

FRANCHISE DISCLOSURE DOCUMENT



The Dentist's Choice, Inc.
A Nevada Corporation
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Incline Village, Nevada 89451
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The franchise offered is to operate a business providing repair and rebuild services for high-speed and slow-speed dental instruments.

The total investment necessary to begin operation of a The Dentist's Choice franchise ranges from \$54,400 to \$58,500. This includes \$52,500 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date of this Franchise Disclosure Document: March 22, 2012

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit D for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN OUR HOME STATE (CURRENTLY NEVADA). OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH THE US IN OUR HOME STATE THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEVADA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We 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 is our agent and 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.

The effective dates of this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration appear on the following page.

THE DENTIST'S CHOICE, INC.
STATE REGISTRATIONS

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:	June 10, 2011
Illinois:	April 29, 2011
Maryland:	February 11, 2011
Minnesota:	May 4, 2011
New York:	June 15, 2011
Virginia:	June 21, 2011
Washington:	November 25, 2011
Wisconsin:	November 3, 2011

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APPLICABLE STATE LAW MAY PROVIDE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT F.

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is The Dentist's Choice, Inc. and is called "The Dentist's Choice," "we" or "us" in this disclosure document. A person who acquires a franchise from us is called "you" and occasionally "the franchisee." If you are a corporation, partnership, limited liability company or other business entity, certain provisions of our Franchise Agreement (Exhibit C) also will apply to your owners. (See Item 15)

We are a Nevada corporation. Our principal business address is 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451. We operate under our corporate name and the name "The Dentist's Choice." Our predecessor is The Dentist's Choice, Inc. ("TDC-CA"), a California corporation incorporated on June 7, 1994. In October, 2005 TDC-CA merged with and into us. The combined business was re-incorporated in Nevada on October 17, 2005. TDC-CA no longer exists as a legal entity, and we assumed all of its rights and obligations (including under its existing franchise agreements). Where applicable, in this disclosure document "we" or "us" includes both us and our predecessor. Our affiliate is The Senior's Choice, Inc. ("TSC"), whose principal business address is the same as our address. TSC offers franchises for the operation of in-home non-medical companionship and domestic care services for the elderly. Except as described here, we currently have no parent company, predecessors or affiliates that offer franchises in any line of business or provide products or services to our franchisees. If we have an agent for service of process in your state, we disclose that agent in Exhibit D.

We offer and grant franchises to certain qualified individuals to develop and operate dental handpiece repair businesses under the name "The Dentist's Choice" and our Franchise Agreement. We call the "The Dentist's Choice" Business that you will operate your "Franchised Business." In operating your Franchised Business, you will offer same-day "in the shop" repair service for high-speed dental handpieces, along with repair of slow-speed dental handpieces. If you acquire a franchise from us, you will operate your Franchised Business from one or more locations within your Protected Territory (see Item 12) and use our proprietary trademarks, service marks, trade names, commercial symbols, logos and slogans (the "Marks"). (See Item 13) You must notify us of the location(s) for your Franchised Business, which may be your home.

We have offered franchises for "The Dentist's Choice" Businesses since December 1994. We previously owned and operated a "The Dentist's Choice" Business from our Dana Point, California office from 2004 until August 2006. Except as described in this disclosure document, we do not engage in any other business activities and we do not offer, and never have offered, franchises in any other line of business.

We believe the market for dental handpiece repair businesses is well established. You will offer your services only to dentists operating in the geographic area that we and you designate (your "Protected Territory"). (See Items 11, 12 and 15) You will compete with other dental handpiece repair companies, dental supply companies, and handpiece manufacturers.

There are no regulations specific to the industry in which "The Dentist's Choice" Businesses operate, although you must comply with all local, state and federal laws that apply

generally to all businesses. You also must comply with all local zoning, business licensing and other regulations applicable to your Franchised Business. Depending on the state in which your Franchised Business operates, you also may have licensing requirements.

Item 2

BUSINESS EXPERIENCE

President, Chief Executive Officer and Director: Steven G. Everhart

Steve Everhart has been our President and Chief Executive Officer, and one of our Directors, since March 1998. Steve was a practicing Certified Public Accountant from 1974 to 1980 and since that time has been self-employed in several different entrepreneurial positions in businesses he founded in and around California.

Vice President: James David Morgan

David Morgan has been our Vice President since October 1999.

Director of Marketing: Allan Bulsiewicz

Allan Bulsiewicz has been our Director of Marketing since October, 2001.

Technician and Trainer: Bud Smith

Bud Smith has been our Technician and Trainer since June 2004. Prior to joining us, Bud worked at Champion International and Handpiece Parts & Products in Orange, California for over 15 years as its lead technician.

Director and Administrator: Nona Everhart

Nona Everhart has been our Administrator and one of our Directors since March 1998. Since June 1986, she also has been an accountant at various companies that she and her husband, Steve Everhart, own.

Item 3

LITIGATION

On September 29, 2009 the Virginia Corporation Commission entered into a Settlement Order with The Dentist's Choice (Commonwealth of Virginia State Corporation Commission v. Steven Everhart and The Dentist's Choice, Inc; Case No: SEC-2009-00085; Order #090940037). The order found that in July 2005, we offered a "The Dentist's Choice" franchise in Virginia prior to registering under the provisions of the Virginia Retail Franchising Act. The Settlement Order required that The Dentist's Choice pay \$700 to the State of Virginia to defray the cost of the investigation, and make a written offer of rescission to the Virginia franchisee. The Virginia franchisee chose not to accept the offer of rescission and to continue operating as a "The Dentist's Choice" franchise.

On April 16, 2007 the California Corporations Commissioner issued a Desist & Refrain Order preventing any further offer or sale of "The Dentist's Choice" franchises unless and until the offers have been duly registered under the California Franchise Investment Law. The order found that in or about January 2007, we offered "The Dentist's Choice" franchises in California after our franchise registration had expired. The registration of the offer and sale of franchises was filed with the California Department of Corporations and became effective on July 9, 2007.

On November 30, 2006 the California Corporations Commissioner issued a Desist & Refrain order preventing any further offer or sale of "The Senior's Choice" franchises, a company wholly owned by Steven & Nona Everhart, unless and until the offers have been duly registered under the California Franchise Investment Law. The order found that we offered "The Senior's Choice" franchises in California without obtaining a franchise registration. The registration of the offer and sale of franchises was filed with the California Department of Corporations and became effective on July 9, 2007.

Other than these 3 actions, neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's principal 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. There are no pending actions which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations. Additionally, neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's principal 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.

Item 4

BANKRUPTCY

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 5

INITIAL FEES

When you sign your Franchise Agreement, you must pay us a lump sum initial franchise fee of \$45,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is nonrefundable unless we reject your franchise application after you have sent us the Initial Franchise Fee, then we will refund the entire \$45,000.

In addition to the Initial Franchise Fee, you purchase from us an initial supply dental hand tools, equipment, and communication materials for approximately \$4,500, as well as an initial inventory of replacement parts for approximately \$3,000 for a total of \$7,500. (See Items 7 and 8) You must mail a check for \$7,500 to our corporate offices at least 5 business days before your initial training session to ensure the materials arrive on time. The costs for equipment and inventory are not refundable under any circumstances.

Item 6

OTHER FEES

(1) Type of Fee⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Royalty/Service Fee	In the first 24 months: 5% of Gross Sales ⁽¹⁾ up to \$60,000, 2.5% of Gross Sales from \$60,001 to \$120,000, and 1% of Gross Sales exceeding \$120,000; minimum is \$200 per month. After 24 months, the minimum is increased to \$250 per month.	10 th of each month	Based upon Gross Sales during the previous calendar month
Required Purchases	A minimum of \$4,000 each calendar quarter and after 2 years a minimum of \$5,000 each calendar quarter	As incurred	You must buy certain products and services from us (or if we, in our sole judgment, determine, from designated or approved suppliers) or, for certain goods, that meet our standards and specifications
Transfer Fee	\$5,000	Before we approve the transfer	Due upon transfer of the franchise, your interest in the Franchise Agreement or the Franchised Business or an ownership interest in you. Does not apply when you transfer to a corporation or other business entity that you control
Training Fee – Additional Staff	\$2,000 per attendee	As incurred	We will train an additional person or persons you designate at later times. The fee is \$2,000 per person and is payable in advance of the training event.
Audit Expenses Fee	Cost of inspection or audit (approximately \$1,000 to \$3,000)	15 days after the completion of the audit	Due only if audit shows an understatement of at least 10% of Gross Sales or if you fail to furnish reports or other information on time
Renewal Fee	10% of then current initial franchise fee	Before renewal	Payable upon our approval of your renewal
Costs and Attorneys' Fees	Will vary with the circumstances	As incurred	Due upon your failure to comply with the Franchise Agreement

(1) Type of Fee ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Indemnification	Will vary with the circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your operation of the Franchised Business or breach of the Franchise Agreement
Interest on Late Payments	Highest commercial contract rate the law allows or 1.5% per month, whichever is less	As incurred	Interest is charged beginning 60 days after the invoice date
Liquidated Damages for Competing with Us After Franchise Agreement Terminates or Expires	20% of the monthly Gross Sales of the competing business	As incurred	Due only if you own or perform services for a business that competes with us or our franchisees during the 2 year period after the Franchise Agreement terminates or expires

Notes:

- (1) Unless otherwise indicated, all fees are uniformly imposed (or based on uniform calculations), nonrefundable, and imposed and collected by and payable to us.
- (2) "Gross Sales" means all sums, property or other value which you receive (whether in cash or in kind, without any deductions of any type) resulting directly or indirectly from the operation of your Franchised Business or through the use of our Marks in any way. We intend the term "Gross Sales" to include all value which you receive from all sources related to the Franchised Business, except sales tax, customer refunds and the sale in bulk of the assets of your Franchised Business.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(1) Type of expenditure	(2) Amount *	(3) Method of Payment	(4) When due	(5) To whom payment is to be made
Initial Franchise Fee (1)	\$45,000	Lump sum	On signing Franchise Agreement	Us
Equipment and Hand Tools (2)	\$4,500	Lump sum	As incurred	Vendors, Us

(1) Type of expenditure	(2) Amount *	(3) Method of Payment	(4) When due	(5) To whom payment is to be made
Initial Parts Inventory (3)	\$3,000	Lump sum	As incurred	Us
Training Expenses (4)	\$500 to \$2,500	Lump sum	As incurred	Vendors, Us
Insurance, Licenses, Permits and other Miscellaneous Opening Costs (5)	\$150 to \$500	As incurred	Before opening	Third Parties or government
Real Estate	(See Note 7)	(See Note 7)	(See Note 7)	Landlord
Additional Funds – 3 Months (6)	\$1,250 to \$3,000	As incurred	As incurred	Suppliers, employees, Us
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) (7)	\$54,400 to \$58,500			

* Except for the Initial Franchise Fee (see Item 5), all payments for your initial investment are non-refundable unless otherwise stated or agreed.

Explanatory Notes:

1. **Initial Franchise Fee.** We describe the Initial Franchise Fee in detail, along with the conditions for its refund, in Item 5.
2. **Equipment and Hand Tools.** This includes the cost of equipment and hand tools necessary to repair both high-speed and slow-speed dental handpieces, as well as letterhead, stationery, presentation folders and other supplies. This also includes the cost (approximately \$500) for a compressor (3 Q.F.M. minimum) you must purchase from a third party. During the Franchise Agreement's term, you must purchase all equipment and hand tools from us unless we direct otherwise. (See Item 8)
3. **Initial Parts Inventory.** You must purchase from us a start-up package of initial parts inventory used to repair high-speed and slow-speed dental handpieces. During the Franchise Agreement's term, you must purchase all replacement parts inventory from us unless we direct otherwise. (See Item 8)
4. **Training Expenses.** This figure represents the travel, food and lodging expenses you and your employees incur during training. (See Item 11)
5. **Insurance, Licenses, Permits and Other Miscellaneous Opening Costs.** This covers business licenses and permits, costs for installing telephones (where necessary), legal and accounting expenses and other miscellaneous costs.
6. **Additional Funds.** This figure represents your operating expenses during the first 3 months of operation, including working capital needed for additional parts inventory, but

does not include amounts for a salary or other living expenses for you. This estimate does not include the cost of any financing or interest, or the amount of debt service obligation that you might undertake.

