute), and do not correct such failure within thirty (30) days after notice of default is delivered to you;

(i) fail to comply with any other provision of this Agreement or any other mandatory specification, standard or operating procedure prescribed by us and do not correct such failure within thirty (30) days after notice of default is delivered to you;

(j) are in breach of or in default under any other agreement with us or any of our Affiliates relating to any other Metal Supermarkets store; or

(k) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to pay when due royalties or other payments due us or any of our Affiliates or otherwise fail to comply with this Agreement or any mandatory specification, standard or operating procedure, whether or not such failures are corrected after notice of default is delivered to you and whether or not such failures relate to the same or different matters.

13. RIGHTS TO A SUCCESSOR FRANCHISE.

13.1 Your Right To Acquire A Successor Franchise

You have the right, subject to the conditions contained in this Section 13, to acquire a successor franchise for your Store for one (1) additional term of ten (10) years, if upon expiration of the Term: (a) you, your Owners, Operating Partner and any Affiliates are in compliance with this Agreement and all other agreements with us or any of our Affiliates, whether relating to your Store or any other Metal Supermarkets store, and you and your Owners have been in substantial compliance with this Agreement throughout the Term; (b) you pay us a successor franchise fee as further described below; and (c) you maintain the right to possession of the Premises for the term of the successor franchise agreement and enter into an agreement with us whereby you agree within a specified time period, starting on the signing of a successor franchise agreement, to remodel your Store, add or replace fixtures, furnishings, equipment and signs and otherwise modify your Store to upgrade your Store to the specifications and standards then applicable for new Metal Supermarkets stores. The successor franchise fee is Nine Thousand Five Hundred Dollars (\$9,500), 50% of which is payable at the time you provide us with notice under Section 13.2 and is non-refundable unless we determine not to grant you a successor franchise. If you have signed and returned to us all necessary paperwork to complete the successor franchise at least ninety (90) days prior to the expiration date, we agree to waive the balance of the successor franchise fee. Otherwise, the balance of \$4,750 is due at the time all necessary paperwork to complete the successor franchise is delivered to us.

13.2 Notices

You agree to give us notice of your desire to acquire a successor franchise at least one hundred and eighty (180) days prior to the expiration of this Agreement. We will give you notice, not later than sixty (60) days after receipt of your notice, of our decision whether you have the right to acquire a successor franchise pursuant to Section 13.1. Notwithstanding that our notice may state that you have the right to acquire a successor franchise for your Store, such acquisition right will be subject to your continued compliance with all the provisions of this Agreement up to the date of its expiration. If we determine you do not have the right to a successor franchise, as above provided, then this Agreement shall expire at the end of the Term and you, all of your Owners and Operating Partner shall be subject to all of the provisions applicable on expiration, including those contained in Sections 10.4 and 14.

13.3 New Agreements

If you have the right to acquire a successor franchise in accordance with Section 13.1 and state your desire to exercise that right in accordance with Section 13.2, we and you (and your Owners) will execute our then-current standard form (or our most recent form if we are no longer offering franchises for any reason)

(which may contain provisions materially different from those contained herein) and all ancillary agreements (including personal guarantees by your Owners and a remodeling agreement on such terms as we deem appropriate) which we then customarily use in granting successor franchises for the operation of Metal Supermarkets stores. You and your Owners must also execute general releases, in form and substance satisfactory to us, releasing us, and our Affiliates, officers, directors, employees, agents, successors and assigns, from any and all claims. Failure by you (and your Owners) to sign such agreements and releases within thirty (30) days after delivery to you will be deemed an election by you not to acquire a successor franchise for your Store.

In the event that you do not provide us with the 180 notice or you do not sign the new agreements within thirty (30) days of delivery to you, we have the right to market the franchise for the Protected Area in any manner we deem appropriate, including through brokers or other agents.

13.4 Holdover Situation

If for any reason you continue to operate your Store after the expiration of the Term without having been granted a successor franchise, you shall be deemed to be operating on a month-to-month basis under the terms and conditions of this Agreement, provided, however, that there will be a 50% increase in the amount of royalties payable by you during any holdover period. In such circumstances, and notwithstanding the foregoing, we may on ten (10) days written notice terminate this Agreement.

14. EFFECT OF TERMINATION OR EXPIRATION.

14.1 Payment of Outstanding Amounts

You agree to pay us and our Affiliates, within thirty (30) days after the effective date of termination or expiration (without grant of a successor franchise) of this Agreement, all royalties, amounts owed for purchases from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid. You also agree to pay any of your suppliers any outstanding amounts that are not subject to bona fide dispute.

14.2 Discontinue Use of Marks and Confidential Information

Upon any termination or expiration (without the grant of a successor franchise) of this Agreement, you will:

(a) not directly or indirectly at any time or in any manner use any Mark, any confusingly similar variation of any Mark or any other indicia of a Metal Supermarkets store;

(b) take such action as may be required to cancel all fictitious or assumed name registrations relating to your use of any Mark;

(c) notify the appropriate telecommunications companies and all telephone directory publishers of the termination or expiration of any rights you may have to use any telephone, telecopy or telecommunications numbers and any regular, classified or other telephone directory listings associated with your Store and to authorize transfer of such numbers to us or at our direction to the extent that such numbers and listing are not already owned by us. You acknowledge that, as between Franchisee and Franchisor, we have the sole rights to and interest in all telephone, telecopy and other telecommunications numbers and directory listings associated with your Store. You authorize us, and hereby appoint us and any of our officers as your attorney in fact, to direct the appropriate telecommunications companies and all telephone directory publishers to transfer any telephone, telecopy and other telecommunications

numbers and directory listings relating to your Store to us or at our direction, should you fail or refuse to do so, and the appropriate telecommunications companies and all telephone directory publishers may accept such direction or this Agreement as conclusive evidence of our exclusive rights in such telephone, telecopy and other telecommunications numbers and directory listings and our authority to direct their transfer;

(d) if we do not exercise our right to purchase assets of your Store pursuant to Section 14.4, promptly remove from the Premises, and discontinue using for any purpose, all signs, fixtures, equipment, decor items, advertising materials, forms and other materials and supplies which display any of the Marks or any distinctive features, images, or designs associated with Metal Supermarkets stores (including removal of the distinctive “blue stripe” in your warehouse and repainting the racking system with a color other than blue) and, at your expense, make such alterations as may be necessary to distinguish the Premises so clearly from its former appearance as a Metal Supermarkets store as to prevent any possibility of confusion by the public;

(e) immediately cease to use all Confidential Information and return to us all such Confidential Information and any extracts, copies of derivative works therefrom, including the Operations Manual and any other confidential materials which we have loaned to you;

(f) immediately discontinue any mode of communications on the Internet or other communications system directly or indirectly relating to your Store, including any Web sites, social media platforms, links, or pages and e-mail addresses associated with your Store, and immediately take all steps required by us to transfer any domain name associated with your Store to us. You irrevocably appoint the person who is then our president as your duly authorized agent and attorney-in-fact to execute all instruments and take all steps to transfer such domain names;

(g) immediately cease to use (and return to us all copies of) all technology licensed by us or any of our Affiliates and comply with your obligations under any technology license agreements;

(h) provide us with a complete list, in a format satisfactory to us, of all Customer Information; and

(i) within thirty (30) days after the effective date of termination or expiration, furnish us evidence satisfactory to us of your compliance with the foregoing obligations.

(j) you acknowledge and agree that upon expiration or termination of this Agreement, you may not, directly or indirectly, sell, assign, transfer, lease or otherwise dispose of any inventory or assets used in the operation of your Store, including the lease for the premises, to any family member, or Owner, officer or director of the Franchise entity. For the purposes of this Section, a “family member” means spouses (including common-law), parents (including grandparents), siblings, children (including grandchildren), cousins, aunts, uncles, nieces, nephews and in-laws of any of the foregoing.

14.3 Customer Lists

For absolute clarity, upon any termination or expiration (without the grant of a successor franchise) of this Agreement, we and our Affiliates will have the unrestricted right, without paying you any consideration, to offer and sell, and to permit other franchisees of ours to offer and sell, any products and/or services, to any and all former, current and prospective customers of your former Store. You acknowledge and agree that all Customer Information is Confidential Information, and belongs to MSIP. You further acknowledge and agree that MSIP has operated to us, indirectly, an exclusive license to use, and to grant sublicenses to others to use Confidential Information, you shall not retain or use any Confidential

Information, including but not limited to, Customer Information, in any format or media, in whole or in part, for any purpose, after any termination or expiration of this Agreement. Breach of this provision, including direct or indirect solicitation by you, your Owners or by your Operating Partner, shall entitle us to seek and obtain injunctive relief.

14.4 Our Option To Purchase Your Store

Upon termination or expiration of this Agreement (without grant of a successor franchise in accordance with Section 13), we will have the option to purchase from you all or any category of your Store's tangible assets (including usable inventories of metals net of a reasonable allowance for scrap and obsolete metal as determined by us) and other authorized products, accounts receivables, supplies, leasehold improvements, fixtures, furnishings, equipment and signs, but excluding any unamortized portion of the initial franchise fee, cash liabilities or financing of debt, bank loans and notes and short-term investments) and to obtain an assignment of your lease or sublease for the Premises (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as your lease or sublease) (the "Purchased Assets"). We will have the unrestricted right to assign this option to purchase any of the tangible asset categories we choose. To exercise this option we will provide you with written notice as follows: (a) in the event of a termination we will give you notice within thirty (30) days from the date of the termination (such time period to be extended during any period when you or an Affiliate operate a Competitive Business in violation of this Agreement); and (b) in the event of an expiration without grant of successor franchise (which may be triggered by your failure to provide the required 180 day notice or your failure to sign the successor franchise agreements within 30 days of delivery) we will give you notice thirty (30) days prior to the expiration date.

Upon such notice and pending completion of the purchase, we may authorize continued temporary operations of your Store pursuant to the terms of this Agreement, subject to the supervision and control of one or more managers appointed by us. Alternatively, we may require you to close your Store during such time period without removing therefrom any of its assets. Furthermore, upon such notice, you may not sell or remove from the Premises any of the Purchased Assets (other than sales of inventory in the ordinary course of business, if permitted by us pursuant to this Section) and shall give us and our designated agents full access to your Store and all of your books and records at any time during customary business hours in order to conduct inventories and to determine the purchase price for the Purchased Assets. In the event of termination or an expiration without a grant of successor franchise, you agree that you may not sell or remove any of the proposed Purchase Assets for the six (6) month period.

The purchase price for the Purchased Assets will be the lesser of: (a) the net book value (as defined below); or (b) three (3) times the Annual Pre-Tax Operating Income (as defined below). "net book value" shall mean the net book value of your Store's tangible assets we choose to purchase as of the time of transfer, determined by reference to the financial statements, using our standard chart of accounts and conforming to generally accepted accounting principles (consistently applied) that you are required to submit to us pursuant to Section 8, provided, however, that: (1) each depreciable asset will be valued at the lesser of the net value of the asset and depreciated: (a) on a "straight line" basis from the date of its acquisition over its useful life without provision for salvage value; or (b) according to the method you use for federal income tax purposes; and (2) we may exclude from the assets purchased any fixtures, equipment, furniture, signs, products, materials or supplies of your Store that have not been acquired in compliance with this Agreement. "Annual Pre-Tax Operating Income" will be your Store's pre-tax net operating income for the trailing 12-month period, as disclosed by the monthly financial statements required to have been submitted to us pursuant to Section 8.3 hereof. Your Store's monthly financial statements should include reasonable wages and benefits for all Store employees. In the event the statements do not include reasonable wages and benefits, we have the right to recalculate the Store's Annual Pre-Tax Operating Income to include reasonable wages and benefits. In the event your Store has not been operational for an entire 12-month period, "Annual

Pre-Tax Operating Income” will be the annualized pre-tax net operating income for the months that your Store has been open, as disclosed by the financial statements required to have been submitted to us pursuant to Section 8.3.