The estimates given in this item are averages and reflect expenses for a typical franchise under typical circumstances. Your situation might not be typical, and unforeseen circumstances might arise. You should review these figures carefully with a business advisor before you make a decision to acquire the franchise. A variety of factors, such as your skill and business acumen, how closely you follow our methods and procedures, economic conditions, the local market for dental handpiece repair and local competition will affect many of the described expenses. We relied on our experience in franchising, and our franchisees' experience in operating, "The Dentist's Choice" Businesses since 1994 to compile these estimates.

7. **Total Estimated Initial Investment.** This amount reflects our current estimate of your initial investment for a "The Dentist's Choice" franchise. The amounts shown are our best estimates of the amounts that franchisees typically spend for the purposes indicated. However, your actual costs might be higher or lower depending on your particular circumstances and the circumstances of your franchise, including your decisions to use your residence or lease business premises and to open additional locations, your decision to hire employees, discretionary expenditures and other factors.

We anticipate that you will operate the Franchised Business from an office in your home. Therefore, this chart does not include any estimates for the purchase or lease of real property, construction, leasehold improvements, decorating costs, fixtures or utility deposits. If you decide to purchase or rent office space for the Franchised Business, it will likely be located in an office building, strip mall or similar space consisting of approximately 500 square feet. Your monthly rent and security deposit or monthly mortgage payments will depend upon the size, condition and location of the premises and the demand for the premises among other possible tenants or purchasers. If you purchase or lease office space you also must purchase signs for the premises that conform to our standards and specifications. This chart does not include any estimate for the cost of signs.

We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate the Franchised Business under our standards and specifications, which may regulate, among other things, the brands, types and models of products and the types of

services that you offer and sell to customers; supplies, equipment and other items you use to operate your Franchised Business; required or authorized products or product categories; and designated or approved suppliers of these items (if we determine, in our sole judgment, to designate or approve suppliers other than us). To maintain the quality of the goods and services that "The Dentist's Choice" Businesses sell and the reputation of "The Dentist's Choice" franchise network, you must purchase or lease products that you offer and sell to customers, supplies, equipment and similar items that meet our minimum standards and specifications and, if we require, from us or suppliers that we designate or approve (see below). We issue and modify our standards and specifications based on our experience in franchising and our franchisees' experiences in operating dental handpiece repair businesses, and these standards and specifications may impose minimum requirements for product quality, prices and consistency. We will notify you in our Manuals or other written materials of our standards and specifications and, if we determine (in our sole judgment) to designate or approve suppliers other than us, the names of designated or approved suppliers. There might be situations where you may obtain items (such as certain office supplies) from any supplier whose products can satisfy our standards and specifications.

Designated and Approved Suppliers

Currently, you must purchase all hand tools, dental handpiece repair equipment and replacement parts inventory used to operate your Franchised Business throughout the franchise term from us. Otherwise, there are no items for which we or an affiliate is an approved supplier or the only approved supplier of that good or service. If, in the future, we determine (in our sole judgment) to designate or approve suppliers other than us for these items, you must purchase them only from those suppliers that we designate or approve. In addition, you must buy communication materials (see Item 5) and we may obtain bulk quantities of brochures, mailings or similar promotional materials which you may purchase from us. During 2010, our revenue from franchisee purchases and leases was \$2,624,361, which is 79% of our total revenue of \$3,337,235 during that period. We currently do not receive any payments or other material consideration from suppliers based on franchisee purchases.

Collectively, the purchases and leases described above represent approximately 95% to 100% of your total purchases and leases in establishing and operating the Franchised Business. We do not provide material benefits (like renewing the franchise or granting additional franchises) to franchisees based on their purchase of particular products or services or use of particular suppliers.

Except as described above, there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchised Business that you must purchase from us or from designated or approved suppliers. However, all goods that you use to operate your Franchised Business must meet our standards and specifications, and you may not purchase any item that we have not approved. If you want to use any product in operating your Franchised Business that we have not authorized, you must submit sufficient information about the product so that we can determine whether the item complies with our standards and specifications. Within a reasonable time (usually 10 days) after receiving all information, we will approve or reject the proposed product. We charge no fees to secure a product's approval. If, in the future, we determine (in our sole judgment) to approve suppliers other than us for any items, we may condition our

approval of a proposed supplier on product quality, product availability, pricing, consistency, reliability, financial capability, labor and customer relations and similar criteria, and the procedure for securing supplier approval would be similar to the procedure for securing product approval. If we determine at any time that a product or supplier no longer satisfies our standards, we may revoke our approval by notifying you and/or the supplier in writing. There currently are no purchasing or distribution cooperatives, but we occasionally negotiate purchase arrangements with suppliers (including price terms) for the benefit of franchisees. There currently are no suppliers of products or services to franchisees in which one of our officers owns an interest (except for us).

Advertising

Before you use them, you must send us for approval samples of all advertising, marketing and promotional materials that you wish to use to promote your Franchised Business, unless we have prepared or previously approved the materials. We will ordinarily approve or disapprove your advertising materials within 5 days after we receive all information we require. You may not use any advertising, marketing or promotional materials that we have not approved or have disapproved, and we may revoke our approval of these materials at any time. These restrictions apply to any information you have on a “Website” (defined as an interactive electronic document contained on a network of computers linked by communications software) connected with the Franchised Business, and you may not have a Website relating to your Franchised Business (or change any information on an approved Website) unless we approve. You may not conduct commerce or directly or indirectly offer or sell any products or services using any Website, another electronic means or medium, or otherwise over the Internet.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document item
(a) Site selection and acquisition/lease	Section 3 in Franchise Agreement	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 9.2 and 9.8 in Franchise Agreement	Items 7, 8 and 11
(c) Site development and other pre-opening requirements	Sections 3, 8.2, 9.2 and 9.8 in Franchise Agreement	Items 7, 8 and 11
(d) Initial and ongoing training	Sections 4.3 and 4.4 in Franchise Agreement	Items 6, 7 and 11
(e) Opening	Section 3.2 in Franchise Agreement	Item 11
(f) Fees	Sections 5, 6, 7, 8.2, 8.3, 9.7, 11.1, 12.2, 14.4 and 24 in Franchise Agreement	Items 5, 6 and 7

	Obligation	Section in agreement	Disclosure document item
(g)	Compliance with standards and policies/operating manual	Sections 4.2 and 9.1 to 9.6 in Franchise Agreement	Items 8 and 11
(h)	Trademarks and proprietary information	Sections 4.1, 9.9, 14.1 and 14.2 in Franchise Agreement	Items 13 and 14
(i)	Restrictions on products/services offered	Section 9.1 in Franchise Agreement	Items 8, 11 and 16
(j)	Warranty and customer service requirements	Section 9.4 in Franchise Agreement	Item 16
(k)	Territorial development and sales quotas	Sections 9.12 in Franchise Agreement	Items 12 and 17
(l)	On-going product/service purchases	Sections 4.7(f), 9.1, 9.2 and 9.3 in Franchise Agreement	Items 6 and 8
(m)	Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
(n)	Insurance	Section 9.8 in Franchise Agreement	Items 6, 7 and 8
(o)	Advertising	Section 8 in Franchise Agreement	Items 8 and 11
(p)	Indemnification	Sections 9.7 and 11.1 in Franchise Agreement	Items 6 and 13
(q)	Owner's participation/management/staffing	Sections 1.2 and 9.5 in Franchise Agreement	Items 11 and 15
(r)	Records and reports	Sections 7.4, 9.6(a) and 9.6(b) in Franchise Agreement	Item 6
(s)	Inspections and audits	Sections 9.6(b) and 9.6 (c) in Franchise Agreement	Item 6
(t)	Transfer	Section 12 in Franchise Agreement	Items 6 and 17
(u)	Renewal	Section 1.3 in Franchise Agreement	Items 6 and 17
(v)	Post-termination obligations	Section 14 in Franchise Agreement	Item 17
(w)	Non-competition covenants	Sections 14.4 and 16 in Franchise Agreement	Item 17
(x)	Dispute resolution	Sections 18, 21, 22 and 23 in Franchise Agreement	Item 17
(y)	Warranty on products purchases from us ⁽¹⁾	Section 11.2 in Franchise Agreement	
(z)	Waiver of punitive damages and jury trial ⁽²⁾	Section 23 in Franchise Agreement	

- (1) We warrant that all replacement parts, hand tools, and other items that we sell to you will be free from defects in materials, workmanship and design for 90 days from the date you place the item “in service” (i.e., the date on which you install the replacement part or begin using the hand tools and other items). If you discover such a defect within that 90 day period, and we agree, you may return the part to us for a refund credit. Except as

explicitly described above, we shall not be liable to you or any other person with respect to the services, inventory, products or equipment used in connection with your Franchised Business or the sale of any services or items bearing the Marks, including the performance characteristics, fitness or suitability of any of them for any purpose. Except as explicitly described above, we make no warranties, express or implied, with respect to the use of the Marks or your equipment or inventory, the use or characteristics of any products, goods, or items sold to you, or the performance, results, or effects of any of them. We disclaim many implied warranty of merchantability and any implied warranty of fitness for a particular purpose with respect to any items which we sell to you. Notwithstanding any other provision of the Franchise Agreement, we disclaim any liability for incidental or consequential damages or losses of any sort arising from the signing of the Franchise Agreement, our furnishing services to you, our selling items to you or as a consequence of any goods or services which you provide to your clients under the Marks, whether or not arising from defects, malfunctions or failure to conform to specifications.

- (2) Except with respect to your obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you (or your owners), the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you (and each of your owners) irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

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

Before you open your Franchised Business, we will:

1. Negotiate with you and agree to the boundaries of your Protected Territory. (Franchise Agreement - Section 2.1) (See Items 5 and 12)
2. Loan to you one copy of our Manuals (the "Manuals"), which currently consists of our Repair Manual and Marketing and Operations Manual. The Manuals

contains mandatory and suggested specifications, standards and operating procedures we periodically prescribe for "The Dentist's Choice" Businesses, as well as information about your other obligations under the Franchise Agreement and in operating your Franchised Business. We may modify the Manuals periodically to reflect changes in the specifications, standards and operating procedures for "The Dentist's Choice" Businesses, to disclose information concerning new products or services that we may prescribe for sale by "The Dentist's Choice" Businesses, or to specify makes, brands and models of equipment, supplies or other materials that our franchisees may or must use in operating "The Dentist's Choice" Businesses. You must keep your copy of the Manuals current by immediately inserting all modified pages or other materials that we furnish. If a dispute arises about the contents of the Manuals, the master copies that we maintain at our principal office will control. You may not at any time copy any part of the Manuals. The Manuals' table of contents is Exhibit E. (Franchise Agreement - Section 4.2)

3. Loan to you one copy of our Marketing and Operations Manual (which constitutes a part of the Manuals) which contains general and specific advice on establishing, marketing and operating your Franchised Business. (Franchise Agreement - Section 4.6). We will provide you with samples of brochures and other promotional items and assistance in developing sales presentations for dentists.
4. Sell you an initial supply of hand tools, equipment, supplies and dental handpiece replacement parts inventory. (Franchise Agreement - Section 4.5) (See Items 5, 7 and 8)

During your operation of your Franchised Business, we will:

1. At no additional cost to you, provide you with reasonable ongoing continuing guidance and advice during normal business hours via telephone regarding your Franchised Business' operation, including the mechanics of dental handpiece repair, accounting, inventory control, marketing and basic management. (Franchise Agreement - Section 4.7(a)) We also may, at our judgment, supplement this telephone support with periodic visits to your Franchised Business location(s) to discuss your dental handpiece repair practices, marketing, accounting, and other operating methods; however, we need not make any such visits.
2. Conduct research into improved products and services for sale by, and ways to operate and market, "The Dentist's Choice" Businesses. We will share our results with you at no additional cost. We may establish maximum, minimum or other pricing requirements to the fullest extent allowed by law. (Franchise Agreement - Sections 4.7(b) and 9.1)
3. Provide you with reasonable guidance and assistance in selecting your media purchases, scheduling your ongoing promotions and developing sales presentations to dentists and sources of referrals. (Franchise Agreement - Section 4.7(c))

4. Provide you with updated lists of certain products, equipment, inventory and supplies that we authorize for use by "The Dentist's Choice" Businesses and, if we determine (in our sole judgment) to designate or approve suppliers other than us, lists of designated or approved suppliers. (Franchise Agreement - Section 4.7(e)) (See Item 8)
5. Continue to sell you a supply of hand tools, equipment, supplies and dental handpiece replacement parts inventory. (Franchise Agreement - Section 4.5) (See Items 5, 7 and 8)

Advertising

Periodically during the Franchise Agreement's term we will, in our judgment, furnish you with: (a) samples of certain promotional packages, brochures, newspaper inserts, direct mail flyers, advertising slicks, graphic designs, layouts, letterhead, envelopes and similar items which you must pay to duplicate; (b) multiple copies of written advertisements and brochures which we will provide to you at no additional cost; and (c) packages of mailings and other materials which you may purchase from us. These printed advertising materials may come from us or from an outside advertising agency and be local, regional or national in scope. (Franchise Agreement - Sections 4.7(c) and 4.7(d)) However, we will not place, run or pay the media placement costs of any print media advertisements, commercials or promotions for you. We need not spend any amount on advertising in the geographic area where your Franchised Business is located. There currently are no advertising funds, cooperatives or councils for "The Dentist's Choice" franchisees. You may not use any advertising or marketing materials that we have not approved or have disapproved. (See Item 8)

Computer System

We currently do not require you to purchase or use an electronic cash register or computer system to operate the Franchised Business.

Site Selection

You must operate your Franchised Business from one or more locations within the Protected Territory, which may be your home or an outside office. (Franchise Agreement - Section 3.1) We do not provide assistance in locating a site or negotiating the purchase or lease of a site. If you choose to operate your Franchised Business from an outside office within the Protected Territory, you must construct, remodel or decorate the office. The location you choose must conform to local ordinances, building codes and you must obtain any required permits for the location. Although we need not approve the location(s) and you may open additional locations within the Protected Territory at any time, you must inform us of the address for the location(s).

Business Opening

We estimate that you will open and begin operating your Franchised Business approximately 60 days after you sign the Franchise Agreement (which is when you first pay

consideration for the Franchised Business). The interval depends on the time required to purchase your hand tools, equipment and replacement parts inventory; your schedule and time of completing your training; the time required to print your brochures and business cards; and state and local licensing requirements. You may not open and begin operating your Franchised Business until: (a) you (or your principal owner) and one employee have completed our initial training program to our satisfaction; (b) you have purchased all supplies, equipment, inventory and other materials required to open the Franchised Business; (c) you provide us evidence of insurance coverage for the Franchised Business; and (d) you notify us of the location of the Premises. You must open and begin operating the Franchised Business within 90 days after signing the Franchise Agreement. (Franchise Agreement - Section 3.2)

Training

After you sign the Franchise Agreement, we will provide a 5-day training course for up to 2 people associated with your Franchised Business, including you (or your principal owner) or, if we approve, your designated Manager (see Item 15). (Franchise Agreement - Section 4.3) The training program is mandatory and includes information relating to marketing, sales, the mechanics of dental handpiece repair, accounting, inventory control, advertising and basic management. We currently conduct training at our office in Dana Point, California. Because there is no set interval (i.e. bi-monthly) for training, we will conduct our initial training program at various times, depending on the number and schedules of new franchisees.

You (or your principal owner) or your Manager must complete the initial training program to our satisfaction before you open and begin operating the Franchised Business.

The training sessions are conducted and/or supervised by Steve Everhart (our President), Bud Smith (our Technician), and Nona Everhart (our Director and Administrator). (See Item 2) We use the Repair Manual, Marketing and Operations Manual and other training aids during the initial training program. We currently provide the following initial training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Dental Handpiece Repair	32	0	Dana Point, California
Marketing	6	0	Dana Point, California
Accounting	2	0	Dana Point, California

We may in the future choose to offer supplemental or refresher training to persons who complete our initial training program. (Franchise Agreement - Section 4.4) We will not require you to attend these courses, but we strongly recommend that you do so if we offer them. We will not charge tuition for the supplemental or refresher training; however, you must pay all of

your and your employees' costs and expenses in attending this supplemental or refresher training, such as wages, travel, lodging and food.

Item 12

TERRITORY

Before you sign your Franchise Agreement, we will negotiate with you to designate your Protected Territory based on the number of dentists (at least 400) which are located within a geographic area. We use information from Direct Dental Lists, a reputable list provider, to determine the number of dentists in your Protected Territory. Because they are based on population, Protected Territories in densely populated areas will cover a smaller geographic area than those in less densely populated areas.

During the Franchise Agreement's term, if you are complying with the terms of the Franchise Agreement, we will not, directly or through any affiliates:

(a) operate or grant the right to operate a "The Dentist's Choice" Business to be physically located within your Protected Territory; or

(b) sell, or grant the right to sell, products and services which are identified by the Marks and are identical or similar to those your Franchised Business offers (regardless of the distribution channel) to dentists physically located within your Protected Territory.

Throughout the franchise term, we may:

(1) operate and grant the right to operate "The Dentist's Choice" Businesses to be physically located anywhere outside your Protected Territory (subject to (b) above);

(2) sell, and grant the right to sell, products and services which are identified by the Marks and are identical or similar to those your Franchised Business offers (regardless of the distribution channel) to any dentists physically located anywhere outside your Protected Territory; and

(2) sell, and grant the right to sell, products and services which are identified trademarks or service marks other than the Marks and are identical or similar to those your Franchised Business offers (regardless of the distribution channel) to any dentists physically located anywhere within or outside your Protected Territory.

We need not compensate you if we solicit or accept orders in your Protected Territory. We and our affiliates may not use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales to dentists physically located within your Protected Territory under the Marks. However, we may do so under other trademarks. You must notify us of the address for the location(s) of your Franchised Business (which must be within the Protected Territory). You must maintain these locations in a suitable condition. You may not open another office or operate from an additional location outside your Protected Territory without acquiring an additional franchise from us.

You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales to any dentists located outside your Protected Territory, because you may only make sales to dentists physically located within your Protected Territory. You may not solicit (directly or indirectly) or use any advertising or promotional materials targeted towards dentists who are located outside your Protected Territory. We have not established and have no present plans to establish other franchises or company-owned outlets or another channel of distribution selling or leasing similar products or services under a different trademark, although we may do so in the future.

Beginning 6 months after you complete the initial training program, if your Franchised Business fails to achieve at least \$12,000 in Gross Sales during each calendar quarter throughout the franchise term, we may terminate the Franchise Agreement. Beginning 24 months after you complete the initial training program, if your Franchised Business fails to achieve at least \$15,000 in Gross sales during each calendar quarter throughout the franchise term, we may terminate the Franchise Agreement. Continuation of your rights in the Protected Territory does not depend on your achieving a certain market penetration or any other contingency, and except as described above, we may not alter your Protected Territory or territorial rights. You have no options, rights of first refusal or similar rights to acquire additional franchises within the Protected Territory or contiguous territories.

Item 13

TRADEMARK

You may use the Marks to operate your Franchised Business. We registered one of our principal service marks, THE DENTIST'S CHOICE, on the Principal Register of the United States Patent and Trademark Office (the "PTO") on September 24, 1996 (Registration No. 2,003,547), which was renewed on September 26, 2006. The PTO acknowledged our Sections 8 and 15 filings for this Mark on November 10, 2001. We also registered our logo on the PTO's Principal Register on April 3, 2001 (Registration No. 2,440,206). The PTO acknowledged our Sections 8 and 15 filings for this mark on March 15, 2007 and our Sections 8 and 9 renewal filing for this mark on April 23, 2010. Our logo is registered with the Canadian Intellectual Property Office as of February 3, 2010 (Canadian Trademark No: TMA758,691).

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, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks or our use or ownership rights in any Mark. No agreement significantly limits our right to use or license the Marks in a manner material to the franchise. We do not know of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks in any state.

You must follow our rules when you use the Marks.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark or similar mark or name, and you may not communicate with any person other than us (and our affiliates) and our (and their)

attorneys regarding with any infringement, challenge or claim. We may take any action we deem appropriate (including no action) and exclusively control any litigation, PTO proceeding or other administrative proceeding relating to any infringement, challenge or claim or otherwise relating to any Mark. You must sign any documents and take any actions that, in our or our attorneys' opinion, are necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or to otherwise protect and maintain our interests in the Marks.

We need not protect your right to use the Marks nor protect you against claims of infringement or unfair competition arising from your use of the Marks. We need not participate in your defense nor indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole judgment for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable out-of-pocket costs of complying with our directions. However, we need not reimburse you for any loss of revenue due to any modified or discontinued Mark or for your expenses in promoting a modified or substitute trademark or service mark.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We claim copyrights in the Manuals, our advertising and promotional materials, customer lists and similar materials used in operating the Franchised Business. We have not registered these copyrights with the United States Registrar of Copyrights.

There currently are no effective determinations of the PTO, the United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any infringing uses that could materially affect you. You must notify us of infringements or potential infringements of the copyrights so that we may take any action that we deem appropriate (or no action). No agreement requires us to protect copyrights or confidential information or to defend or indemnify you for any expenses or damages you incur in any judicial or administrative proceeding involving any of the copyrighted materials or any claims arising from your use of copyrighted materials. If we require, you must modify or discontinue using any of the copyrighted materials.

The Manuals and other materials contain our confidential or proprietary information and trade secrets. This information includes methods, techniques, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of dental handpiece repair businesses, including: (1) knowledge of programs, concepts or results relating to categories or sources of goods sold from or used by "The Dentist's Choice" Businesses, services performed by "The Dentist's Choice" Businesses, and advertising and promotional

programs; and (2) the customer lists, approved supplier lists (if we, in our sole judgment, decide to approve or designate suppliers other than us), franchisee lists and other reference materials used by "The Dentist's Choice" franchisees (collectively, the "Confidential Information"). We will disclose certain Confidential Information to you in the initial training program, the Manuals and in guidance we furnish to you throughout the Franchise Agreement's term.

You will not acquire any interest in the Confidential Information other than the right to use certain Confidential Information in developing and operating your Franchised Business during the term. You must promptly disclose to us all ideas, concepts, techniques or materials concerning a "The Dentist's Choice" Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, and these ideas, concepts, techniques or materials will be our property, part of our franchise system and our works made-for-hire. To the extent that any item does not qualify as our "work-made-for-hire," you assign ownership of that item, and all related rights to that item, to us and must sign whatever documents we require to show our ownership or to help us get intellectual property rights in the item.

You must not use the Confidential Information in any other business or capacity nor make any copies of it, and you must maintain its confidentiality and implement any reasonable procedures we prescribe to prevent its unauthorized use or disclosure during the Franchise Agreement's term, including requiring any of your employees with access to the Confidential Information to sign covenants by which they agree to be bound by these conditions.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

In most cases, you (or your principal owner) must participate personally and use your (or his or her) best efforts to operate and enhance the business of your Franchised Business. However, we may, in our judgment, allow you to appoint a full-time manager whom we approve to be responsible for the day-to-day operation of the Franchised Business (the "Manager"). We recommend that you (or your principal owner) participate personally in operating your Franchised Business.

You (or your principal owner) or your Manager must attend and complete our initial training program to our satisfaction. (See Item 11) Although neither the Manager nor any of your employees need to have an equity interest in the Franchised Business or in you, we may require any employee who completes our initial training program to sign a covenant in a form we specify by which they agree not to disclose or copy, and to maintain the confidentiality of, our Confidential Information.