If we are not satisfied for any reason with the accuracy or fairness of any financial statements you have submitted to us and which are used to determine the purchase price, or if none have been submitted, Net Book Value and/or Pre-Tax Operating Income will be determined by an audit conducted by certified public accountants selected by us, the cost of which will be borne equally by us and you. The results of such audit will be final and binding on both parties.

The purchase price, as determined above, for the Purchased Assets shall be paid 50% in cash at the closing, which shall take place no later than sixty (60) days after the delivery of our notice of our election to purchase your Store (unless the purchase price is determined by audit, in which case the closing shall take place within a reasonable time, not to exceed sixty (60) days, after the results thereof are made available). At the closing, we will be entitled to all representations, warranties, title insurance policies and other closing documents and post-closing indemnifications as we reasonably require, including: (a) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances and liabilities, to us or our designee, with all sales and other transfer taxes paid by you; and (b) assignments of leases of assets used in the operation of your Store (or if an assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as your lease, including renewal and/or purchase options), provided, however, that if any of your Owners or Affiliates directly or indirectly owns the land, building and/or equipment of your Store, you shall, at our option, cause such Owner or Affiliate to grant to us a lease at reasonable and customary rental rates and other terms prevailing in the community where your Store is located. The remainder of the purchase price (plus accrued and unpaid interest on the unpaid balance, at the Prime Rate, as defined below, from and after the closing date) shall be payable on the first anniversary of the closing date. The “Prime Rate” shall be the published prime rate as of the date of closing of the Chase Manhattan Bank or any other national bank or institutional lender we select.

If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the closing may, at our option, be accomplished through an escrow on such terms and conditions as we deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Purchased Assets. Further, you agree to comply with any applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Premises are located and all applicable state and local sales and income tax notification and/or escrow procedures. We have the right to set off against and reduce the purchase price by any and all amounts owed by you or any of your Owners or Affiliates to us or any of our Affiliates.

14.5 Continuing Obligations

All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect until they are satisfied in full or by their nature expire.

15. RELATIONSHIP OF THE PARTIES.

15.1 Independent Contractors

You and we, as between ourselves, are and will be independent contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement will create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto.

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of your Store and agree to place such other notices of independent ownership at the Store and on forms, business cards, stationery, advertising and other materials as we may require from time to time.

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder.

15.2 Indemnification

You agree to indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, agents, successors and assigns (collectively "indemnitees"), and to hold the indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the indemnitees in connection with the development, ownership, operation or closing of your Store (collectively "event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the indemnitees, provided, however, that this indemnity will not apply to any liability arising from the gross negligence or willful acts of indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you). The term "losses and expenses" will be deemed to include compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. We may, in our reasonable judgment, take such actions as we deem necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of indemnitees or Metal Supermarkets stores generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an event (an "Insured Event"), we agree not to exercise our right to select counsel to defend the event if such would cause your insurer to deny coverage. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

15.3 Taxes

You agree to promptly pay to us an amount equal to all taxes levied or assessed, including unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties, any similar taxes or levies, imposed upon or required to be collected or paid by us by reason of the furnishing of products, intangible property (including

trademarks) or services to you. In the event of a *bona fide* dispute as to your liability for taxes, you may contest your liability in accordance with applicable law.

16. MISCELLANEOUS

16.1 Arbitration

Except as qualified below, any dispute between you and us or any of our or your Affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Store must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Minneapolis, Minnesota. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your Store is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

16.2 Exceptions to Arbitration

Notwithstanding Section 16.1, the parties agree that the following claims will not be subject to arbitration:

1. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder.
2. any action in ejectment or for possession of any interest in real or personal property.

Any litigation between the parties shall take place in Minneapolis, Minnesota.

16.3 Governing Law

Except as otherwise expressly provided, this Agreement and all issues arising from or relating to this Agreement shall be governed by and construed under the laws of the state of Minnesota, except that Minnesota laws relating to franchises, franchise relationships and business opportunities will not apply unless the jurisdictional requirements of such laws are satisfied independently of this provision.

16.4 Injunctive Relief

We may obtain at any time in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may have such injunctive relief, without bond, but upon due notice, in addition to such other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, will 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). You and each of your Owners acknowledges that any violation of Section 9, 10, 11.2(i) or 14.2 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owners consents to the issuance of an injunction at our request (without posting a bond or other security) prohibiting any conduct in violation of any of those Sections and agree that the existence of any claims you or any of your Owners may have against us, whether or not arising herefrom, shall not constitute a defense to the enforcement of any of those sections.

16.5 Costs and Attorneys' Fees

If we claim in any judicial or arbitration proceeding that you owe us or any of our Affiliates money or that you have otherwise breached this Agreement and we prevail on such claim(s), then we will be awarded our costs and expenses incurred in connection with such proceedings, including reasonable attorneys' fees.

16.6 Limitations on Legal Claims

Except with respect to any of your obligations herein regarding the Confidential Information and the Marks, we and you (and your Owners) each waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other directly or indirectly arising from or relating to this Agreement. You and each of your Owners waive, to the fullest extent permitted by applicable law, the right to recover consequential, special, incidental or indirect damages for any claim directly or indirectly arising from or relating to this Agreement. **FURTHERMORE, THE PARTIES AGREE THAT TO THE EXTENT DISPUTES ARE NOT RESOLVED BY ARBITRATION PURSUANT TO SECTION 16.1 HEREOF, ANY LEGAL ACTION IN CONNECTION WITH THIS AGREEMENT WILL BE TRIED TO THE COURT SITTING WITHOUT A JURY, AND ALL PARTIES WAIVE ANY RIGHT TO HAVE ANY ACTION TRIED BY JURY.**

16.7 Entire Agreement; Severability and Substitution of Provisions

This Agreement constitutes the entire understanding and agreement between the parties and supersedes all prior understandings, whether oral or written pertaining to the subject matter of this Agreement. No interpretation, change, modification or waiver of any provision of this Agreement shall be binding or effective unless in writing signed by both parties. Nothing in this Agreement is intended to negate the disclosures contained in our Franchise Disclosure Document.

Every part of this Agreement will be considered severable, and if for any reason any part of this Agreement is held to be invalid, that determination may not impair the other parts of this Agreement. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of termination of or refusal to renew this Agreement than is required hereunder, a different standard of “good cause” to terminate or not renew this Agreement, or the taking of some other action not required hereunder, then the prior notice, “good cause” standard and/or other action required by such law will be substituted for the comparable provisions hereof. However, we are not precluded from contesting the validity, enforceability or application of any such law. If any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable under applicable law, we have the right to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

16.8 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any waiver granted by us will be without prejudice to any other rights we may have and may be revoked at any time and for any reason, effective upon delivery to you of ten (10) days’ prior notice. You and we may not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by you or us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, whether of the same, similar or different nature, with respect to other Metal Supermarkets stores or franchises; or the acceptance by us of any payments due from you after any breach of this Agreement.

16.9 Exercise of Rights

The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder will preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled to enforce by law.

16.10 Construction

The language of this Agreement will be construed according to its fair meaning and not strictly against any party, regardless who drafted this Agreement. The introduction, personal guarantees, schedules and addenda (if any) to this Agreement, as well as the Operations Manual, are a part of this Agreement and constitute the entire agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, other than our franchise disclosure document, that either party may or does rely on or that will have any force or effect. Nothing in this Agreement will be deemed to confer any rights or remedies on any person or legal entity not a party hereto, other than successors and assigns of any party to this Agreement whose interests is assigned in accordance with its terms. This Agreement may not be modified except by written agreement signed by both parties.

The headings of sections are for convenience only and do not limit or construe their contents. The word “including” will be construed to include the words “without limitation.” The term “Franchisee” or “you” is applicable to one or more persons, a corporation, limited liability company or a partnership and its owners individually, as the case may be. If two or more persons are at any time Franchisee hereunder, or Franchisee is owned by two or more Owners, whether as partners, joint venturers or otherwise, then their obligations and liabilities to us will be joint and several.

Whenever this Agreement requires the approval or consent of either party, the other party must make written request therefor, and such approval or consent must be obtained in writing. This Agreement is

binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. This Agreement may be executed in multiple copies, each of which will be deemed an original. Time is of the essence in this Agreement.

16.11 Our Reasonable Business Judgment

We and you acknowledge and agree that this Agreement (and the relationship of the parties which arises from this Agreement) grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including without limitation our judgment of what is in the best interests of our franchise network, at the time our decision is made (our “reasonable business judgment”), without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by us; (2) whether our decision or the action we take promotes our financial or other individual interest; (3) whether our decision or the action we take applies differently to you and one (1) or more other franchisees; or (4) whether our decision or the exercise of our rights is adverse to your individual interests or the individual interests of any other particular franchisees. We will have no liability to you for any such decision or exercise of our rights.

16.12 Notices and Payments

All notices, requests and reports permitted or required to be delivered by this Agreement will be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the same day of the transmission by facsimile, e-mail to the metalsupermarkets.com address or other reasonably reliable electronic communication system; (c) one business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. No restrictive endorsement on any check or in any letter or other communication accompanying any payment will bind us, and our acceptance of any such payment may not constitute an accord and satisfaction.

16.13 Receipt of Disclosure Document and Agreement

You acknowledge having received our franchise disclosure document at least fourteen (14) calendar days before signing a binding agreement or making any payment to us relating to this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

**METAL SUPERMARKETS
FRANCHISING AMERICA INC**
an Ontario corporation

By: _____
Stephen Schober
President & Chief Executive Officer

FRANCHISEE

If a corporation, limited liability company or partnership:

_____ a _____

(Name of corporation, limited liability company or partnership)

By: _____

Print Name: _____

Title: _____

If individuals:

(Signature)

(Print Name)

(Signature)

(Print Name)

**SCHEDULE A TO THAT FRANCHISE AGREEMENT BETWEEN METAL SUPERMARKETS
FRANCHISING AMERICA INC. AND _____ ON**

_____, _____.

The Protected Area shall consist of the following geographic area:

**METAL SUPERMARKETS
FRANCHISING AMERICA INC.**

By: _____
Stephen Schober
President & Chief Executive Officer

By: _____
Title: _____

**SCHEDULE B TO THAT FRANCHISE AGREEMENT BETWEEN METAL SUPERMARKETS
FRANCHISING AMERICA INC. AND _____ ON**

_____, ____.

Your Store will be operated at the following Premises: _____

**METAL SUPERMARKETS
FRANCHISING AMERICA INC.**

By: _____
Stephen Schober
President & Chief Executive Officer

By: _____
Title: _____

Date: _____

Date: _____

**SCHEDULE C TO THE FRANCHISE AGREEMENT BETWEEN METAL SUPERMARKETS
FRANCHISING AMERICA INC. AND**

DATED _____, _____

1. Operating Partner. The name, home address and social security number of the Operating Partner is as follows: _____
_____.

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was incorporated on _____
_____, _____, under the laws of the State of _____. It
has not conducted business under any name other than its corporate name. The following is a list of all of
Franchisee's directors and officers as of _____, _____.

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____

(b) Partnership. Franchisee is a [general] [limited] partnership formed on
_____, _____ under the laws of the State of _____. It has not
conducted business under any name other than its partnership name. The following is a list of all of
Franchisee's general partners as of _____, _____.

<u>Name of General Partner</u>

3. Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name, mailing address and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee, and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this agreement.

<u>Owner's Name, Address and Social Security Number</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Submitted by Franchisee
on _____, ____.

Accepted by Franchisor and made a
part of the Franchise Agreement as
of _____, ____.