If you are a corporation, limited liability company, limited partnership or other similar business entity, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary and non-monetary obligations, including

the restrictions on competition. This "Guaranty and Assumption of Obligations" is part of the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for "The Dentist's Choice" Businesses. You may not offer any products or perform any services that we have not authorized. Our standards and specifications may regulate required or authorized products, product categories and services that your Franchised Business may or must offer, and you have 180 days from the date we notify you to add to the types of products and services your Franchised Business offers. There are no other limits on our right to change the types of required or authorized products and services. In addition, you must offer a 90 day warranty on all parts and labor which you supply.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
(a) Length of the franchise term	Section 1.1 of the Franchise Agreement	10 years
(b) Renewal or extension of the term	Section 1.3 of the Franchise Agreement	If you have substantially complied with the Franchise Agreement during its term and are not then in default, and we are granting "The Dentist's Choice" franchises in the geographic area surrounding your Protected Territory, you may renew the franchise for additional consecutive 5 year terms
(c) Requirements for franchisee to renew or extend	Section 1.3 of the Franchise Agreement	You notify us of your intention to renew at least 90 days but not more than 12 months before the previous term expires, sign our then current form of franchise agreement, pay a renewal fee and sign a general release (if state law allows). "Renewal" means signing our new franchise agreement for additional consecutive 5 year terms, which could contain materially different terms (including fees)

Provision	Section in franchise or other agreement	Summary
(d) Termination by franchisee	Section 13.2 of the Franchise Agreement	The franchisee may terminate the Franchise Agreement on any grounds available by law.
(e) Termination by franchisor without cause	None	We may not terminate the Franchise Agreement without cause
(f) Termination by franchisor with cause	Section 13.1 of the Franchise Agreement	We may terminate only if you (or one of your owners) commit any of several violations (see (g) and (h) below)
(g) "Cause" defined – curable defaults	Sections 13.1 of the Franchise Agreement	You have 15 days to cure any monetary default, inaccurate report or failure to submit reports and 30 days to cure operational and other defaults not listed in Section 13.1 (See (h) below)
(h) "Cause" defined – non-curable defaults	Sections 13.1 of the Franchise Agreement	Non-curable defaults include: your (or your owner's) conviction of or pleading no contest to a felony, performing an act that might put the Marks or franchise system into disrepute or being declared insane; your abandonment or operating without a business telephone and answering service for 15 consecutive days; your (or your owner's) becoming insolvent, suffering a declaration of bankruptcy or having a receiver appointed for your or the Franchised Business's assets, an assignment for the benefit of creditors or admission of your inability to pay debts generally when they become due; failure to maintain a Franchised Business location within the Protected Territory; maintaining one or more locations outside the Protected Territory; unauthorized use of the Marks or copyrights or unauthorized use or disclosure of the Confidential Information; competing with us during the franchise term; failure to satisfactorily complete training; unauthorized transfer; material misrepresentations or omissions; willful violation of a law or ordinance relating to the Franchised Business; failure to order inventory for 3 consecutive months; failure to achieve \$4,500 per calendar quarter in Gross Sales; and repeated defaults

Provision	Section in franchise or other agreement	Summary
(i) Franchisee's obligations on termination/non-renewal	Section 14 of the Franchise Agreement	Pay all amounts (including interest) that you owe us and/or our affiliates, cease using the Confidential Information, complete de-identification, and assign website domain name, telephone listing and number to us (see also (r) below)
(j) Assignment of contract by franchisor	Section 12.7	There is no restriction on our right to assign; however, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.
(k) "Transfer" by franchisee-defined	Section 12.1 of the Franchise Agreement	Includes transfer of any interest in the Franchise Agreement, the Franchise, an ownership interest in you or the Franchised Business
(l) Franchisor's approval of transfer by franchisee	Section 12.2 of the Franchise Agreement	You may not transfer without our approval
(m) Conditions for franchisor approval of transfer by franchisee	Section 12.2 of the Franchise Agreement	You are in good standing and pay us and our affiliates all amounts due; the transferee qualifies, obtains our approval and completes training satisfactorily; you or the transferee pays transfer fee; transferee signs our then current form of franchise agreement; you (and your owners) sign a general release (if state law allows) and any other legal documentation we reasonably require; and you comply with (r) below. Some conditions do not apply to transfers to a wholly-owned corporation or limited liability company
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 12.3 of the Franchise Agreement	We may match any offer for your Franchised Business or an ownership interest in you
(o) Franchisor's option to purchase franchisee's business	None	We do not have this right
(p) Death or disability of franchisee	Section 12.4 of the Franchise Agreement	Transfer of the franchise or ownership interest in you to an approved buyer within 6 months
(q) Non-competition covenants during the term of the franchise	Section 16 of the Franchise Agreement	No direct or indirect ownership interest in or performing services for a dental handpiece repair business within the U.S. or Canada

Provision	Section in franchise or other agreement	Summary
(r) Non-competition covenants after the franchise is terminated or expires	Sections 14.4 of the Franchise Agreement	For 2 years, if you, your owners or any members of your or their respective immediate families own, operate or perform services for any dental handpiece repair business located within 100 miles of your Protected Territory or any then existing "The Dentist's Choice" Business, you must pay us 20% of the monthly Gross Sales of that business
(s) Modification of the agreement	Section 25 of the Franchise Agreement	No modification without a written agreement signed by you and us, but the Manuals are subject to change
(t) Integration/merger clause	Section 25 of the Franchise Agreement	Only the terms of the Franchise Agreement (including the Manuals) and its exhibits are binding (subject to state law). Any other promises might not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim any representation made in the disclosure document
(u) Dispute resolution by arbitration or mediation	Section 18 of the Franchise Agreement	Except for certain claims, we and you must arbitrate all disputes within 10 miles of our then existing principal business address
(v) Choice of forum	Section 22 of the Franchise Agreement	Subject to arbitration requirement, litigation generally must be in the state and city where we then maintain our principal business address (subject to state law)
(w) Choice of law	Section 21 of the Franchise Agreement	<p>Except for Federal Arbitration Act and other federal law, Nevada law governs (subject to state law)</p> <p>The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.</p>

In addition to the provisions noted in the chart above, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive, exemplary, and treble damages. We recommend that you carefully review all of these provisions, and the entire agreement, with a lawyer.

Item 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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.

As of the date of this Disclosure Document, we wish to provide you with the following information **which is based on the experience of our franchisees.**

The financial information that follows was derived using our weekly reports submitted by all franchisees in North America and their respective purchases of replacement parts from us for the period beginning January 2009 up to and including December 31, 2011.

This financial performance representation lists the Average (median) Gross Revenues (“Billings”) and Average Gross Margin (as defined below) for all of our franchisees in business for more than 1 year. We segregated the Franchisees into 2 groups. The “top half” group consists of the Franchisees who had the highest Average Gross Revenues for the period. The “bottom half” group consists of the Franchisees who had the lowest Average Gross Revenues for the applicable period, some of whom operated their Dentist’s Choice Business on a part-time basis.

Year	Top 50%	Bottom 50%
2011		
- Gross Revenues	\$186,195	\$49,227
- Gross Profit	\$129,912	\$30,403
2010		
- Gross Revenues	\$189,618	\$49,058
- Gross Profit	\$131,273	\$31,757
2009		
- Gross Revenues	\$178,170	\$50,321

- Gross Profit	\$123,135	\$31,701
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The Gross Profit of the franchisees represents the Gross Revenues minus the replacement parts (the “Cost of Goods Sold”) that are required to do the repairs and overhauls on the handpieces and attachments. The Cost of Goods Sold averages approximately 35% of Gross Revenues. There are other costs and expenses that Franchisees incurred which are not directly associated with Gross Profit. Some of these costs and expenses include Service fees (royalties) paid to us, shipping and transportation, shipping, marketing materials and supplies and in a few cases rent and payroll.

For all of these reasons, you should not interpret average gross profit as representing net income of franchisees in a particular group. The costs we used to calculate the figures in the table above do not include all of the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross profit to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses, in addition to total product costs, that you will incur in operating your business. Franchisees listed in this disclosure document, may be one source of this information.

Most of the Franchisees have operated their Dentist’s Choice Businesses for several years and have developed a significant customer base. As a result, quite naturally many Franchisees had Gross Profit that far exceed what is typical for persons who are new to the Dentist’s Choice business.

Your actual financial results may differ from the figures presented here. These figures are median averages of historical data of specific franchisees, most of who have been in the dentist’s choice franchise network for 2 or more years. We do not represent that you can expect to achieve these levels of gross profits. Your results will depend on many factors, some of which include your experience, competition, your skill in managing a business and selling and marketing the dentist’s choice service, and how hard you are willing to work.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. IF you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Steve Everhart the President.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All 2009, 2010 and 2011 numbers appearing in Tables 1 through 4 below are as of December 31st in each year.

Table No. 1
Systemwide Outlet Summary
For years 2009 to 2011

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	2009	132	130	-2
	2010	130	142	+12
	2011	142	136	-6
Company- Owned	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
Total Outlets	2009	132	130	-2
	2010	130	142	+12
	2011	142	136	-6

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2009 to 2011

Column 1 State	Column 2 Year	Column 3 Number of Transfers
New Jersey	2009	0
	2010	0
	2011	1
Texas	2009	0
	2010	1
	2011	1
Florida	2009	0
	2010	0
	2011	1
Totals	2009	0
	2010	1
	2011	3

Table No. 3**Status of Franchised Outlets
For years 2009 to 2011**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera- tions– Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2009	4	0	0	0	0	0	4
	2010	4	2	0	0	0	0	6
	2011	6	0	1	0	0	0	5
Arkansas	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Arizona	2009	3	0	0	0	0	0	3
	2010	3	2	0	0	0	0	5
	2011	5	0	0	0	0	0	5
California	2009	11	3	0	0	0	2	12
	2010	12	2	1	0	0	0	13
	2011	13	0	0	0	0	0	13
Colorado	2009	4	0	0	0	0	0	4
	2010	4	2	0	0	0	0	6
	2011	6	0	0	0	0	0	6
Connecticut	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Delaware	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Florida	2009	16	0	0	0	0	2	14
	2010	14	0	0	0	0	0	14
	2011	14	0	1	0	0	0	13
Georgia	2009	4	1	0	0	0	0	5

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of the Year
	2010	5	2	1	0	0	0	6
	2011	6	0	0	0	0	0	6
Idaho	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Illinois	2009	5	0	0	0	0	2	3
	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	3	1
Indiana	2009	5	0	0	0	0	0	5
	2010	5	1	0	0	0	0	6
	2011	6	0	0	0	0	1	5
Iowa	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Kansas	2009	3	0	1	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Kentucky	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Louisiana	2009	3	0	0	0	0	0	3
	2010	3	0	1	0	0	0	2
	2011	2	0	0	0	0	0	2
Maryland	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Massachusetts	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of the Year
Michigan	2009	6	0	0	0	0	0	6
	2010	6	2	0	0	0	0	8
	2011	8	0	0	0	0	0	8
Minnesota	2009	2	0	0	0	0	0	2
	2010	2	1	0	0	0	2	1
	2011	1	1	0	0	0	0	2
Mississippi	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Missouri	2009	4	0	0	0	0	0	4
	2010	4	1	0	0	0	0	5
	2011	5	0	0	0	0	0	5
Nebraska	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Nevada	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
New Hampshire	2009	2	0	0	0	0	0	2
	2010	2	0	2	0	0	0	0
	2011	0	0	0	0	0	0	0
New Jersey	2009	3	0	0	0	0	0	3
	2010	3	0	1	0	0	0	2
	2011	2	0	0	0	0	0	2
New Mexico	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
New York	2009	2	0	0	0	0	0	2
	2010	2	0	1	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of the Year
	2011	1	0	0	0	0	0	1
North Carolina	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	2	0	0	0	4
North Dakota	2009	2	0	0	0	0	0	2
	2010	2	0	2	0	0	0	0
	2011	0	0	0	0	0	0	0
Ohio	2009	2	0	1	0	0	0	1
	2010	1	2	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Oklahoma	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Oregon	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	0	2
Pennsylvania	2009	9	1	4	0	0	0	6
	2010	6	2	0	0	0	0	8
	2011	8	0	0	0	0	0	8
South Carolina	2009	2	0	0	0	0	0	2
	2010	2	1	1	0	0	0	2
	2011	2	0	0	0	0	0	2
Tennessee	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	1	0	0	0	1
Texas	2009	8	1	0	0	0	0	9
	2010	9	1	1	0	0	0	9
	2011	9	1	0	0	0	0	10
Utah	2009	2	0	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of the Year
	2010	2	1	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Virginia	2009	3	1	0	0	0	1	3
	2010	3	1	2	0	0	0	2
	2011	2	0	1	0	0	0	1
Washington	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
West Virginia	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Wisconsin	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Canada	2009	5	3	0	0	0	0	8
	2010	8	0	1	0	0	0	7
	2011	7	0	0	0	0	0	7
Puerto Rico	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Totals	2009	132	12	7	0	0	7	130
	2010	130	28	14	0	0	2	142
	2011	142	4	6	0	0	4	136

Table No. 4**Status of Company-Owned Outlets
For years 2009 to 2011**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
California	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
Totals	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0

Table No. 5**Projected Openings as of December 31, 2012**

State	Franchise Agreements Signed As of 12/31/11 But Outlet Not Open as of 12/31/11	Projected New Franchised Outlets to Open in 2012	Projected New Company- Owned Outlets to Open In 2012
Arkansas	0	1	0
California	0	3	0
Connecticut	0	0	0
Florida	0	2	0
Illinois	0	1	0
Indiana	0	0	0
Massachusetts	0	1	0
Minnesota	0	1	0
New Jersey	0	1	0
New York	0	2	0
Oregon	0	0	0
Tennessee	0	1	0
Washington	0	0	0
Wisconsin	0	0	0
Totals	0	13	0

Exhibit A is a list of our franchisees as of December 31, 2011 and the addresses and telephone numbers of their franchised businesses. Exhibit A-1 is a list of the names, cities and states, and telephone numbers of franchisees who had franchised businesses terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business

under our franchise agreement, during our last fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the issuance date of this disclosure document, no franchisees have signed confidentiality clauses and there are no trademark-specific franchisee organizations associated with "The Dentist's Choice" franchise system.

Item 21

FINANCIAL STATEMENTS

Exhibit B contains our audited financial statements for the fiscal years ended December 31, 2010, December 31, 2009 and December 31, 2008.

Item 22

CONTRACTS

The Franchise Agreement is Exhibit C to this disclosure document.

Item 23

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 The Dentist’s Choice, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York State law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Dentist’s Choice, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal 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 D.

The franchisor is The Dentist’s Choice, Inc., located at 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451. Its telephone number is (800) 757-1333.

Issuance date: March 22, 2012 (with the effective dates in franchise registration states as noted on the third page of this Franchise Disclosure Document).

The franchise seller for this offering is Steven Everhart, 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451, (800) 757-1333.

We authorize the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I received a disclosure document from The Dentist’s Choice, Inc. dated as of March 22, 2012 that included the following Exhibits:

- | | |
|-------------|--|
| Exhibit A | List of Franchisees |
| Exhibit A-1 | List of Franchisees Who Left System |
| Exhibit B | Financial Statements |
| Exhibit C | Franchise Agreement |
| Exhibit D | State Administrators/Agents for Service of Process |
| Exhibit E | Manual Table of Contents |
| Exhibit F | State-Specific Additional Disclosures and Riders |

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Keep for Your Own Records)

Prospective Franchisee [Signature]

You may return the signed receipt either by signing, dating, and mailing it to us at our address above or by faxing a copy of the signed and dated receipt to us at (949) 443-2074.

Item 23

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 The Dentist’s Choice, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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If The Dentist’s Choice, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal 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 D.

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| Exhibit E | Manual Table of Contents |
| Exhibit F | State-Specific Additional Disclosures and Riders |

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Return to Us)

Prospective Franchisee [Signature]

You may return the signed receipt either by signing, dating, and mailing it to us at our address above or by faxing a copy of the signed and dated receipt to us at (949) 443-2074.

EXHIBIT A

LIST OF FRANCHISEES

**EXHIBIT A
CURRENT LIST OF FRANCHISEES
DECEMBER 2011**

Owner's Name	City	Telephone #	# of Franchises
Alabama (5)			
Mike & Charlotte Young	Montgomery, AL	(334) 361-8680	3
Butch Stanfield	Titus, AL	(334) 514-6236	2
Arizona (5)			
Tim Anderson	Phoenix, AZ	(928) 717-8283	3
Charles Harvey	Scottsdale, AZ	(480) 342-7075	2
Arkansas (1)			
Norm Hammond	Verona, MO	(417)235-6620	1
California (13)			
Irwin Bayever	Sherman Oaks, CA	(818) 427-6140	1
Don Billings	Acampo, CA	(209) 368-4954	3
Christopher Cu	San Jose, CA	(408) 264-3303	4
Gordon Eckelberger	Riverside, CA	(951) 778-1118	2
Shannon Murphy	San Clemente, CA	(949) 608-1733	2
Donn Randall	Fontana, CA	(909) 373-6606	1
Colorado (6)			
Jay Eubanks	Colorado Springs, CO	(719) 576-1663	4
Cory Fisher	Golden, CO	(303) 862-8869	2
Florida (13)			
John Grodzki	Ft. Myers, FL	(239) 848-0084	1
Bill Short	Lithia, FL	(813) 643-9392	2
John Wagner	Orlando, FL	(407) 489-4464	10
Georgia (6)			
Monte Bruner	Smyrna, GA	(770) 331-4907	1
John Sisco	North Charleston, SC	(843) 368-9054	1
Mike Young	Montgomery, AL	(334) 361-8680	2
Karl Schwarzl	Harrison, TN	(423) 468-3203	1
Butch Stanfield	Titus, AL	(334) 514-6236	1
Idaho (2)			
Dave Pearson	Nampa, ID	(208) 467-7113	2
Illinois (1)			
Garry Nemoy	Buffalo Grove, IL	(847) 749-0100	1
Indiana (5)			
Tony Davis	Sellersburg, IN	(812) 989-0931	5
Iowa (1)			
Kevin Masterson	Omaha, NE	(402) 210-2646	1
Kansas (2)			
Bill & Mary Ferreter	Overland Park, KS	(913) 322-3565	2
Kentucky (4)			
Tony Davis	Sellersburg, IN	(812) 989-0931	4
Louisiana (2)			
Richard Mitchell	Baton Rouge, LA	(225) 755-6800	2
Maryland (1)			

Ray Wilson	Silver Spring, MD	(301) 384-5062	1
Massachusetts (1)			
Doug Beek	Tewksbury, MA	(978) 703-0199	1
Michigan (8)			
Mel Marx	Sylvan Lake, MI	(734) 293-7503	5
Dane Westphall	Clarkston, MI	(810) 691-6018	3
Minnesota (2)			
Mike Bellefeuille	Eden Prairie, MN	(952) 322-7384	1
Joel Schotzko	Maple Grove, MN	(763) 494-8701	1
Mississippi (1)			
Mike Young	Montgomery, AL	(334) 361-8680	1
Missouri (5)			
Bill & Mary Ferreter	Overland Park, KS	(913) 322-3565	1
Norm Hammond	Verona, MO	(417) 235-6620	1
Cecil Seaton	Mansfield, MO	(800) 443-0704	3
Nebraska (1)			
Kevin Masterson	Omaha, NE	(402) 210-2646	1
Nevada (2)			
Karen Fleming	Las Vegas, NV	(702) 233-4321	2
New Jersey (2)			
Dave Reinhart	Pompton Lakes, NJ	(973) 831-8200	2
New Mexico (2)			
Adrian Garcia	Albuquerque, NM	(505) 890-1316	2
New York (1)			
Rochester Technical Group	Rochester, NY	(585) 482-8100	1
North Carolina (4)			
Mark Goedl	Gastonia, NC	(704) 860-5571	1
Bailey Tucker	Raleigh, NC	(919) 755-1129	3
Ohio (3)			
Jeffrey Russell	Warren, OH	(330) 307-3339	1
Larry Guy	Athens, GA	(740) 594-7093	1
Clyde Kober	Cincinnati, OH	(513) 348-1018	1
Oregon (2)			
David Neiman	Corvallis, OR	(541) 757-3440	1
Dave Pearson	Nampa, ID	(208) 467-7113	1
Pennsylvania (8)			
Fred Bruggeman	Carnegie, PA	(412) 429-9755	2
Alex Igdalsky	Langhorne, PA	(215) 702-4888	4
Harvey Fox	Lititz, PA	(717) 940-6911	1
Bo Uhrin	Mount Pleasant, PA	(412) 601-4004	1
South Carolina (2)			
Roger Davis	Easley, SC	(864) 855-1423	1
John Sisco	North Charleston, SC	(843) 368-9054	1
Tennessee (1)			
Karl Schwarzl	Harrison, TN	(423) 468-3203	1
Texas (10)			
Bo Smith	Mansfield, TX	(817) 453-9266	1
Jack Hawkins	Richardson, TX	(972) 238-7790	2
Dale Giddings	San Antonio, TX	(210) 745-1195	3
Matt Brown	Austin, TX	(512) 426-7099	1

Rex Clark	Pearland, TX	(281) 412-0013	1
Judy Myers	Alief, TX	(713) 664-2098	2
Utah (3)			
Ron Bogden	Bluffdale, UT	(801) 253-0158	3
Virginia (1)			
Jesse & Debbie Poor	Newport News, VA	(757) 316-0177	1
Washington (1)			
Dave Pearson	Nampa, ID	(208) 467-7113	1
West Virginia (1)			
Glen Herb	Sissonville, WV	(304) 988-0382	1
Puerto Rico (1)			
Tito Velasquez Ortiz	Puerto Nuevo, PR	(787) 249-6109	1
Canada (7)			
Charlie Cheng	Nepean, ON	(613) 800-0881	1
Byron Lohnes	Fall River, NS	(902) 405-3113	1
Gordon Perry	Mississauga, ON	(905) 286-4600	1
Rick Sylvester	Pickering, ON	(905) 509-6841	2
Lidia Szaniawski	Calgary, Alberta	(403) 615-0190	1
John Vieira	London, ON	(519) 488-3300	1

EXHIBIT A-1

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

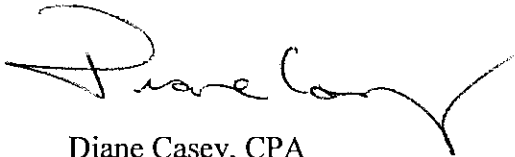
EXHIBIT A-1
LIST OF FRANCHISEES WHO LEFT THE SYSTEM
January 2011 to December 2011

1. Phil Devore, Altamonte, IL (217) 821-0854
2. David Hill, Glen Allen, VA (804) 441-8636
3. Larry Maxwell, Naples, FL (239) 592-5332
4. Brett Pacheco, Fletcher, NC (888) 351-7657
5. Jeff Voight, Georgetown, TX (512) 686-2828

EXHIBIT B
FINANCIAL STATEMENTS

Accountant's Consent

I consent to the use of our report dated April 7, 2011 with respect to the audited financial statements of The Dentist's Choice, Inc. dated April 7, 2011 for the period of December 31, 2010 and the year then ended included in, and made part of, the uniform Franchise Offering Circular of The Dentist's Choice, Inc. for the states requiring the registration of franchises.

A handwritten signature in black ink, appearing to read "Diane Casey", with a long, sweeping flourish extending to the right.

Diane Casey, CPA
Dana Point, California

THE DENTIST'S CHOICE, INC.

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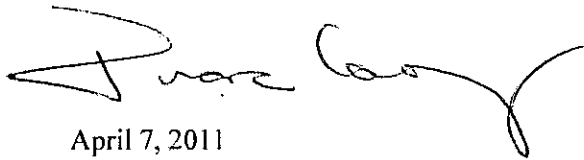
INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
The Dentist's Choice, Inc.
Dana Point, California

I have audited the accompanying Balance Sheet of The Dentist's Choice, Inc. as of December 31, 2010 and the related Statements of Income, Stockholders' Equity and Cash Flows for the year then ended. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on the Financial Statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of The Dentist's Choice, Inc. as of December 31, 2010 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



April 7, 2011

THE DENTIST'S CHOICE, INC.

BALANCE SHEET December 31, 2010

ASSETS

Current Assets:

Cash	\$ 114,877
Trade Accounts Receivable, Net	222,266
Notes Receivable, Due Within One Year, Net	40,342
Inventory, at Cost	367,782
Prepaid Insurance	2,460
Advances to Related Party	228,403

Total Current Assets	976,130
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Notes Receivable, Long Term	49,048
Property, Net	141,855
Rental Deposit	2,958

Total Assets	<u>\$ 1,169,991</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable	\$ 334,802
Business Line	150,000

Total Current Liabilities	484,802
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Long-Term Debt

Total Liabilities	484,802
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Stockholders' Equity:

Preferred Stock, No Par Value: 1,000,000 Shares Authorized and Unissued	
Common Stock, No Par Value: 1,000,000 Shares Authorized and 362,000 Issued	22,000
Additional Paid-In Capital	349,518
Retained Earnings	313,671

Total Stockholders' Equity	685,189
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Total Liabilities and Stockholders' Equity	<u>\$ 1,169,991</u>
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THE DENTIST'S CHOICE, INC.