(Name of corporation, limited
liability company or partnership)

**METAL SUPERMARKETS
FRANCHISING AMERICA INC.**

By: _____
Print Name: _____
Title: _____

By: _____
Stephen Schober
President & Chief Executive Officer

Owners:

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

SCHEDULE D

OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of _____, ____ (the "Agreement") by and between METAL SUPERMARKETS FRANCHISING AMERICA INC. ("Franchisor"), and _____ ("Franchisee"), each of the undersigned owners of an interest in Franchisee hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and all other agreements between Franchisee and Franchisor or its Affiliates and that each and every representation of Franchisee made in connection with the Agreement and all other agreements between Franchisee and Franchisor or its Affiliates are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement and all other agreements between Franchisee and Franchisor or its Affiliates.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled. Each of the undersigned agrees to be personally bound by the arbitration and other dispute resolution provisions of the Agreement.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guaranty shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the agreement.

IN WITNESS THEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

**PERCENTAGE OF OWNERSHIP
INTERESTS IN FRANCHISEE**

GUARANTOR(S)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

DATE: _____, ____

Subscribed and sworn to before me this ___ day of _____, ____.

Notary Public

My Commission expires: _____

SCHEDULE E

REDUCED FEE ADDENDUM

Notwithstanding the Franchise Agreement, the initial franchise fee shall be \$_____ (“Reduced Fee”), rather than \$39,500 (“Regular Fee”). However, if you or your Owners engage in any transaction subject to the transfer restrictions of Section 11.1 of the Franchise Agreement (other than transfers under Sections 11.3 or 11.5) on or before the first anniversary of the Opening Date of your Store, you agree to pay us an additional transfer fee equal to the difference between the Regular Fee and the amount of the Reduced Fee you have paid.

**METAL SUPERMARKETS
FRANCHISING AMERICA INC.**

By: _____
Title: _____

By: _____
Title: _____

Date: _____

Date: _____

SCHEDULE F

ACKNOWLEDGMENT ADDENDUM TO METAL SUPERMARKETS FRANCHISE AGREEMENT

You and we are entering into a Franchise Agreement for the operation of a Metal Supermarkets franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and award of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: Yes No. If no, please comment: _____

2. Have you studied and reviewed carefully our Franchise Disclosure Document, the Franchise Agreement and all other agreements? Check one: Yes No. If no, please comment: _____

3. Did you understand all the information contained in both the Franchise Disclosure Document, the Franchise Agreement and all other agreements? Check one: Yes No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosure in the Franchise Disclosure Document? Check one: Yes No. If yes, please comment: _____

5. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of Metal Supermarkets Franchising America Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any Metal Supermarkets location or business, or the likelihood of success at your franchised business? Check one: Yes No. If yes, please comment: _____

6. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of Metal Supermarkets Franchising America Inc. make any statement or promise regarding the costs involved in operating a franchise or that is contrary to, or different from, the information contained in the Franchise Disclosure Document. Check one: Yes No. If yes, please comment: _____

7. Do you understand that the Franchise Agreement and other agreements contain the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or other agreements will not be binding? Check one: Yes No. If no, please comment: _____

8. Do you understand that the success or failure of your Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the Metal Supermarkets Marks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business facts that exist at the time you open your Business may change? Check one: () Yes () No. If no, please comment: _____
9. Do you understand that the current economy and financial situation could have a negative impact on the metal industry, the Metal Supermarket franchise system and your business? Do you also understand that the economic situation may worsen? Check one: () Yes () No. If no, please comment: _____
10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 10 of the Franchise Agreement and that an injunction is an appropriate remedy to protect the interests of the Metal Supermarkets System if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? () Yes () No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

APPROVED ON BEHALF OF
METAL SUPERMARKETS
FRANCHISING AMERICA INC.

Signed: _____

Signed: _____

Print Name: _____

Stephen Schober
President & Chief Executive Officer

Date: _____

Date: _____

*All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law. Nothing contained in this Addendum is intended to negate the disclosures contained in our Franchise Disclosure Document.

SCHEDULE G

Electronic Transfer of Funds Authorization

Franchisee: _____

Territory: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes METAL SUPERMARKETS FRANCHISING AMERICA INC. and any affiliated entity (collectively, "METAL SUPERMARKETS"), to initiate monthly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Brand Building Fund Fees, Metal Magic fees, conference fees, Data Matx fees and other amounts that become payable by the undersigned to METAL SUPERMARKETS. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by METAL SUPERMARKETS.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** We also need a VOIDED Check ***

Bank Name

Branch

Street Address

City State Zip Code

Bank Telephone Number

Bank's Account Number

Customer's Account Number

Account Name

Street Address

City State Zip Code

Telephone Number

By _____

Its _____

Date _____

SCHEDULE H
SUCCESSOR FRANCHISE ADDENDUM

THIS SUCCESSOR ADDENDUM dated _____, 20__ (the "Addendum") to the Franchise Agreement, as defined below, by and between METAL SUPERMARKETS FRANCHISING AMERICA INC., an Ontario corporation ("Franchisor" or "we") and _____, a _____ whose principal address is _____ ("Franchisee" or "you").

RECITALS

A. WHEREAS, you and Retail Metal Stores, Inc. (formerly known as Metal Supermarkets Corporation), entered into a franchise agreement pursuant to which you were granted the right to operate a Metal Supermarkets Store at _____ ("Original Franchise Agreement")

B. WHEREAS, the Original Franchise Agreement was assigned by Retail Metal Stores, Inc. to Franchisor on November 8, 2010.

C. WHEREAS, the Original Franchise Agreement is expiring and you desire to enter into a successor Franchise Agreement.

D. WHEREAS, the parties are on this date entering into a successor Franchise Agreement ("Franchise Agreement").

E. WHEREAS, _____ has/have personally guaranteed the Franchisee's obligations under the Franchise Agreement and has/have executed the Owners' Personal Guarantee of Franchisee's Obligations.

F. WHEREAS, the parties desire to amend the Franchise Agreement on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The foregoing recitals are true in substance and in fact.
2. Section 2.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

"Subject to the terms of this Agreement, we grant you the right, and you assume the obligation, to operate a Metal Supermarkets store (your "Store") at the location set forth pursuant to Section 2.2 (the "Premises"), and to use the System solely in connection therewith, for a term of ten (10) years, commencing on the date of this Agreement (the "Term"). You may not conduct the business of your Store or use the System anywhere other than the Premises, or relocate your Store, without our consent."

3. Section 2.2 of the Franchise Agreement is deleted in its entirety and replaced with the following:

“The parties acknowledge that the Store is currently being operated at the Premises identified in Schedule B to the Franchise Agreement. The Protected Area is identified in Schedule A to the Franchise Agreement.

Neither our continued approval of the Premises, nor any information we may impart to you about the Premises or the Protected Area, constitutes a representation, warranty, guarantee or assurance of any kind, expressed, implied or collateral, that your Store will be profitable or successful. Your decision to continue to operate a Metal Supermarkets Store at the Premises is based solely on your own independent investigation and judgment and not in reliance on any approvals or information from us.

If you desire to change Premises, you agree to propose to us a location for your Store within your Protected Area, which location is subject to our approval in our sole discretion. You agree to submit to us all information about the new proposed Premises that we request, and we have no obligation to consider a proposed location until we receive from you a complete site analysis report for such proposed location. You agree not to execute any lease or purchase agreement for, nor commit to any other binding obligation to purchase or occupy, any new proposed Premises until we have approved the location in accordance with the procedure set out in Section 4.1. In determining whether to approve or disapprove any proposed Premises, we will consider such factors as we deem relevant, including general location, the number of potential customers in its immediate surroundings, and the distance to any other Metal Supermarkets store located outside the Protected Area. We will have no liability whatsoever to you or anyone else for approving or disapproving a proposed location. Upon approval of a proposed location, we will identify the location in an amended Schedule B. Upon completion of such amended Schedule B, both parties agree to sign and attach it to the Franchise Agreement.”

4. The first sentence of Section 3.1 of the Franchise Agreement is deleted and replaced with the following:

“You agree to pay us a successor initial franchise fee in the amount of Seven Thousand Five Hundred Dollars (\$7,500) which must be paid on this date.”

5. Section 3.2(a) is deleted in its entirety.

6. Section 3.2(c) of the Franchise Agreement is deleted in its entirety and replaced with the following:

“Notwithstanding Subsection (b), but subject to your store being open throughout a fiscal year, you agree to pay a minimum annual royalty of \$49,000 (subject to annual CPI adjustments effective as of our fiscal year ends and the base period being September 30, 2012).

7. The first sentence of the first paragraph of Section 4.1 of the Franchise Agreement is deleted in its entirety.
8. The first two sentences of Section 4.2 of the Franchise Agreement are deleted in their entirety and replaced with the following:

“You are solely responsible for the continued development and operation of your Store and for all expenses associated with it. If you choose to relocate your Store (with our approval) we will furnish you prototype plans for a then-current Metal Supermarkets store.”
9. The last two sentences of Section 4.2 of the Franchise Agreement are deleted in their entirety and replaced with the following:

“Your Store may not be relocated or opened for business in a relocated location until we notify you that all our requirements for opening have been met. The current location, as identified in Schedule B, is approved for use as a Store.”
10. Section 4.5 of the Franchise Agreement is deleted in its entirety and replaced with the following:

“You acknowledge that we have provided to you adequate pre-opening assistance.”
11. The first sentence of Section 4.6 of the Franchise Agreement is deleted in its entirety and replaced with the following:

“We are not required to furnish you a data base of potential customers located in your Protected Area. You acknowledge and agree that any data base of potential customers provided or generated in connection with the Store is part of the Confidential Information. You agree to update, maintain and communicate to us this database on an ongoing basis as we may require from time to time.”
12. Section 5.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

“You acknowledge receipt of adequate initial training and we acknowledge that you are not required to attend and complete any initial training program.”
13. The first sentence of Section 5.5 of the Franchise Agreement is deleted and replaced with the following:

“You acknowledge receipt of a copy of the Operations Manual.”
14. You agree to sign the Assignments attached hereto as Appendices H-1 and H-2.
15. All capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement.
16. In consideration of our agreement to enter into a successor Franchise Agreement with you and other good and valuable consideration, the receipt and sufficiency of which are hereby

acknowledged, you, for yourself and for each of your owners, heirs, executors, administrators, insurers, attorneys, agents, representatives, successors and assigns, affiliates, directors, officers and shareholders, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties” for purposes of this Section), hereby releases and forever discharges us and each of our respective affiliates, subsidiaries, divisions, insurers, indemnitors, attorneys, successors and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such (collectively and individually referred to as the “Franchisor Parties” for purposes of this Section), of and from any and all actions, suits, proceedings, claims, complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, which the Franchisee Parties may now or in the future own or hold against the Franchisor Parties related to the Original Franchise Agreement and the relationship between the parties as it relates to the Original Franchise Agreement (collectively referred to as the “Claims”), for known or unknown damages or other losses.

Except as may be prohibited by applicable law, the release of Claims is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated. The Franchisee Parties acknowledge that the consideration for this release constitutes full and complete satisfaction of any damages to them and that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties’ intention to fully and forever release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties further acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Section and to grant the releases contained herein, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this release. This release is and shall be and remain a full, complete and unconditional general release.

[NOTE: Additional language will be added for California franchisees.]

17. In all other respects, the Franchise Agreement will remain enforceable according to its terms.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment on the day and year first above written.

**METAL SUPERMARKETS FRANCHISING
AMERICA INC.,** an Ontario corporation

FRANCHISEE

_____ a _____ formed under the laws of the State of _____

By: _____

By: _____

Stephen Schober
President

Name: _____
Title: _____

ACKNOWLEDGED AND AGREED BY THE OWNER(S) OF FRANCHISEE:

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

APPENDIX H-1

Assignment of Telephone Numbers

This assignment between Metal Supermarkets IP Inc. (“we” or “us”) and _____ (“you”) is effective as of _____, 20___. You hereby irrevocably assign to us or our designee the telephone number or numbers and listings issued to you now or in the future with respect to your Metal Supermarkets business including, but not limited to, the following numbers (“telephone numbers”): _____

We hereby are authorized and empowered without any further notice to you to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), to transfer the telephone numbers to us or such other person or entity as we designate. You hereby grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, and the telephone companies may accept this assignment and our instructions as conclusive evidence of our rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to us. In addition, you agree to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by us regarding the telephone numbers.

FRANCHISEE:

METAL SUPERMARKETS IP INC.

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

By: _____
Stephen Schober
President & Chief Executive Officer

Notary for Your Signature

Subscribed and sworn to before me this _____ day of _____, 201__.

Notary Public

APPENDIX H-2

Assignment of Domain Names, URLs and E-Mail Addresses

This assignment between Metal Supermarkets IP Inc. (“we” or “us”) and _____ (“you”) is effective as of _____, 20___. You hereby irrevocably assign to us or our designee the domain names, URLs and e-mail addresses issued to you with respect to your Metal Supermarkets business including, but not limited to, the following: _____
_____. You agree to pay or reimburse us all amounts, whether due and payable or not, that any domain name registry (“Registry”) or Internet Service Provider (“ISP”) may require in connection with such transfer.

We are hereby authorized and empowered without any further notice to you to notify the Registry and the ISP to transfer the domain names, URLs and e-mail addresses to us or such other person or firm as is designated by us. In furtherance thereof, you hereby grant an irrevocable power of attorney to us and appoint us as your attorney-in-fact to take any necessary actions to assign the domain names and e-mail addresses, including but not limited to, executing any forms that the Registry and the ISP may require to effectuate the assignment. This assignment is also for the benefit of the Registry and the ISP, and the Registry and the ISP may accept this assignment and our instructions as conclusive evidence of our rights in the domain names and e-mail addresses and our authority to direct the amendment, termination or transfer of the domain names and e-mail addresses, as if they had originally been issued to us. In addition, you agree to hold the Registry and the ISP harmless from any and all claims against them arising out of any actions or instructions by us regarding the domain names and e-mail addresses.

FRANCHISEE:

METAL SUPERMARKETS IP INC.

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

By: _____
Stephen Schober
President & Chief Executive Officer

Notary for Your Signature

Subscribed and sworn to before me this _____ day of _____, 201__.

Notary Public

Metal Supermarkets Franchising America Inc.

EXHIBIT C-3

ADDENDUM TO LEASE

ADDENDUM TO LEASE

This addendum is executed as of this ____ day of _____, _____, by and between _____ (“Franchisee”) and _____ (“Landlord”) as an addendum to the lease (as amended, renewed and/or extended from time to time, "the Lease") for the premises located at _____), state of _____ (the “Premises”) dated as of _____, _____.

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement with Metal Supermarkets Franchising America Inc. (“Franchisor”) for the operation of a Metal Supermarkets store at the Premises, and as a requirement thereof, the lease for the premises must contain the provisions contained in this Addendum; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.
2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interest to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.
4. The Lease may not be modified, amended, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or 3, above.
6. If Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or entity to operate a Metal Supermarkets store at the Premises, subject to Landlord's consent, which consent will not be unreasonably withheld or delayed. Landlord

agrees to execute such further documentation to confirm its consent to the assignments permitted under this Addendum as Franchisor may reasonably request.

7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Metal Supermarkets store. Landlord agrees to permit Franchisor, its employees or agents, to enter the Premises and remove signs, decor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

8. Landlord and Franchisee agree that if Landlord is an Owner or an Affiliate of the Franchisee, as defined in the Franchise Agreement, and Landlord proposes to sell the Premises, prior to the sale of the Premises, the Lease shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Metal Supermarkets store is located.

9. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 520 Abilene Drive, Ontario, Canada L5T 2H7, or such other address as Franchisor shall specify by written notice to Landlord.

10. Under the Franchise Agreement, any lease for the location of a Metal Supermarkets store is subject to Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

[Remainder of the page left intentionally blank]

WITNESS the execution hereof under seal.

LANDLORD:

DATE: _____, _____

Subscribed and sworn to before me this
_____ day of _____, _____

Notary Public

My Commission expires: _____

FRANCHISEE:

DATE: _____, _____

Subscribed and sworn to before me this
_____ day of _____, _____

Notary Public

My Commission expires: _____

Metal Supermarkets Franchising America Inc.

EXHIBIT C-4

METALNET EXTRANET AGREEMENT

MetalNet

EXTRANET AGREEMENT

This Extranet Agreement (the “**Agreement**”) is made as of _____, 20__, by and between Metal Supermarkets Franchising America Inc. (“**Franchisor**”) and the Metal Supermarkets Franchisee identified below at the signature line of this Agreement.

Introduction

*Franchisor has contracted with a vendor to provide a communication network that utilizes a passworded internet website (the “**Extranet**”) for the benefit of the Metal Supermarket system, its franchisees, and vendors. To have access privileges to use the Extranet, you must agree to the terms and conditions set forth in this Agreement and to the Terms of Use (“**TOU**”) that are attached as Exhibit A. This Agreement and the TOU establish the terms and conditions of your access privileges to use the Extranet. (We reserve the right to periodically change the TOU.) With the use of a password and a user ID, you will be given access privileges to use the Extranet for obtaining information about the Metal Supermarkets system.*

The parties to this Agreement – Franchisor and the Metal Supermarket Franchisee – are also parties to a Franchise Agreement relating to the establishment and operation of a Metal Supermarket store at the address noted in the signature block of this Agreement.

*In this Agreement, the words “**you**” and “**your**” mean the Metal Supermarket Franchisee (and, if we expand the Extranet, your accountant, financial advisor, or any other person or agent logging onto the Extranet on your behalf or otherwise using your password and/or your computer). The words “**we**,” “**us**” and “**our**” mean Franchisor. The term “Franchisor” includes Franchisor and its affiliates.*

IF YOU DO NOT AGREE WITH THE TERMS AND CONDITIONS, PLEASE DO NOT SIGN BELOW AND PLEASE DO NOT LOGON TO THE EXTRANET.

System Requirements

In order to use the Extranet, you will need a computer with a modem, related peripheral equipment, current internet browser software (e.g., Microsoft Internet Explorer v.6.0 or higher) and other compatible software (collectively, your “**computer system**”). Our standards for the minimum computer configuration that you will need to obtain and maintain are specified in our Operations Manuals.

We are not responsible for any errors or failures caused by any malfunction of your computer, and we are not responsible for any computer virus or related problems that may be associated with your use of the Extranet or of your computer.

You are solely and completely responsible for the installation, maintenance and operation of your computer system. This includes but is not limited to:

Your computer hardware and software;
Your telecom costs and your Internet connection;
The manner in which your computer system interacts with our computer systems and those of other third parties; and
Any and all consequences that may arise if your computer system is not properly maintained, upgraded, and/or operated.

System Charges

You are solely and completely responsible for all costs and expenses that you will incur in connection with installing, maintaining, and operating your computer system, as well as telephone, cable, and other telecommunication charges incurred while connecting to the Extranet, and for any charges by any internet provider you choose to use to gain access to the Internet and, ultimately, the Extranet.

We will not charge you an additional fee for use of the Extranet.

Security

Franchisor is committed to helping to keep your information private and secure. However, we cannot guarantee that this will be the case. You play a critical role in maintaining the security of your system. By using this system, you agree to the following:

To keep your password and user ID confidential, and not to post them on or in the proximity of your computer, nor to store your password or other sensitive data on your computer. You further agree not to disclose your password and/or user ID to anyone.

To keep your password and user ID secure and confidential.

To log out of the Extranet when you are finished using the service.

The Extranet permits you to electronically communicate with us, but at present, it does not permit you to transfer money, give notices, or otherwise communicate with us so as to satisfy the obligations under your Franchise Agreement or any other agreements with Franchisor.

We may occasionally require you to install, maintain, and implement additional security measures.

Other Users

We may decide at a later date to open up the Extranet to additional users (at present, the Extranet is not open to additional users). If so, then upon your request, we will allow certain other parties (possibly to include your accountant, bookkeeper, store manager) to have a password and user ID, and to use the Extranet on your behalf and in your name. These parties will be considered “*Other Users*.” If you wish to do this, you may need to complete and sign a copy of an agreement permitting the other user’s to have that document completed and signed by the Other User before submitting it to us for our approval. You will be fully responsible for any Other

User's use of the Extranet, and we will be entitled to rely upon the Other User as speaking for you in any communication. You and/or the Other Users will be responsible for all of the costs associated with the Other Users' use of the Extranet.

Limits On Our Responsibility

We will make reasonable efforts to ensure the performance of the Extranet, but we cannot guarantee that it will operate. We are not responsible for any losses or delays in transmission arising out of the use of any Internet service provider providing connection to the Internet or caused by any browser software. We are not responsible for any direct, indirect, special, incidental or consequential damages arising in any way out of your use of the Extranet. Because some jurisdictions do not allow the exclusion or limitation of liability for incidental or consequential damages, in those jurisdictions our liability is limited to the extent permitted by law.

You understand and acknowledge that we have contracted the development, operation, and maintenance of the Extranet to a third party vendor, and that we cannot guarantee, and are not responsible, for things that the vendor does or does not do.

Franchisor makes no express or implied warranties concerning the Extranet service, including but not limited to any warranties of merchantability, fitness for a particular purpose or non-infringement of third party proprietary rights.

Franchise Agreement

If you are in default under this Agreement, that will also constitute a default under your Franchise Agreement. The provisions of the Franchise Agreement relating to matters such as confidential information, use of the system, use of the trademarks, and your indemnification of Franchisor will also apply to your use of the Extranet.

Product Ordering

We may choose to make product viewing and ordering may be available through the Site. If so, then you will use the same login ID and password for the Extranet and online ordering. If you wish to use online ordering, you may identify Other Users who will be authorized to order products on your account. You will be responsible for any orders made by these Other Users.

Changes to the Extranet

We reserve the right to change, modify, or discontinue the Extranet and/or any of its components, features or vendors.

Choice of Law

This Agreement shall be governed by, and construed, exclusively in accordance with the laws of the State of Minnesota (without giving effect to Delaware conflicts of law principles). If any provision of this Agreement shall be unlawful, void or for any reason unenforceable, then that

provision shall be deemed severable from this Agreement and shall not affect the validity and enforceability of any remaining provisions.

No Other Agreements

This Agreement and the exhibits to this Agreement agreements between us concerning the Extranet and supersede any and all prior communication on the subject matter hereof. Neither of us is relying on anything other than the words of this Agreement and the exhibits hereto in deciding whether to enter into this Agreement.

Amendments

This Agreement may be amended but only with both parties' written consent; however, revisions we make to the TOU shall be deemed to have been consented to, in writing, if you, your designees, and/or your Other Users receive notice of any such changes online, and then continue to use the Extranet.

IN WITNESS HEREOF, and intending to be legally bound, the parties have entered into this Agreement as of the date first written above.

Metal Supermarkets Franchising America Franchisee Inc.

By: _____	Corporate Name:
Name: _____	Store Address:
Title: _____	Tel:
	Fax:
	E-Mail:
	<i>Agreed:</i>
	Signature:
	Printed Name:
	Title:

Exhibits

(1) Exhibit A: Terms of Use

Metal Supermarkets Franchising America Inc.