STATEMENT OF INCOME

December 31, 2010

Sales, Net	\$ 3,337,235
Cost of Sales	1,850,179
	<hr/>
Gross Profit	1,487,056
Operating Expenses	1,478,788
	<hr/>
Operating Income	8,268
Other Income (Expense)	
Interest and dividend Income	6,684
Interest Expense	(6,167)
	<hr/>
Total Other Income (Expense)	517
	<hr/>
Income Before Taxes	8,785
Income Tax Expense	(800)
	<hr/>
Net Income	<u>\$ 7,985</u>

THE DENTIST'S CHOICE, INC.

STATEMENT OF RETAINED EARNINGS

December 31, 2010

	No Par Value Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
December 31, 2009	362,000	\$ 22,000	\$ 349,518	\$ 305,686	\$ 677,204
Additions					-
Net Income				7,985	7,985
December 31, 2010	<u>362,000</u>	<u>\$ 22,000</u>	<u>\$ 349,518</u>	<u>\$ 313,671</u>	<u>\$ 685,189</u>

THE DENTIST'S CHOICE, INC.

STATEMENT OF CASH FLOWS

December 31, 2010

Cash Flows From Operating Activities:	
Net Income	\$ 7,985
Adjustments to Reconcile Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation and Amortization	64,990
Additions to Allowance for Doubtful Accounts	2,419
(Increase) Decrease of Assets:	
Accounts Receivable	(35,414)
Inventory	(39,875)
Deposits and Other Assets	(2,460)
Increase (Decrease) in Liabilities	
Accounts Payable	82,374
Accrued Expenses	
Net Cash Provided by Operating Activities	80,019
Cash Flows From Investing Activities:	
Purchase of Property, Plant and Equipment	(8,791)
Note Receivable Collections	67,776
New Note Issuances	(42,000)
Net Cash Used in Investing Activities	<u>16,985</u>
Cash Flows From Financing Activities:	
Advances to Related Party	(228,403)
Advances from Line-of-Credit	150,000
Principal Payments on Long-Term Debt	
Note Payable Payments from Franchise	
New Note Issuances to Franchise	
Net Cash Used in Financing Activities	<u>(78,403)</u>
Net Increase in Cash and Cash Equivalents	18,601
Cash and Cash Equivalents, Beginning of Year	96,276
Cash and Cash Equivalents, End of Year	<u><u>\$ 114,877</u></u>

SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

Interest Paid	<u><u>\$ 6,167</u></u>
Taxes Paid	<u><u>\$ 800</u></u>

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2010

Note 1 – Organization and Operations

On June 7, 1994, The Dentist's Choice, Inc. (the "Company") was incorporated in the State of California. The Company was re-incorporated in Nevada on October 17, 2005. The Company operates principally as a Franchisor of dental handpiece repair businesses. The Company maintains its Franchise sales office in Incline Village, Nevada. The Company provides administrative, initial training and on-going part sales, and technical support to franchisees and others from its Dana Point, California office. Franchisees of the Company are located throughout the United States and Canada. The Company also provides sales and service to its franchisees and others. There are no significant differences between the Company's Net Income and its Comprehensive Income.

Note 2 – Summary of Significant Accounting Policies

Cash

Cash consists of amounts on hand and demand deposits in insured financial institutions. At December 31, 2010, the Company had no interest bearing cash accounts. For purposes of the Statement of Cash Flows, the Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts for both trade accounts and notes receivable based on management's review and analysis of specific receivables and also considers the age of past due accounts. Management does not believe the Company has any significant concentration of credit risk in its accounts and notes receivable.

Inventory

Inventory consists principally of dental handpiece parts, tools and franchise supplies and is stated at the lower of cost or market. Cost of retail inventory is generally determined using the first-in-first-out or specific identification methods.

Prepaid Expenses

Costs incurred which in the opinion of management will benefit future periods, are deferred and amortized over the periods to be benefited. At December 31, 2010, the Company had prepaid expenses in the amount \$2,460.

See Independent Accountant's Report

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

Property

Property, autos, leasehold improvements and equipment are stated at cost. Gains and losses on the disposition of property, autos and equipment are reflected in income as realized. Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to five years.

Income Taxes

In June 2004, the Company elected to be taxed under the Internal Revenue and California Revenue and Taxation Codes as an "S" corporation. The stockholders of an "S" corporation are taxed on the Company's taxable income. The Company prepares and files its Federal tax return using the accrual basis of accounting and depreciation methods applicable to such filings. The State of Nevada does not assess corporate income taxes.

Revenue Recognition

The Company currently requires an upfront payment of a franchise fee for new franchisees. This fee provides for use of the Company's registered trade name, "The Dentist Choice," and specified franchisee territories. Franchise agreements are generally for a ten-year period. In addition to the franchise fee, new franchisees also purchase an initial inventory of parts and supplies. Following the franchise sale, the Company provides on-going technical and other support to the franchisees during the franchise period.

The Company provides on-going parts sales and repair services to franchisees and others. Such sales are recognized in the period in which the merchandise is shipped or repair services provided. Franchisees are required to report their total revenues to the Company on a monthly basis. The Company then bills franchisees for royalties where the franchisee's revenue exceeds a base amount.

Advertising

All costs incurred by the Company for advertising are expensed as incurred. Total advertising cost was \$4,814 for the year ended December 31, 2010.

See Independent Accountant's Report

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Company provides its full-time employees with various vacation, sick and other leave benefits in accordance with policies that it has established. Part-time and seasonal employees are generally not eligible to receive any compensated absences. The Company's cost of these employee benefits is expensed as the liability for them is paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Trade Account and Notes Receivable, Net

Trade accounts receivable represent amounts due from the sale of dental handpiece parts, tools and supplies. Notes receivable principally represent amounts due to the Company for its financing of certain franchise sales. Monthly principal payments are due in various amounts including interest at 0% to 8% through October 2013. Notes are secured by the respective franchises.

<u>Maturity</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
2011	\$ 233,183	\$ 46,048
2012	-	23,208
2013	-	18,323
2014	-	7,517
2015	-	-
	<u>\$ 233,183</u>	<u>\$ 95,096</u>
Less: allowance for Doubtful Accounts	<u>(10,917)</u>	<u>(5,706)</u>
Receivable, Net	<u>\$ 222,266</u>	<u>\$ 89,390</u>

Expense related to uncollectible trade accounts and notes receivable for the year ended December 31, 2010 was \$3257.

See Independent Accountant's Report

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2010

Note 4 – Property, Net

Property at December 31, 2009 consists of the following:

Office Furniture and Equipment	\$ 171,003
Leasehold Improvements	28,652
Automobiles	175,669
Computer Equipment	<u>46,782</u>
Less: Accumulated Depreciation and Amortization	<u>(280,251)</u>
Total Property, Net	<u>\$ 141,855</u>

Note 5 – Line of Credit

The Company maintains a \$150,000 Revolving line-of- credit with Wells Fargo. Amounts drawn under the line are secured by deposit accounts with Wells Fargo and bear interest at the bank's prime rate plus 2.00% per annum and loan repayment is guaranteed by the Company's stockholders. At December 31, 2010, the balance was \$150,000 under the line-of-credit. The maturity date is February 5, 2011. The interest expense for 2010 is \$5,764.

Note 6 – Commitments

The Company leases it California administrative office and is responsible for payment of gross rent. Total California rental expense was \$43,700 in 2010. The Company's California lease commitment for 2011 is \$43,700. The Company leases its Nevada sales office and is responsible for payment of gross rent. The rent expense was \$42,000 in 2010. The Company's lease commitment for 2011 is \$42,000. The Company's total lease commitment for 2010 is \$85,700. The Company's office leases expire in 2012 and 2010, respectively.

The Company also leases certain office equipment. Total rental expense was \$1,841 in 2010. The current lease expires December 2011.

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2010

Note 7 – Other Related Party Transactions

The Company has various transactions with entities, which have common ownership with the Company. Such transactions include the purchase of various services, making or receipt of various loans and advances, management fees and Company services. These transactions are summarized below.

The Company paid another affiliate a total of \$472,000 in management fees for various administrative, executive and other services provided by them to the Company during 2010. The Company also provides certain employee type health benefits and the other perquisites to its non employee, executive managers.

The Company rents its Nevada sales office from another affiliate and paid a total \$42,000 in rent to that affiliate in 2010.

The Company advanced \$53,403 and \$175,000 to related parties in 2010.



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Accountant's Consent

I consent to the use of our report dated April 14, 2010 with respect to the audited financial statements of The Dentist's Choice, Inc. dated April 14, 2010 for the period of December 31, 2009 and the year then ended included in, and made part of, the uniform Franchise Offering Circular of The Dentist's Choice, Inc. for the states requiring the registration of franchises.

A handwritten signature in black ink, appearing to read "Diane Casey", is written over the printed name.

Diane Casey, CPA
Dana Point, California

THE DENTIST'S CHOICE, INC.

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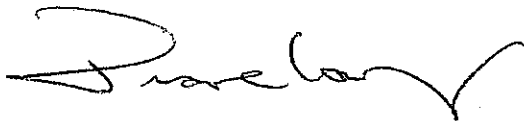
INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
The Dentist's Choice, Inc.
Dana Point, California

I have audited the accompanying Balance Sheet of The Dentist's Choice, Inc. as of December 31, 2009 and the related Statements of Income, Stockholders' Equity and Cash Flows for the year then ended. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on the Financial Statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of The Dentist's Choice, Inc. as of December 31, 2009 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



April 14, 2010

THE DENTIST'S CHOICE, INC.

BALANCE SHEET December 31, 2009

ASSETS

Current Assets:

Cash	\$ 96,276
Trade Accounts Receivable, Net	187,903
Notes Receivable, Due Within One Year, Net	74,624
Inventory, at Cost	327,907

Total Current Assets	686,710
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Notes Receivable, Long Term	41,910
Property, Net	198,054
Rental Deposit	2,958

Total Assets	<u>\$ 929,632</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable	\$ 252,428
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Total Current Liabilities	252,428
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Long-Term Debt

Total Liabilities	252,428
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Stockholders' Equity:

Preferred Stock, No Par Value: 1,000,000 Shares Authorized and Unissued	
Common Stock, No Par Value: 1,000,000 Shares Authorized and 362,000 Issued	22,000
Additional Paid-In Capital	349,518
Retained Earnings	305,686

Total Stockholders' Equity	677,204
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Total Liabilities and Stockholders' Equity	<u>\$ 929,632</u>
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THE DENTIST'S CHOICE, INC.

STATEMENT OF INCOME

December 31, 2009

Sales, Net	\$ 2,921,207
Cost of Sales	1,503,956
	<hr/>
Gross Profit	1,417,251
Operating Expenses	1,398,347
	<hr/>
Operating Income	18,904
Other Income (Expense)	
Interest and dividend Income	4,844
Interest Expense	(1,315)
	<hr/>
Total Other Income (Expense)	3,529
	<hr/>
Income Before Taxes	22,433
Income Tax Expense	(8,751)
	<hr/>
Net Income	<u>\$ 13,682</u>

See Independent Accountant's Report and Notes to Financial Statements

THE DENTIST'S CHOICE, INC.

STATEMENT OF RETAINED EARNINGS

December 31, 2009

	No Par Value Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
December 31, 2008	362,000	\$ 22,000	\$ 349,518	\$ 292,004	\$ 663,522
Additions					-
Net Income				13,682	13,682
December 31, 2009	<u>362,000</u>	<u>\$ 22,000</u>	<u>\$ 349,518</u>	<u>\$ 305,686</u>	<u>\$ 677,204</u>

THE DENTIST'S CHOICE, INC.