EXHIBIT C-5

HOSTING SUPPORT AND SOFTWARE AGREEMENT

HOSTING SUPPORT AND SOFTWARE AGREEMENT (US VERSION)

This agreement ("Agreement") is made this ___ day of _____ (the "Effective Date"), between **METAL SUPERMARKETS FRANCHISING AMERICA INC.**, an Ontario corporation ("Franchisor"), and its franchisee, _____ ("User"), a corporation, who, intending to be legally bound, hereby agrees as follows:

1. INTRODUCTION

1.1 Franchise Agreement. Franchisor and User are parties to that certain franchise agreement dated _____ (the "Franchise Agreement") pursuant to which User has been granted the right to operate a Metal Supermarkets outlet (the "Store") at the following location: _____ (the "Premises").

1.2 Software. User is desirous of obtaining from Franchisor, under and subject to the terms and conditions of this Agreement, the right to access and use the software product(s) (together with all updates, modifications, new versions and new releases thereof and all related documentation provided by Franchisor to User pursuant to this Agreement, the "Software"), for use solely in User's Metal Supermarkets business as described in this Agreement.

1.3 Definitions. Capitalized terms not defined elsewhere in this Agreement are defined as follows:

"Account Information" means data and other information transmitted to the Hosted Solution by User or its Authorized Users (as defined below) and all data, reports, and other information generated by the Hosted Solution based on such information.

"Affiliate" means any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with a party. For the purposes of this definition, "control" of a person or entity means the power, directly or indirectly (including via a nominee arrangement), either to (i) vote 50% or more of the securities having ordinary voting power; (ii) determine the majority of the board of directors, management committee or similar governing body of such person or entity; or (iii) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

"Hosting Environment" means all software, hardware, and connectivity used by Franchisor to host the Software.

"Hosted Solution" means the Software operating in the Hosting Environment.

"Processing" (and all other forms of the verb "process") means any operation or set of operations that is performed with respect to information, whether or not by automatic means, including, without limitation, collecting, storing, using, disclosing, erasing or destroying information.

2. HOSTED SOLUTION

2.1 Franchisor's Obligations. Franchisor is licensed and authorized by one or more of its Affiliates to operate and provide the Hosted Solution and any services under this Agreement to User. During the Term, Franchisor (whether on its own behalf, through an Affiliate and/or a designated third party) will operate, provide and maintain the Software in the Hosting Environment and will make the Software available to User via a VPN (Virtual Private Network) connection (or other similar Franchisor-approved connection) established over the Internet for its permitted use under this Agreement in accordance with the terms of this Agreement.

2.2 Right to Use Software. Franchisor hereby grants to User the non-exclusive, non-transferable right to access and use the Software via a VPN (Virtual Private Network) connection (or other similar Franchisor-approved connection) established over the Internet, together with the right to access and use the Hosting Environment as necessary

to access and use the Software, during the Term subject to the terms of this Agreement. User is solely responsible for obtaining all necessary equipment, software and connections (including, without limitation User's connection to the Internet) necessary for User to properly use or access the Hosted Solution. User is solely responsible for the security and integrity of its own computers and systems, and is required to have current licensed copies of commercially reasonable security and anti-virus software installed in such computers and systems.

2.3 Authorized Users. User may authorize any of its employees (each an "Authorized User") to access and use the Hosted Solution solely on User's behalf during the Term subject to the terms and conditions of this Agreement.

2.4 Support; Upgrades and Enhancements. Franchisor is not obligated to, but may provide or make available to User support, remedial maintenance and/or periodic updates and enhancements to the Software or the Hosting Environment. Any such updates and enhancements will be deemed part of the Software or Hosting Environment (as applicable) and subject to the provisions of this Agreement. Any such services also will be subject to the provisions of this Agreement. Any User requested enhancements or upgrades to the Software or the Hosted Solution will be as agreed to by the parties and Franchisor reserves the right to charge User for any such enhancements or upgrades. Any such enhancements or upgrades to the Software will be the sole property of Franchisor and will be deemed part of the Software or Hosting Environment (as applicable).

2.5 Implementation Services. User may purchase, or Franchisor or its designated contractor may otherwise provide, implementation, data conversion, and/or other services for the Software or the Hosted Solution. Such services will generally be the subject of a separately executed agreement either between Franchisor and User, or between User and the designated contractor. If and to the extent that no other agreement is entered into with respect to such services, then such services will be identified and agreed upon in writing in a Franchisor service order (each, a "Service Order") and will be subject to this Agreement. In such event, Franchisor will use its commercially reasonable efforts to provide such agreed upon services in accordance with this Agreement and the applicable Service Order. Each Service Order will be effective only upon mutual execution by Franchisor and User, and upon such execution will be deemed to be incorporated into this Agreement. User will cooperate fully with Franchisor and its contractor(s) in the performance of any such services.

2.6 Right to Modify Software. Franchisor and its Affiliates retain the absolute right, to modify, alter or enhance the operation and functionality of the Software, the Hosting Environment or the Hosted Solution without prior notice to User.

2.7 SOS Component. In addition to making the Hosted Solution available to User, Franchisor will also make available to User a software component designed to be temporarily used by User only in the event the Hosted Solution is unavailable (but which component is not a substitute or replacement for the Hosted Solution) (the "Component"). Franchisor hereby grants User a limited, non-exclusive, non-sublicensable, non-transferable, revocable license during the Term to use the Component only on User's computers located at the Premises, solely for User's internal operations in connection with the operation of its Store as a franchisee of Franchisor. User acknowledges that User's access and use of the Component will be restricted or terminated in the event this Agreement terminates or expires, User is otherwise in breach of this Agreement or the Franchise Agreement or as set forth in Section 4.3. For purposes of this Agreement, "Software" includes the Component.

3. RESTRICTIONS ON USE OF SOFTWARE

3.1 Business Use. User may use the Software and the Hosted Solution only in connection with the operation of its Store as a franchisee of Franchisor. The parties agree that User's right to use the Hosted Solution in connection with the operation of its business includes the right to process User's own Account Information.

3.2 Other Restrictions on Use of Hosted Solution. User will not and will not authorize or suffer any Authorized User or third party to (i) access, view, use, copy, modify or prepare derivative works of any part of the Software or the Hosted Solution, except as expressly authorized in this Agreement; (ii) resell, distribute, rent, lease, sublicense, lend, give, market, commercialize, assign, or otherwise transfer rights or usage of all or any part of the Software or the Hosted Solution to any third party, except as expressly authorized in this Agreement; (iii) reverse engineer, translate,

disassemble, decompile, or cause or allow discovery of the source code for any part of the Software or the Hosted Solution or attempt to do so; (iv) remove, obscure or alter the copyright, trademark or other proprietary notices affixed to or contained in the Software or the Hosted Solution; (v) use the Software or the Hosted Solution in any manner or in connection with any data that (A) infringes upon or violates any patent, copyright, trade secret, trademark, publicity, privacy or other right of any third party, (B) violates any applicable international, federal, state, provincial or local law, rule, regulation or ordinance; or (C) violates any applicable privacy policy or other privacy promise; or (vi) engage in conduct intended to or likely to damage the Software or the Hosted Solution, for example, by knowingly introducing any viruses, worms other malicious code to the Software or the Hosted Solution.

4. ACCESS CONTROLS

4.1 Password Security. Franchisor will assign each of User's Authorized Users a unique user name and password (each a "User Identity") and appropriate access rights. User agrees that it is solely responsible for ensuring that (i) its Authorized Users do not share their User Identities with other individuals, including other Authorized Users; and (ii) its Authorized Users understand the need and take appropriate measures to keep all User Identities secret and confidential. Franchisor will have the right to assume that any individual accessing or using the Software or the Hosted Solution under a given User Identity is the individual associated with such User Identity in its records and will grant access to User's Account Information and other capabilities accordingly. User will be entirely responsible for the acts and omissions of anyone using a User Identity associated with User's name in Franchisor's records as though such acts and omissions were the acts and omissions of User, whether or not such acts or omissions or the use of the User Identity were authorized by User. If User wishes to terminate or modify the access rights of any of its Authorized Users, User will be entirely responsible for changing such Authorized User's access settings and/or notifying Franchisor to disable such Authorized User's User Identity. User will notify Franchisor immediately of any known or suspected unauthorized use of a User Identity registered to User or any other known or suspected breach of security.

4.2 Security Risks; Availability. User acknowledges that Internet-based and software solutions cannot be made perfectly secure or reliable and that data processing entails the likelihood of some human and machine errors, omissions, downtime, delays, and losses, including inadvertent loss or corruption of data, which may give rise to losses or damage. User accepts responsibility for adopting reasonable measures to limit its exposure with respect to such potential losses and damage. While Franchisor will use its good faith, reasonable efforts to provide a high level of availability for the Hosted Solution, availability may be impacted adversely by a number of factors over which Franchisor has limited or no control, and for which Franchisor will not be liable. The Software and the Hosted Solution availability also are subject to scheduled downtime for maintenance purposes, unscheduled maintenance, and general system outages. While Franchisor will work in good faith to resolve problems in a reasonable manner, taking into account the scope and effect of the problems, Franchisor does not commit to specific service levels with respect to the Software or the Hosted Solution.

4.3 Right to Deny Access. For the protection of User and its Authorized Users, Franchisor reserves the right, at its sole discretion (i) to deactivate any User Identity; (ii) to require Authorized User(s) to change User Identities; or (iii) to deny, limit or terminate access to the Software or the Hosted Solution or any portion thereof, at any time, as necessary or advisable to protect the security and integrity of the Software. Whenever Franchisor is able to do so without compromising the security or integrity of the Software, Franchisor will give User reasonable notice before taking such action. If Franchisor determines, in its sole discretion, that it is advisable to take immediate action, without prior notice to User, Franchisor will notify User as soon as reasonably practicable of its action and, if it can do so without compromising the security of the Software or any investigation, the reason for the action.

5. INTELLECTUAL PROPERTY

5.1 Software, Hosting Environment and Hosted Solution. User acknowledges and agrees that (i) as between Metal Supermarkets IP Inc. ("MSIP"), an Affiliate of Franchisor, and User, MSIP owns all rights, title and interests in and to the Software, the Hosting Environment, and the Hosted Solution, including all intellectual property rights therein or appurtenant thereto; (ii) MSIP has granted to its subsidiary, Metal Supermarkets Service Company, Inc. ("MSSC") an exclusive license to use, and to sublicense others to use, the Software, the Hosting Environment, and the Hosted Solution throughout the entire world; and (iii) MSSC has granted to Franchisor an exclusive license to use, and to sublicense others

to use, the Software, the Hosting Environment and the Hosted Solution in the United States. User further acknowledges and agrees that the Software, the Hosting Environment and the Hosted Solution contain the valuable trade secrets of Franchisor, its Affiliates and third parties. User will not acquire any right, title or interest in the Software, the Hosting Environment or the Hosted Solution or any portion or component thereof pursuant to this Agreement, other than the right to access and use the Software and the Hosted Solution as expressly granted in this Agreement, subject to the terms and conditions of this Agreement.

5.2 Feedback. By providing, comments, suggestions and other feedback relating to the Software or Hosted Solution (collectively, the "Feedback") to Franchisor, User grants to Franchisor and/or its Affiliates a perpetual, non-revocable, worldwide, fully-paid up, royalty free license to use, reduce to practice, make, exploit, reproduce, display and perform publicly, sublicense, distribute, and prepare derivative works based on such Feedback (and all know-how related thereto) for any purpose whatsoever, including but not limited to designing, developing, marketing and operating web-enabled services. Upon Franchisor's request, User will execute such further instruments and take such further actions as Franchisor may reasonably request, at Franchisor's expense, to evidence or protect Franchisor's rights in such Feedback.