STATEMENT OF CASH FLOWS

December 31, 2009

Cash Flows From Operating Activities:

Net Income	\$ 13,682
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	56,051
Additions to Allowance for Doubtful Accounts	-
(Increase) Decrease of Assets:	
Accounts Receivable	(56,297)
Inventory	(36,643)
Deposits and Other Assets	99,837
Increase (Decrease) in Liabilities	
Accounts Payable	69,585
Accrued Expenses	
Net Cash Provided by Operating Activities	146,215

Cash Flows From Investing Activities:

Purchase of Property, Plant and Equipment	(104,990)
Note Receivable Collections	33,606
New Note Issuances	(92,500)
Net Cash Used in Investing Activities	<u>(163,884)</u>

Cash Flows From Financing Activities:

Advances from Related Party	
Advances from Line-of-Credit	
Principal Payments on Long-Term Debt	(2,500)
Note Payable Payments from Franchise	
New Note Issuances to Franchise	
Net Cash Used in Financing Activities	<u>(2,500)</u>

Net Increase in Cash and Cash Equivalents (20,169)

Cash and Cash Equivalents, Beginning of Year 116,445

Cash and Cash Equivalents, End of Year \$ 96,276

SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

Interest Paid \$ 1,315

Taxes Paid \$ 8,751

THE DENTIST'S CHOICE, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

Note 1 – Organization and Operations

On June 7, 1994, The Dentist's Choice, Inc. (the "Company") was incorporated in the State of California. The Company was re-incorporated in Nevada on October 24, 2006. The Company operates principally as a Franchisor of dental handpiece repair businesses. The Company maintains its Franchise sales office in Incline Village, Nevada. The Company provides administrative, initial training and on-going part sales, and technical support to franchisees and others from its Dana Point, California office. Franchisees of the Company are located throughout the United States and Canada. The Company also provides sales and service to its franchisees and others. There are no significant differences between the Company's Net Income and its Comprehensive Income.

Note 2 – Summary of Significant Accounting Policies

Cash

Cash consists of amounts on hand and demand deposits in insured financial institutions. At December 31, 2009, the Company had no interest bearing cash accounts. For purposes of the Statement of Cash Flows, the Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts for both trade accounts and notes receivable based on management's review and analysis of specific receivables and also considers the age of past due accounts. Management does not believe the Company has any significant concentration of credit risk in its accounts and notes receivable.

Inventory

Inventory consists principally of dental handpiece parts, tools and franchise supplies and is stated at the lower of cost or market. Cost of retail inventory is generally determined using the first-in-first-out or specific identification methods.

Prepaid Expenses

Costs incurred which in the opinion of management will benefit future periods, are deferred and amortized over the periods to be benefited. At December 31, 2009, the Company did not have prepaid expenses.

THE DENTIST'S CHOICE, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

Property

Property, autos, leasehold improvements and equipment are stated at cost. Gains and losses on the disposition of property, autos and equipment are reflected in income as realized. Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to five years.

Income Taxes

In June 2004, the Company elected to be taxed under the Internal Revenue and California Revenue and Taxation Codes as an "S" corporation. The stockholders of an "S" corporation are taxed on the Company's taxable income. The Company prepares and files its Federal tax return using the accrual basis of accounting and depreciation methods applicable to such filings. The Company prepares and files a California tax return. The State of Nevada does not assess corporate income taxes.

Revenue Recognition

The Company currently requires an upfront payment of a franchise fee for new franchisees. This fee provides for use of the Company's registered trade name, "The Dentist Choice," and specified franchisee territories. Franchise agreements are generally for a ten-year period. In addition to the franchise fee, new franchisees also purchase an initial inventory of parts and supplies. Following the franchise sale, the Company provides on-going technical and other support to the franchisees during the franchise period.

The Company provides on-going parts sales and repair services to franchisees and others. Such sales are recognized in the period in which the merchandise is shipped or repair services provided. Franchisees are required to report their total revenues to the Company on a monthly basis. The Company then bills franchisees for royalties where the franchisee's revenue exceeds a base amount.

Advertising

All costs incurred by the Company for advertising are expensed as incurred. Total advertising cost was \$5,663 for the year ended December 31, 2009.

THE DENTIST'S CHOICE, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Company provides its full-time employees with various vacation, sick and other leave benefits in accordance with policies that it has established. Part-time and seasonal employees are generally not eligible to receive any compensated absences. The Company's cost of these employee benefits is expensed as the liability for them is paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Trade Account and Notes Receivable, Net

Trade accounts receivable represent amounts due from the sale of dental handpiece parts, tools and supplies. Notes receivable principally represent amounts due to the Company for its financing of certain franchise sales. Monthly principal payments are due in various amounts including interest at 0% to 8% through March 2014. Notes are secured by the respective franchises.

<u>Maturity</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
2010	\$ 197,769	\$ 78,962
2011	-	26,815
2012	-	6,173
2013	-	3,893
2014	-	5,029
	<u>\$ 197,769</u>	<u>\$ 120,872</u>
Less: allowance for Doubtful Accounts Receivable, Net	<u>(9,866)</u>	<u>(4,338)</u>
	<u>\$ 187,903</u>	<u>\$ 116,534</u>

Expense related to uncollectible trade accounts and notes receivable for the year ended December 31, 2009 was \$36.

THE DENTIST'S CHOICE, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2009

Note 4 – Property, Net

Property at December 31, 2009 consists of the following:

Office Furniture and Equipment	\$ 165,771
Leasehold Improvements	28,652
Automobiles	175,669
Computer Equipment	<u>43,223</u>
Less: Accumulated Depreciation and Amortization	<u>(215,261)</u>
Total Property, Net	<u>\$ 198,054</u>

Note 5 – Line of Credit

The Company maintains a \$100,000 working capital line-of- credit with California Bank & Trust. Amounts drawn under the line are secured by deposit accounts with California Bank & Trust and bear interest at the bank's prime rate plus 2.75% per annum and loan repayment is guaranteed by the Company's stockholders. At December 31, 2009, there was no outstanding balance under the line-of-credit. The maturity date is November 01, 2010.

The Company maintains a \$17,500 working capital line-of- credit with Wells Fargo Bank. Amounts drawn under the line are secured by deposit accounts with Wells Fargo Bank and bear interest at 14.25% per annum and loan repayment is guaranteed by the Company's stockholders. At December 31, 2009, there was no outstanding balance under the line-of-credit.

Note 6 – Commitments

The Company leases it California administrative office and is responsible for payment of gross rent. Total California rental expense was \$41,534 in 2009. The Company's California lease commitment for 2010 is \$41,067. The Company leases its Nevada sales office and is responsible for payment of gross rent. The rent expense was \$24,000 in 2009. The Company's lease commitment for 2010 is \$24,000. The Company's total lease commitment for 2009 is \$65,534. The Company's office leases expire in 2012 and 2010, respectively.

The Company also leases certain office equipment. Total rental expense was \$1,632 in 2009. The current lease expires December 2011.

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009

Note 7 – Other Related Party Transactions

The Company has various transactions with entities, which have common ownership with the Company. Such transactions include the purchase of various services, making or receipt of various loans and advances, management fees and Company services. These transactions are summarized below.

During the year ended December 31, 2009, the Company's stockholder's consolidated within the Company certain administrative positions and functions of an affiliate. In connection with this consolidation, the Company absorbed, and hired, the employees of the affiliate in exchange for reimbursement of the costs of such employees plus a management fee. Total cost reimbursement and management fees received from the affiliate during 2009 was \$54,000. This reimbursement has been included as an offset to the Company's operating expenses.

The Company paid another affiliate a total of \$397,000 in management fees for various administrative, executive and other services provided by them to the Company during 2009. The Company also provides certain employee type health benefits and the other perquisites to its non employee, executive managers.

Note 8 – Other Related Party Transactions (continued)

The Company rents its Nevada sales office from another affiliate and paid a total \$24,000 in rent to that affiliate in 2009.



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Accountant's Consent

I consent to the use of our report dated March 24, 2009 with respect to the audited financial statements of The Dentist's Choice, Inc. dated March 24, 2009 for the period of December 31, 2008 and the year then ended included in, and made part of, the uniform Franchise Offering Circular of The Dentist's Choice, Inc. for the states requiring the registration of franchises.

Diane Casey, CPA
Dana Point, California



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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
The Dentist's Choice, Inc.
Dana Point, California

I have audited the accompanying Balance Sheet of The Dentist's Choice, Inc. as of December 31, 2008 and the related Statements of Income, Stockholders' Equity and Cash Flows for the year then ended. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on the Financial Statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of The Dentist's Choice, Inc. as of December 31, 2008 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Diane Casey".

March 24, 2009

THE DENTIST'S CHOICE, INC.

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THE DENTIST'S CHOICE, INC.

BALANCE SHEET

December 31, 2008

ASSETS

Current Assets:	
Cash	\$ 116,445
Trade Accounts Receivable, Net	131,606
Notes Receivable, Due Within One Year, Net	30,952
Prepaid Management Fee	100,000
Inventory, at Cost	<u>291,264</u>
Total Current Assets	670,267
Notes Receivable, Long Term	26,688
Property, Net	149,115
Rental Deposit	2,958
Other	<u>(163)</u>
Total Assets	<u>\$ 848,865</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts Payable	\$ 182,843
Note Payable, Franchisee	<u>2,500</u>
Total Current Liabilities	185,343
Long-Term Debt	<u> </u>
Total Liabilities	185,343
Stockholders' Equity:	
Preferred Stock, No Par Value: 1,000,000 Shares Authorized and Unissued	
Common Stock, No Par Value: 1,000,000 Shares Authorized and 362,000 Issued	22,000
Additional Paid-In Capital	349,518
Retained Earnings	<u>292,004</u>
Total Stockholders' Equity	<u>663,522</u>
Total Liabilities and Stockholders' Equity	<u>\$ 848,865</u>

See Independent Accountant's Report and Notes to Financial Statements

THE DENTIST'S CHOICE, INC.

STATEMENT OF INCOME

December 31, 2008

Sales, Net	\$ 2,771,058
Cost of Sales	1,223,819
	<hr/>
Gross Profit	1,547,239
Operating Expenses	1,500,544
	<hr/>
Operating Income	46,695
Other Income (Expense)	
Interest and dividend Income	4,090
Interest Expense	(2,976)
	<hr/>
Total Other Income (Expense)	1,114
	<hr/>
Income Before Taxes	47,809
Income Tax Expense	
	<hr/>
Net Income	\$ 47,809
	<hr/> <hr/>

THE DENTIST'S CHOICE, INC.

STATEMENT OF RETAINED EARNINGS

December 31, 2008

	No Par Value Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
December 31, 2007	362,000	\$ 22,000	\$ 268,368	\$ 244,195	\$ 534,563
Additions			81,150		81,150
Net Income				47,809	47,809
December 31, 2008	<u>362,000</u>	<u>\$ 22,000</u>	<u>\$ 349,518</u>	<u>\$ 292,004</u>	<u>\$ 663,522</u>

See Independent Accountant's Report and Notes to Financial Statements

THE DENTIST'S CHOICE, INC.

STATEMENT OF CASH FLOWS

December 31, 2008

Cash Flows From Operating Activities:	
Net Income	\$ 47,809
Adjustments to Reconcile Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation and Amortization	43,837
Additions to Allowance for Doubtful Accounts	(2,299)
(Increase) Decrease of Assets:	
Accounts Receivable	14,483
Inventory	32,623
Deposits and Other Assets	(34,994)
Increase (Decrease) in Liabilities	
Accounts Payable	(14,472)
Accrued Expenses	(574)
Net Cash Provided by Operating Activities	86,413
Cash Flows From Investing Activities:	
Purchase of Property, Plant and Equipment	(11,533)
Note Receivable Collections	39,734
New Note Issuances	(12,500)
Net Cash Used in Investing Activities	15,701
Cash Flows From Financing Activities:	
Advances from Related Party	(28,317)
Advances from Line-of-Credit	(17,500)
Principal Payments on Long-Term Debt	(20,552)
Note Payable Payments from Franchise	(5,833)
New Note Issuances to Franchise	
Net Cash Used in Financing Activities	(72,202)
Net Increase in Cash and Cash Equivalents	29,912
Cash and Cash Equivalents, Beginning of Year	86,533
Cash and Cash Equivalents, End of Year	<u>\$ 116,445</u>

SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

Interest Paid	<u>\$ 2,976</u>
Taxes Paid	<u>\$ 1,718</u>

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2008

Note 1 – Organization and Operations

On June 7, 1994, The Dentist's Choice, Inc. (the "Company") was incorporated in the State of California. The Company was re-incorporated in Nevada on October 24, 2006. The Company operates principally as a Franchisor of dental handpiece repair businesses. The Company maintains its Franchise sales office in Incline Village, Nevada. The Company provides administrative, initial training and on-going part sales, and technical support to franchisees and others from its Dana Point, California office. Franchisees of the Company are located throughout the United States and Canada. The Company also provides sales and service to its franchisees and others. There are no significant differences between the Company's Net Income and its Comprehensive Income.