5.3 Proprietary Information and Account Information. User acknowledges and agrees that the Software, the Hosted Solution and other materials provided by Franchisor and its Affiliates, are and will be deemed to be confidential information and/or trade secrets of Franchisor ("Proprietary Information"), and also will be deemed to be "Confidential Information" (as the term is defined in the Franchise Agreement) subject to protection under and subject to the Franchise Agreement. User agrees to use the Proprietary Information only during the Term (as defined below) and to take all steps reasonably necessary to maintain and protect the Proprietary Information in the strictest confidence for the benefit of Franchisor. User agrees that it will not, at any time, including after this Agreement expires or terminates, without the express written permission of Franchisor, disclose any of the Proprietary Information directly or indirectly to any third party. User acknowledges and agrees that it has no right, title or interest in or to the Proprietary Information or the Account Information and acquires no right, title or interest in or to the Proprietary Information or Account Information, except the limited right to use the Proprietary Information or Account Information to perform its obligations and exercise its rights under this Agreement, subject to the terms of this Agreement.

6. COMPENSATION

6.1 Fees. User will pay by means of electronic fund transfer by the 20th day of each month the amounts that are due and incurred by User under or in connection with this Agreement, including any late payment fees, as are specified in this Agreement or in an invoice. User's initial monthly fee for access and use of (and Franchisor's provision of) the Hosted Solution is \$300.00 (USD) per month. In addition, Franchisor reserves the rights to amend such fees by the greater of 5% of the monthly hosting and support fee or CPI (Consumer Price Index as further defined, and if applicable, in the Franchise Agreement) on an annual (which will be measured by Franchisor's fiscal year) basis, by providing User 30 days written notice of such change. Except for Franchisor's provision of the Hosted Solution, all costs and expenses associated with User's access and use of the Software or the Hosted Solution will be the sole responsibility of User.

6.2 Taxes. Any and all amounts described herein are exclusive of all federal, state, municipal, GST, or other governmental excise, sales, value-added, use, personal property and occupational taxes, excises, withholding obligations and other levies now in force or enacted in the future and, accordingly, any payments hereunder are subject to an increase equal to the amount of any tax Franchisor may be required to collect or pay in connection with the Hosted Solution, other than any tax on the net income of Franchisor.

7. INDEMNIFICATION, DISCLAIMER OF WARRANTIES AND LIABILITIES

7.1 Indemnification. User will indemnify, hold harmless and defend Franchisor and Franchisor's Affiliates, licensors and service providers against any third party claims arising from or related to: (i) User's breach of any of the terms and conditions of this Agreement, or (ii) Account Information or other materials processed using the Software or the Hosted Solution. User will pay all costs, losses, damages and attorneys' fees that are finally awarded, and all associated settlements. User will not compromise or settle any claim or controversy in a manner that does not result in the unconditional release of the indemnified party without first obtaining the indemnified party's consent.

7.2 Disclaimer of Warranties. FRANCHISOR, ITS AFFILIATES, ITS LICENSORS AND ITS SERVICE PROVIDERS MAKE NO AND HEREBY DISCLAIM ALL REPRESENTATIONS, WARRANTIES AND GUARANTEES,

WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, INFORMATIONAL CONTENT, TITLE OR NON-INFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF A COURSE OF DEALING OR COURSE OF PERFORMANCE. USER EXPRESSLY ACKNOWLEDGES THAT BECAUSE OF THE COMPLEX NATURE OF COMPUTER SOFTWARE, FRANCHISOR CANNOT AND DOES NOT WARRANT THAT THE OPERATION OF THE SOFTWARE OR THE HOSTED SOLUTION WILL BE WITHOUT INTERRUPTION, COMPLETELY SECURE OR ERROR-FREE. USER UNDERSTANDS THAT IT ASSUMES ALL RISKS AS TO THE USE, QUALITY, AND PERFORMANCE OF THE SOFTWARE AND THE HOSTED SOLUTION.

7.3 Limitations and Exclusions of Liability. FRANCHISOR, ITS AFFILIATES, ITS LICENSORS AND ITS SERVICE PROVIDERS WILL HAVE NO LIABILITY ARISING FROM OR IN ANY WAY RELATED TO THE SOFTWARE, THE HOSTED SOLUTION, THIS AGREEMENT, OR ANY SERVICES OR DELIVERABLES THAT MAY BE PROVIDED, FOR INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7.4 Maximum Aggregate Liability. THE TOTAL MAXIMUM LIABILITY OF FRANCHISOR, ITS AFFILIATES, ITS LICENSORS OR ITS SERVICE PROVIDERS ARISING FROM OR IN ANY WAY RELATED TO THE SOFTWARE, THE HOSTED SOLUTION, THIS AGREEMENT, AND ANY SERVICES OR DELIVERABLES THAT MAY BE PROVIDED, WILL BE LIMITED TO USER'S ACTUAL DIRECT DAMAGES UP TO A MAXIMUM AGGREGATE OF THE AMOUNTS PAID TO FRANCHISOR UNDER THIS AGREEMENT DURING THE 12 MONTHS PRECEDING THE EVENT(S) GIVING RISE TO THE LIABILITY, OR US\$100, WHICHEVER IS GREATER. IN NO EVENT WILL FRANCHISOR, ITS AFFILIATES, ITS LICENSORS OR ITS SERVICE PROVIDERS BE LIABLE FOR LOSS OF PROFITS, DATA, OR BUSINESS OPPORTUNITY, ARISING FROM OR RELATED TO THE SOFTWARE, THE HOSTED SOLUTION, THIS AGREEMENT, OR ANY SERVICES OR DELIVERABLES THAT MAY BE PROVIDED.

7.5 Acknowledgement. THE FOREGOING LIMITATIONS OF LIABILITY WILL APPLY TO THE FULLEST EXTENT PERMITTED BY LAW, WHETHER THE ALLEGED LIABILITY IS BASED ON CONTRACT, NEGLIGENCE OR OTHER TORT, STRICT LIABILITY OR ANY OTHER BASIS, EVEN IF AN AUTHORIZED REPRESENTATIVE OF FRANCHISOR OR ITS AFFILIATES, LICENSORS OR SERVICE PROVIDERS HAD BEEN ADVISED OF OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES, AND WITHOUT REGARD TO THE SUCCESS OR EFFECTIVENESS OF OTHER REMEDIES. USER ACKNOWLEDGES THAT FRANCHISOR COULD NOT MAKE THE SOFTWARE OR THE HOSTED SOLUTION AVAILABLE TO USER ON THE TERMS SET FORTH IN THIS AGREEMENT IF FRANCHISOR'S LIABILITY AND THAT OF THIRD PARTIES WERE NOT LIMITED AS SET FORTH IN THIS AGREEMENT.

8. RELATIONSHIP TO OTHER AGREEMENTS; TERM AND TERMINATION

8.1 Franchise Agreement Provisions. In addition to the terms and conditions set forth herein, this Agreement and the rights granted herein will be subject to all of the terms and conditions of the Franchise Agreement.

8.2 Term; Termination. The term ("Term") of this Agreement will be co-extensive with the Franchise Agreement and will expire or terminate automatically, save and except as noted below, and without the requirement of further action by Franchisor upon expiration or termination of the Franchise Agreement for any reason. Franchisor also may terminate this Agreement, with or without cause, effective 15 days after notice thereof to the User. User's breach or failure to comply with the terms of this Agreement or any other agreement with Franchisor, including the Franchise Agreement, will be considered a material breach of this Agreement, conferring on Franchisor the right to terminate this Agreement, effective upon notice thereof. In addition, User's failure to comply with the terms of this Agreement will also be considered a material breach of the Franchise Agreement.

8.3 In-Term Termination and Access Suspension. In addition to Franchisor's rights to terminate this Agreement as provided in Section 8.2, with respect to non-payment of fees owed Franchisor under this Agreement, Franchisor reserves the right to deny access or terminate this Agreement if User does not pay, when due, amounts due to Franchisor under this Agreement. If User defaults in its payment obligations, Franchisor reserves the right at its sole discretion to alter monthly fees (not to exceed an increase of 125% of the then current monthly system access fee) and/or require annual prepayment of such fees.

8.4 Obligations Upon Expiration or Termination. If this Agreement expires or is terminated for any reason, User will pay all amounts owed to Franchisor, User's access to the Software and the Hosted Solution will immediately terminate, User will immediately cease all use of the Software and the Hosted Solution and User will return to Franchisor all copies of any Proprietary Information or proprietary materials of Franchisor in User's possession.

9. GENERAL TERMS

9.1 Assignment. Neither this Agreement nor any rights granted hereby may be, directly or indirectly, assigned or otherwise transferred by User without the prior written consent of Franchisor. Any attempt by User to assign this Agreement or any rights, duties or obligations without such consent will be void and without force or effect. This Agreement will be binding upon and inure to the benefit of the parties' permitted successors and assigns. Franchisor may transfer and either directly or indirectly assign this Agreement (in whole or in part) and any rights granted hereby at its sole discretion.

9.2 Severability. If any provision of this Agreement will be held to be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Any such provision will be deemed modified to the least degree necessary to remedy such invalidity while retaining, to the maximum extent possible, the intent of the parties and the economic effect of the invalid provision.

9.3 Relationship of Parties. Franchisor and User will be and will act as independent contractors, and neither party is authorized to act as an agent or partner of, or joint venturer with, the other party for any purpose. Neither party by virtue of this Agreement will have any right, power, or authority to act or create any obligation, express or implied, on behalf of the other party.

9.4 Dispute Resolution. All disputes between the parties will be resolved by arbitration in the same manner as provided in the Franchise Agreement.

9.5 Governing Law. This Agreement and all issues arising from or relating to this Agreement, the Hosted Solution, and any services or deliverables that may be provided will be governed by and construed under the laws of the state of Minnesota without regard to conflicts of law principles. Any and all controversies, disputes or claims arising from or relating to this Agreement, the Hosted Solution, and any services or deliverables that may be provided will be subject to, if applicable, the dispute resolution procedures set forth in the Franchise Agreement.

9.6 Force Majeure. Franchisor will not be liable for any damages or penalty for any delay in performance of, or failure to perform, any obligation hereunder or for failure to give the other party prior notice thereof when such delay or failure is due to a force majeure, including the elements, acts of God, delays in transportation, delays in delivery by vendors, war, terrorism, or other causes beyond Franchisor's reasonable control. If and to the extent that User fails to cooperate with Franchisor and its contractor fully in the performance of any services, or User's delay or failure to perform causes a delay or failure by Franchisor or its contractor, then Franchisor will be relieved from its obligation to perform in accordance with this Agreement to the extent due to User's delay or failure.

9.7 Non-Waivers. No express or implied waiver by either party of any event of default hereunder will in any way be, or be construed as, a waiver of any future or subsequent event of default.

9.8 Entire Agreement. The parties acknowledge that this Agreement and the mutually agreed upon Service Orders, if any, sets forth the complete, exclusive and integrated understanding of the parties which supersedes all proposals or prior agreements, oral or written, and all other prior communications, statements or representations between the parties relating to the subject matter of this Agreement. In the event of a conflict between the terms of this Agreement and any Service Order, the terms of this Agreement will prevail. If User uses a non-Franchisor form to order any services, the parties agree that such form is for User's convenience only, and that any terms in addition to or conflicting with those in this Agreement will be null and void. Nothing in this Section is intended to negate any representation made in the Franchise Disclosure Document.

9.9 Survival. Any terms of this Agreement that by their nature should survive termination or expiration of this Agreement, will survive, including without limitation, terms governing ownership, confidentiality, disclaimers of warranty, limitations of liability, and this Section 9.

9.10 Further Assurances. User agrees, at Franchisor's request and reasonable expense, to provide reasonable assistance and cooperation to Franchisor, its Affiliates and their designees, and to give testimony and execute documents and to take such further acts reasonably requested by the other to acquire, transfer, maintain, perfect, and enforce Franchisor's, its Affiliate's and licensor's intellectual property rights in and to the Hosted Solution.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

FRANCHISOR:

USER: _____

METAL SUPERMARKETS FRANCHISING AMERICA INC.

By: _____
Stephen Schober

By: _____

Title: President & Chief Executive Officer

Title: _____

Date: _____

Date: _____

Metal Supermarkets Franchising America Inc.

EXHIBIT C-6

SAMPLE GENERAL RELEASE

SAMPLE GENERAL RELEASE

Except as may be prohibited by applicable laws, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you, for yourself and for each of your owners, heirs, executors, administrators, insurers, attorneys, agents, representatives, successors and assigns, affiliates, directors, officers and shareholders, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties" for purposes of this Section), hereby releases and forever discharges us and each of our respective affiliates, subsidiaries, divisions, insurers, indemnitors, attorneys, successors and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such (collectively and individually referred to as the "Franchisor Parties" for purposes of this Section), of and from any and all actions, suits, proceedings, claims, complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, which the Franchisee Parties may now or in the future own or hold against the Franchisor Parties related to the Original Franchise Agreement and the relationship between the parties as it relates to the Original Franchise Agreement (collectively referred to as the "Claims"), for known or unknown damages or other losses.

The release of Claims is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated. The Franchisee Parties acknowledge that the consideration for this release constitutes full and complete satisfaction of any damages to them and that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to fully and forever release any and all matters, regardless of the possibility of later discovered claims or facts. The Franchisee Parties further acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Section and to grant the releases contained herein, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this release. This release is and shall be and remain a full, complete and unconditional general release.

IN WITNESS WHEREOF, the undersigned have executed and delivered this General Release on this ___ day of _____, _____.

FRANCHISEE'S OWNERS

FRANCHISEE

[name of individual]

[name of company]

a _____ corporation

By: _____
an Individual

By: _____
Name: _____
Title: _____

[name of individual]

By: _____
an Individual

Metal Supermarkets Franchising America Inc.

EXHIBIT D

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OF
OPERATIONS MANUAL**



The Convenience Stores For Metal®

STORE OPERATIONS MANUAL

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The Convenience Stores For Metal®

Store Opening Manual

Revised by: Jason Jackson

June 2012

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Metal Supermarkets Franchising America Inc.

EXHIBIT E-1

LIST OF CURRENT FRANCHISEES

METAL SUPERMARKETS
LIST OF CURRENT FRANCHISEES
(As of December 31, 2013)

UNITED STATES

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Salt Lake City

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Waukesha

Bill Rott

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waukesha@metalsupermarkets.com

Metal Supermarkets Franchising America Inc.

EXHIBIT E-2

LIST OF FORMER FRANCHISEES

(Who Left the System in 2013)

Terry Moody (Expiration: 2 stores)
Hayward and Santa Clara, CA
510-259-1005

Gary Seigel (Transfer)
Albuquerque, NM
505-858-9953

Metal Supermarkets Franchising America Inc.

EXHIBIT F

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

**ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR
THE STATE OF CALIFORNIA**

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

Item 3:

Item 3 is amended to provide that neither we nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association.

The California Business and Professions Code Section 20000 through 20042 provide rights to the Franchisee concerning termination or non-renewal for a Franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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.

You must sign a general release if you transfer your franchise. This provision may be unenforceable under California law. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and professions code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Minneapolis, Minnesota with the costs being borne by the parties in accordance with the then current commercial arbitration rules of the American Arbitration Association. Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure

Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

**ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR
THE STATE OF ILLINOIS**

The following paragraph is hereby added to Item 17:

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law. 815 ILCS 705/1-44.

**ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR
THE STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the METAL SUPERMARKETS Disclosure Document, the following provisions supersede and apply to all Franchises offered and sold in the State of Maryland.

Item 17 is amended as follows:

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

Pursuant to COMAR 02.02.08 16L, the general release required as a condition of sale, renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You have the right to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the METAL SUPERMARKETS Disclosure Document, the following provisions supersede and apply to all franchises and franchisees subject to Minnesota statutes and regulations

Item 13.

We will undertake the defense of any third party claim of infringement involving the METAL SUPERMARKETS mark. You must cooperate with the defense in any reasonable manner we prescribe with any direct cost of such cooperation to be borne by us.

Item 17.

1. Minnesota law provides you with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

2. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. In the event you breach or threaten to breach any of the terms of this Agreement, we will be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as the arbitrators make a final and binding determination.

4. Item 17(m) is revised to provide that you will not be required to assent to a general release.

**ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR
THE STATE OF NEW YORK**

Item 3, shall be supplemented by the addition of the following at the beginning of the Item:

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, 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.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, 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 has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, 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.

Item 4, shall be supplemented by the addition of the following at the beginning of the Item:

Except as described below, neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a 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 the franchisor held this position in the company or partnership.

Item 17 is supplemented as follows:

The franchisee may terminate the franchise agreement on any grounds available by law.

17(j) However, no assignment will be made except to an assignee who in the good faith and judgment of the franchisor is willing and able to assume the franchisor's obligations.

17(w) The foregoing Choice of Law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the General Business Law for the State of New York.

**ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR
THE STATE OF RHODE ISLAND**

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

**ADDENDUM TO THE METAL SUPERMARKETS DISCLOSURE DOCUMENT FOR
THE STATE OF WASHINGTON**

The State of Washington has a statute, RCW 19.100,180, which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your Franchise. There also may be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

Items 5 and 7 are revised to provide that we will defer collection of the Initial Franchise Fee until such time as we have fulfilled our initial obligations to you and you are open for business.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 10.100 RCW shall prevail.

A release or waiver of rights executed by a Franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a rights to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Metal Supermarkets Franchising America Inc.

EXHIBIT G

STATE ADDENDA TO THE FRANCHISE AGREEMENT

**RIDER TO THE FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Rider to the Franchise Agreement is agreed to by and between METAL SUPERMARKETS FRANCHISING AMERICA INC. and the Franchisee identified below, to amend and revise said Franchise Agreement as follows:

Section 16.2 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

In the State of Illinois the designation of jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, except that the designation of arbitration in a forum outside of Illinois is permissible. In the State of Illinois, Illinois law shall prevail in construing and enforcing the Franchise Agreement.

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

Section 1.2 of the Franchise Agreement is revised to include the following language:

The acknowledgements contained in this Section 1.2 are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

To the extent this Rider shall be deemed to be inconsistent with any term or conditions of said Franchise Agreement or Exhibits or attachments thereto, the terms of the Illinois Franchise Disclosure Act as stated in this Rider shall govern.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Rider, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

METAL SUPERMARKETS
FRANCHISING AMERICA INC.

FRANCHISEE

(Signature)

By: _____

(Print Name)

Title: _____

(Signature)

(Print Name)

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT TO
THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

This Rider to the Franchise Agreement by and between METAL SUPERMARKETS FRANCHISING AMERICA INC. and Franchisee is dated _____, 20__.

Sections 1.2 (Acknowledgements) of the Franchise Agreement is revised to include the following language:

The acknowledgements contained in this Section are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The following language shall be added to Section 16.12 of the Franchise Agreement:

Such representations are not intended to nor shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The following language shall be added to Sections 11.2(f) and 13 of the Franchise Agreement:

Any general release, estoppel or waiver of liability required as a condition of purchase, renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The following language shall be added to Section 16.2 of the Franchise Agreement:

Franchisee has the right to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Maryland law will apply.

The following language shall be added to Section 16.13 of the Franchise Agreement:

Representations requiring prospective franchisees to assert to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the agreements shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

METAL SUPERMARKETS FRANCHISING
AMERICA INC.
An Ontario Corporation

FRANCHISEE

(Signature)

By: _____

(Print Name)

Title: _____

(Signature)

(Print Name)

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT TO
THE MINNESOTA FRANCHISE LAW**

This Rider pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the METAL SUPERMARKETS mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.

2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement.

3. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Section 11.2(f) of the Franchise Agreement is deleted.

5. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

To the extent this Rider shall be deemed to be inconsistent with any term or conditions of the Franchise Agreement or Exhibits or attachments thereto, the terms of the Minnesota Franchise Law as stated in this Rider shall govern.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Rider, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

METAL SUPERMARKETS
FRANCHISING AMERICA INC.

FRANCHISEE

(Signature)

By: _____

(Print Name)

Title: _____

(Signature)

(Print Name)

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT TO
THE STATE OF WASHINGTON**

The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

Section 3.1 of the Franchise Agreement is revised to provide that we will defer collection of the Initial Franchise Fee until such time as we have fulfilled our initial obligations to you and you have opened your Store.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20__.

Metal Supermarkets Franchising America, Inc.

Prospective Franchisee

EXHIBIT H

E-COMMERCE PARTICIPATION AGREEMENT

**Metal Supermarkets Franchisee E-Commerce
PARTICIPATION AGREEMENT**

This Metal Supermarkets Participation Agreement (“Agreement”) is entered into this ____ day of _____, 20__ (the “Effective Date”) by and between Metal Supermarkets Franchising America Inc. (“Franchisor”), an Ontario corporation, and _____, (legal name of Franchisee), with an address at _____(store), (“Participant”).

RECITALS

WHEREAS, Franchisor and Participant are parties to a METAL SUPERMARKETS[®] Franchise Agreement dated _____ (the “Franchise Agreement”);

WHEREAS, Franchisor operates an Internet-based sales platform (“E-Commerce Platform”) to support sales growth and development for Franchisor’s franchisees which Franchisor may refer work (as defined below) to Participant; and

WHEREAS, Participant, as a franchisee of Franchisor, desires to accept Work (as defined below) referred to it from Franchisor’s E-Commerce Platform for the benefit of Franchisor’s E-Commerce Platform customers (“Customers”) on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, Franchisor and Participant, intending to be legally bound, hereby agree as follows:

1 Metal Sales

- 1.1 All metal supplied by Participant to Customers as part of the E-Commerce Platform will be prime material as specified by Franchisor. Participant agrees that all such metal supply or service work referred to Participant pursuant to the terms of this Agreement shall be performed in a professional and workmanlike manner, in strict accordance with the provisions of this Agreement, the Franchise Agreement, and Franchisor’s standards for delivery, material specifications, and material supply as amended from time to time (collectively the “Work”).
- 1.2 Participant will perform all Work requested by Franchisor on behalf of its Customers and accepted by Participant according to Section 2.1 below.

- 1.3 Participant shall follow all practices and procedures required by Franchisor in performing the Work. Franchisor has the right to amend its practices and procedures for Franchisees performing the Work provided that any amendments are in writing and delivered to Participant by means of e-mail, fax or posting to Metal Net.
- 1.4 Participant will accurately and fully complete all reporting and paperwork specified by Franchisor in connection with the Work.
- 1.5 Participant shall complete and retain all Work-related records in order to validate the Participant's Work and Work quality.
- 1.6 During the term of this Agreement, Participant will display any signage, promotional material, or literature referring to Franchisor's E-Commerce Platform as Franchisor may designate.
- 1.7 Participant acknowledges and agrees that all Customers are Franchisor customers and Participant agrees that it will not discourage by way of any activity or conduct any Customer from utilizing Franchisor's E-Commerce Platform. If, in Franchisor's sole opinion, Participant discourages a Customer from using the E-Commerce Platform, Franchisor will have the right to immediately (i) suspend for a period of time determined by Franchisor participant from receiving further Work from the E-Commerce Platform, or (ii) terminate this Agreement by sending Participant written notice of termination, and Franchisor may collect any damages it sustains as a result of Participant's conduct.

2 Invoices; Payment for Work; Fees

- 2.1 Franchisor will notify Participant of any Work to be performed, payment for the Work, and the requirements established by Franchisor for the Work (the "Work Order") and Participant agrees to notify Franchisor, through email to Franchisor's E-Commerce Platform customer service department within 24 Business Hours (defined below) of either its acceptance of the Work Order, or its intent to decline the Work Order. For purposes of this Agreement, Business Hours means a full hour between the times of 8:00 am and 5:00 pm (of Participant's local time zone) Monday to Friday, excluding any legal holidays. If Participant declines the Work Order or does not respond within the 24 hour time period, the Work Order may be automatically and irrevocably cancelled and terminated and Participant has no right to complete the Work. If Participant declines the Work Order or does not respond within the timeframe noted herein, Franchisor may refer the Work Order to another participant or perform the Work itself. The price for the Work to be performed as stated in the Work Order will be a gross price and will include any and all costs that Participant may incur including, but not limited to, material costs, cutting, shearing, scrap, and packing materials.
- 2.2 If Participant on three or more occasions (i) declines, (ii) does not fulfill Work Order within the specified period, or (iii) fails to properly fulfill Work Orders within any 30 day period, Franchisor may determine at its sole discretion that Participant has waived

further rights to be offered any future Work Orders and Franchisor may either (i) suspend, for a period of time of its choice and without notice, Participant from receiving further Work from the E-Commerce Platform or (ii) terminate this Agreement by sending Participant written notice of termination. Termination will be effective upon receipt and Participant will have no further rights, claims or obligations under this Agreement. Termination of this Agreement based upon Participant's breach will constitute grounds for termination of the Franchise Agreement by Franchisor.

- 2.3 Notwithstanding anything in this Agreement to the contrary, Participant's acceptance of Work shall be deemed Participant's express and unconditional approval and agreement to perform such Work for the established price and terms as set forth in the Work Order, which by reference includes all terms and conditions of this Agreement. Participant waives all claims against Franchisor or their respective employees, agents, directors, or officers for any amounts incurred in performing the Work that exceeds the price set forth in the Work Order in excess of the established price.
- 2.4 Participant acknowledges and agrees that (i) Franchisor will pay Participant for the Work as stated in the Work Order, (ii) Customer is not responsible for paying Participant any amount related to the Work, (iii) Franchisor will charge its Customer a different price than the amount it will pay Participant for the Work, and (iv) Royalties are due and payable on all amounts Participant receives for the Work performed, in accordance with the terms and conditions set forth in the Franchise Agreement.
- 2.5 Payments will be disbursed to Participant via check or automatic deposit within fifteen (15) days after the month end in which the Work is completed. For example, for Work completed in August, payment will be made to Participant by September 15th.

3 Warranty

- 3.1 Participant warrants that all products and materials used to complete the Work will be prime materials and will be free of any defects in material and workmanship, will comply with all applicable industry standards and specifications for such material, and material test reports will be available on selected items if requested and if available.
- 3.2 Participant agrees that if notified by a Customer or Franchisor of any complaint relating to the Work, Participant will perform all warranty work required within twenty-four (24) hours of notice of the complaint, or any longer period that is acceptable to Franchisor or its customer. If a Franchisor customer contacts Participant directly with a complaint, Participant agrees to notify Franchisor via email addressed to ecomm@metalsupermarkets.com of such complaint with details on how the complaint will be resolved.
- 3.3 Participant shall be responsible for the cost and administration of all warranty work, including but not limited to cutting, processing or packaging errors in connection with the warranty work, regardless of whether the warranty work is performed by Franchisor, Participant or another sub-contractor due to timing, customer request,

logistics or any other reasonable basis. Franchisor shall have the absolute right to recover the reasonable cost or value of any warranty work performed, including all related handling and administration costs from Participant, whether by set-off against amounts owed to Participant or otherwise.

4 Records

- 4.1 Participant shall maintain full and complete records of all transactions arising out of or relating to Work performed under this Agreement, and other books and records as are customarily maintained in the ordinary course of business, for a period of at least seven (7) years. Franchisor shall have the right to audit such transactions, books and records for verifying quality and compliance with the terms of this Agreement.
- 4.2 Participant shall submit any records requested by Franchisor for audit within five (5) business days of the request, unless otherwise mutually agreed by the parties. If Participant fails to provide the records requested, Franchisor will have the right to terminate this Agreement by sending Participant written notice of termination. Participant acknowledges and agrees that Franchisor may recover any payment owed to Franchisor by Participant by means of set-off against amounts owed to Participant or otherwise. The aforementioned remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to Franchisor.

5 Liability for Damages; Release and Indemnification

- 5.1 Participant hereby releases and discharges Franchisor and all of its successors, assigns, directors, officers, agents, employees, and affiliated companies, and their respective officers, directors, agents and employees (collectively and individually “Indemnified Party”), from and against all claims, demands, liabilities, or causes of action of any kind or type whatsoever, including those arising from the partial or sole negligence of any Indemnified Party, whether arising by operation of law, contract, warranty, tort, or otherwise, that Participant ever had, has or may in the future have against any indemnified party arising from, related to, or connected with the Work generated or performed pursuant to this Agreement or any act or omission in the performance of such Work by the Participant.
- 5.2 Participant further agrees to indemnify, defend, and hold Indemnified Party harmless from any claims, costs, and expenses, including attorney fees, that may be asserted against or incurred by any of them as a result of claims, including those arising from the partial or sole negligence of any Indemnified Party, by any other party or entity alleging damage or claims of any kind or nature, including punitive damages, that arise out of, are related to, or are connected with the Work generated or performed pursuant to this Agreement or any act or omission in the performance of such Work by Participant.

6 Duration of Agreement and Termination

- 6.1 This Agreement shall remain in effect until: (i) Franchisor with or without cause, and for any reason whatsoever, gives written notice of termination to the other party at the address set forth below at least ten (10) days in advance of such termination; (ii) terminated as otherwise provided in this Agreement; or (iii) Participant's Franchise Agreement expires or is terminated.
- 6.2 In the event of termination, Participant agrees that Participant will no longer represent to any party that Participant is a participant in Franchisor's E-Commerce Platform network. Participant further acknowledges and agrees that all Customers are Franchisor's customers and, upon termination of this Agreement, all Confidential Information (as defined in Section 12), including all Franchisor customer contact information and customer lists, must be returned to Franchisor.
- 6.3 Notwithstanding any termination of this Agreement, Participant agrees to perform any warranty work that is required in connection with Work performed by Participant prior to the termination of this Agreement. If Participant refuses to perform such warranty work as provided for herein, Franchisor may refer the work to another participant or perform the work itself and shall be entitled to reimbursement from Participant for the warranty work performed.
- 6.4 It is understood that various aspects of Franchisor's program, some of which may be referred to in this Agreement, may from time to time be altered or modified by Franchisor for any reason. These changes may be made without the consent or approval of Participant.

7 Referrals and Non-Exclusivity

Participant understands and acknowledges that participation in Franchisor's E-Commerce Platform network is non-exclusive. Franchisor may contract with other participants, and may provide Customers with a choice of one or more participants. Participant expressly acknowledges that neither Franchisor nor any other person or entity acting on its behalf has made any commitments to it as to the volume or type of Work to be referred under the terms of this Agreement, and that Participant shall not acquire any proprietary right to any of Franchisor's customers by virtue of participation in Franchisor's E-Commerce Platform network.

8 Independent Contractor

Participant and Franchisor are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship of special trust or confidence. Participant at all times shall be responsible for the payment of any and all insurance premiums and other business expenses that Participant may incur in connection with the Work performed

under this Agreement. Participant acknowledges that Franchisor shall have no obligations to Participant other than as specifically provided for in this Agreement with regard to the subject matter.

9 Assignment and Subcontracting

The rights and obligations under this Agreement, including the right to perform the Work are personal to Participant, and may not be sub-contracted, assigned, transferred or otherwise delegated to any third party, except as may be agreed to in writing by Franchisor.

10 Notices

Any notice, demand, or communication provided for herein shall be delivered by email, mail or facsimile as specified below and all notices shall be considered delivered when received by the recipient or proof of delivery can be established by the sender.

If to Franchisor:

Metal Supermarkets Franchising America Inc.
Attn: President
520 Abilene Drive, 2nd Floor
Mississauga, Ontario, Canada
L5T 2H7

If to Participant:

11 Waiver

No wavier by either party of any breach by the other party, nor any delay or failure by either party to enforce any provision of this Agreement, will be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce the non-breaching party's rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by Franchisor and Participant.

12 Confidentiality

As used in this Agreement, the term “Confidential Information” shall mean any trade secrets and proprietary Confidential Information concerning Franchisor its affiliates or any client of Franchisor or its affiliates and their business and affairs, including customer information, pricing and other financial or sales information, fees, business volume, computer technology, and any computer or software information, personnel information, and any other propriety information, however documented, that has been or may hereafter be provided to the Participant (which, for the purposes of this Section 12, shall include Participant’s agents, independent contractors, employees, representatives, owners, directors or officers) or is otherwise obtained by the Participant irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries, and other material prepared by the Participant containing or based, in whole or in part, on any information included in the foregoing.

Participant acknowledges the confidential and proprietary nature of the Confidential Information and agrees that the information: (a) will be kept confidential by the Participant, and will be used only for the purpose of performing Work and/or services under this Agreement or other agreements with Franchisor; and (b) will not be used or disclosed by the Participant other than for the purpose of performing Work and/or services under this Agreement except with the specific prior written consent of Franchisor. Upon termination of this Agreement for any reason, Participant will promptly deliver to Franchisor all documents or other materials containing Confidential Information.

In the event of any breach or threatened breach of this section, Franchisor shall be entitled to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to Franchisor.

13 Taxes

Participant agrees that it will reimburse Franchisor for any state or local tax which is assessed against Franchisor relating to the Work performed by Participant under the terms of this Agreement.

14 Severability

Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement will be deemed to be valid and in full force and effect and the terms of this Agreement will be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced

as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder will, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

15 Governing Law and Venue

This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law. Any and all disputes, controversies, or claims arising from or relating to this Agreement, the Hosted Solution, and any services or deliverables that may be provided will be resolved according to the dispute resolution procedures set forth in the Franchise Agreement. The provisions of this Section will survive the termination of this Agreement.

16 Entire Agreement

This Agreement, and the documents referred to herein, constitute the entire agreement between the parties with respect to the subject matter hereof and embody all prior agreements and negotiations with respect to the subject matter hereof. There are no representations or warranties of any kind, express or implied, except as contained herein. No amendment will be binding unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

IN WITNESS WHEREOF, this Agreement has been executed to be effective as of the date first written above.

FRANCHISOR:

Metal Supermarkets
Franchising America Inc.

By: _____
Stephen Schober
Its President and Chief Executive Officer

PARTICIPANT:

By: _____
Name: _____
Title: _____

EXHIBIT I

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa, Oklahoma, or Rhode Island law we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Stephen Schober and Andrew Arminen, Metal Supermarkets Franchising America Inc., 520 Abilene Drive, Mississauga, Ontario, L5T 2H7, (905) 362-8226, and _____

_____. *[Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]*

Issuance Date: January 23, 2014

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated January 23, 2014 that included the following Exhibits:

- A List of State Agencies and Agents for Service of Process
- B Financial Statements
- C-1 Applicant Agreement
- C-2 Franchise Agreement
- C-3 Addendum to Lease
- C-4 MetalNet Extranet Agreement
- C-5 Hosting Support and Software Agreement
- C-6 Sample General Release
- D Table of Contents of Operations Manual
- E-1 List of Current Franchisees
- E-2 List of Former Franchisees
- F Addenda to the Franchise Disclosure Document for Registration States
- G Riders to the Franchise Agreement for Certain Registration States
- H E-Commerce Participation Agreement

Date Signature Printed Name

Date Signature Printed Name

Please sign this copy of the receipt, date your signature, and return it to Andrew Arminen, Metal Supermarkets Franchising America Inc., 520 Abilene Drive, Mississauga, Ontario, L5T 2H7, (905) 362-8227.

Prospective Franchisee's Copy.

RECEIPT

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