Note 2 – Summary of Significant Accounting Policies

Cash

Cash consists of amounts on hand and demand deposits in insured financial institutions. At December 31, 2008, the Company had no interest bearing cash accounts. For purposes of the Statement of Cash Flows, the Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts for both trade accounts and notes receivable based on management's review and analysis of specific receivables and also considers the age of past due accounts. Management does not believe the Company has any significant concentration of credit risk in its accounts and notes receivable.

Inventory

Inventory consists principally of dental handpiece parts, tools and franchise supplies and is stated at the lower of cost or market. Cost of retail inventory is generally determined using the first-in-first-out or specific identification methods.

Prepaid Expenses

Costs incurred which in the opinion of management will benefit future periods, are deferred and amortized over the periods to be benefited. At December 31, 2008, the Company had prepaid expenses in the amount of \$100,000.

See Independent Accountant's Report

THE DENTIST'S CHOICE, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

Property

Property, autos, leasehold improvements and equipment are stated at cost. Gains and losses on the disposition of property, autos and equipment are reflected in income as realized. Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to five years.

Income Taxes

In June 2004, the Company elected to be taxed under the Internal Revenue and California Revenue and Taxation Codes as an "S" corporation. The stockholders of an "S" corporation are taxed on the Company's taxable income. The Company prepares and files its Federal tax return using the accrual basis of accounting and depreciation methods applicable to such filings. The Company prepares and files a California tax return. The State of Nevada does not assess corporate income taxes.

Revenue Recognition

The Company currently requires an upfront payment of a franchise fee for new franchisees. This fee provides for use of the Company's registered trade name, "The Dentist Choice," and specified franchisee territories. Franchise agreements are generally for a ten-year period. In addition to the franchise fee, new franchisees also purchase an initial inventory of parts and supplies. Following the franchise sale, the Company provides on-going technical and other support to the franchisees during the franchise period.

The Company provides on-going parts sales and repair services to franchisees and others. Such sales are recognized in the period in which the merchandise is shipped or repair services provided. Franchisees are required to report their total revenues to the Company on a monthly basis. The Company then bills franchisees for royalties where the franchisee's revenue exceeds a base amount.

Advertising

All costs incurred by the Company for advertising are expensed as incurred. Total advertising costs was \$21,684 for the year ended December 31, 2008.

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Company provides its full-time employees with various vacation, sick and other leave benefits in accordance with policies that it has established. Part-time and seasonal employees are generally not eligible to receive any compensated absences. The Company's cost of these employee benefits is expensed as the liability for them is paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Trade Account and Notes Receivable, Net

Trade accounts receivable represent amounts due from the sale of dental handpiece parts, tools and supplies. Notes receivable principally represent amounts due to the Company for its financing of certain franchise sales. Monthly principal payments are due in various amounts including interest at 0% to 8% through March 2012. Notes are secured by the respective franchises.

<u>Maturity</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
2009	\$ 141,472	\$ 35,290
2010	-	19,688
2011	-	6,000
2012	-	1,000
2013	-	-
	<u>\$ 141,472</u>	<u>\$ 61,978</u>
Less: allowance for Doubtful Accounts Receivable, Net	<u>(9,866)</u>	<u>(4,338)</u>
	<u>\$ 131,606</u>	<u>\$ 57,640</u>

Expense related to uncollectible trade accounts and notes receivable for the year ended December 31, 2008 was \$7,472.

See Independent Accountant's Report

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2008

Note 4 – Property, Net

Property at December 31, 2008 consists of the following:

Office Furniture and Equipment	\$ 118,385
Leasehold Improvements	28,652
Automobiles	120,534
Computer Equipment	<u>40,753</u>
Less: Accumulated Depreciation and Amortization	<u>(159,209)</u>
Total Property, Net	<u>\$ 149,115</u>

Note 5 – Line of Credit

The Company maintains a \$100,000 working capital line-of- credit with California Bank & Trust. Amounts drawn under the line are secured by deposit accounts with California Bank & Trust and bear interest at the bank's prime rate plus 2.75% per annum and loan repayment is guaranteed by the Company's stockholders. At December 31, 2008, there was no outstanding balance under the line-of-credit. The maturity date is November 01, 2009.

The Company maintains a \$17,500 working capital line-of- credit with Wells Fargo Bank. Amounts drawn under the line are secured by deposit accounts with Wells Fargo Bank and bear interest at 14.25% per annum and loan repayment is guaranteed by the Company's stockholders. At December 31, 2008, there was no outstanding balance under the line-of-credit.

Note 6 – Commitments

The Company leases it California administrative office and is responsible for payment of gross rent. Total California rental expense was \$40,340 in 2008. The Company's California lease commitment for 2009 is \$41,067. The Company leases its Nevada sales office and is responsible for payment of gross rent. The rent expense was \$24,000 in 2008. The Company's lease commitment for 2009 is \$24,000. The Company's total lease commitment for 2009 is \$65,067. The Company's office leases expire in 2012 and 2008, respectively.

The Company also leases certain office equipment. Total rental expense was \$2,483 in 2008. The current lease expires December 2008. The Company does not have an office equipment lease commitment for 2009.

Note 7 – Other Related Party Transactions

See Independent Accountant's Report

THE DENTIST'S CHOICE, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2008

The Company has various transactions with entities, which have common ownership with the Company. Such transactions include the purchase of various services, making or receipt of various loans and advances, management fees and Company services. These transactions are summarized below.

During the year ended December 31, 2008, the Company's stockholder's consolidated within the Company certain administrative positions and functions of an affiliate. In connection with this consolidation, the Company absorbed, and hired, the employees of the affiliate in exchange for reimbursement of the costs of such employees plus a management fee. Total cost reimbursement and management fees received from the affiliate during 2008 was \$216,000. This reimbursement has been included as an offset to the Company's operating expenses.

The Company paid another affiliate a total of \$495,500 in management fees for various administrative, executive and other services provided by them to the Company during 2008. The Company also provides certain employee type health benefits and the other perquisites to its non employee, executive managers.

Note 8 – Other Related Party Transactions (continued)

The Company rents its Nevada sales office from another affiliate and paid a total \$24,000 in rent to that affiliate in 2008.

EXHIBIT C

FRANCHISE AGREEMENT

THE DENTIST'S CHOICE, INC.

FRANCHISE AGREEMENT

FRANCHISEE

DATE

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EXHIBITS

EXHIBIT A - PREMISES AND PROTECTED TERRITORY

GUARANTY AND ASSUMPTION OF OBLIGATIONS

ADDITIONAL DISCLOSURES FOR ILLINOIS

ADDITIONAL DISCLOSURES FOR MINNESOTA

THE DENTIST'S CHOICE, INC.
FRANCHISE AGREEMENT

THIS AGREEMENT is made this ____ day of _____, 2012 (the "Agreement Date") by and between **THE DENTIST'S CHOICE, INC.**, a Nevada corporation whose principal business address is 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451, and _____, whose principal address is _____.

RECITALS:

A. This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations this Agreement covers before you sign it. In this Agreement, "we," "us" or "the Company" means The Dentist's Choice, Inc., the franchisor. "You" means the person that acquires the franchise under this Agreement. If you are a corporation, partnership, limited liability company or other business entity, we refer to your owners, shareholders, partners, members or similar individuals as "owners" in this Agreement.

B. We have expended considerable time, money and effort to develop a system for the development and operation of dental handpiece repair service businesses. These businesses operate under the name "The Dentist's Choice" and use uniform service regimens, formats, procedures, business methods, forms, information, knowledge, policies and practices, all of which may be improved, expanded, further developed or otherwise modified from time to time (the "System"). We own the rights to, interest in and goodwill of, and use, promote and license, certain proprietary trademarks, service marks, trade names, logotypes and other commercial symbols, including the service mark "The Dentist's Choice" and associated logo (the "Marks").

C. We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to operate a "The Dentist's Choice" dental handpiece repair business offering the products and services we authorize and approve and operating under the System and the Marks. We will call these businesses "The Dentist's Choice" Businesses, and we will call the "The Dentist's Choice" Business that you will operate under this Agreement the "Franchised Business."

1. GRANT AND RENEWAL OF FRANCHISE.

1.1 Grant of Franchise.

Subject to the terms and conditions of this Agreement, we grant to you the franchise (the "Franchise") to own and operate a "The Dentist's Choice" Business (the "Franchised Business") at the location(s) listed on Exhibit A to this Agreement, and to use the Marks and the System in operating your Franchised Business, for a term of ten (10) years beginning on the Agreement Date (the "Term"), unless sooner terminated according to the terms of this Agreement. Termination or expiration of this Agreement constitutes termination or expiration of the Franchise.

1.2 Performance.

You (or your principal owner) or, if we approve, your manager who has completed our initial training program to our satisfaction and will be responsible for the day-to-day operation of the Franchised Business (the "Manager") agree to continuously exert your, his or her best efforts to operate and enhance the business of your Franchised Business. You (and your owners) must at all times faithfully, honestly and diligently perform your obligations under this Agreement throughout the Term.

1.3 Renewal.

If you have substantially complied with the terms and conditions of this Agreement throughout the Term and are not then in default you may, upon expiration of the Term, renew the Franchise for additional consecutive five (5) year terms (each a "Renewal Term"). You must notify us at least ninety (90) days, but no more than twelve (12) months, prior to the expiration of the Term or the Renewal Term of your intention to renew. To renew the Franchise, you must (a) sign our then current form of franchise agreement, which may contain terms and conditions different from this Agreement, for a term of five (5) years; (b) pay us a renewal fee of 10% of our then current Initial Franchise Fee (defined below), which you must pay in lieu of the Initial Franchise Fee for the renewal franchise agreement; and (c) sign a general release, in a form that we prescribe, of any claims against us (and our affiliates) and our (and their) officers, directors, shareholders, agents, employees, representatives, successors and assigns.

2. TERRITORY.

2.1 Protected Territory.

You are granted a protected territory which is determined based on mutual agreement between you and us and the number of dentists operating within a geographic area (your "Protected Territory"). The specific boundaries of your Protected Territory are described in Exhibit A. Because some areas are more densely populated than others, you acknowledge and agree that the protected territories of other "The Dentist's Choice" franchisees may encompass a greater or smaller geographic area than your Protected Territory. You may not provide services to any dentist located outside your Protected Territory without our permission. Except as provided in this Agreement, we will not, directly or through any affiliates: (a) operate or grant the right to operate a "The Dentist's Choice" Business to be physically located within your Protected Territory; or (b) operate or grant the right to operate a business similar to a "The Dentist's Choice" Business, or any other method of distribution, that is physically located within your Protected Territory and offers or sells products or services similar to those offered by your Franchised Business, whether under the Marks or other trademarks or service marks.

2.2 Reservation of Rights.

We reserve the right, in our sole discretion, to: (a) operate and grant the right to operate "The Dentist's Choice" Businesses, and to offer and sell any products and services (including products and services similar to those offered by the Franchised Business), from locations anywhere outside the Protected Territory (including on the border of the Protected Territory),

whether under the Marks or other trademarks or service marks, and under any terms and conditions we deem appropriate; and (b) operate and grant the right to operate any business at any location (including within the Protected Territory) which offers and sells products or services which are not similar to those offered by your Franchised Business, whether under the Marks or other trademarks or service marks, and under any terms and conditions we deem appropriate.

3. SITE SELECTION/OPENING.

3.1 Locations.

You must operate the Franchised Business only from a location or locations within the Protected Territory (which may be your home or an outside office), and you must notify us of the address of each location. You represent and covenant that each location is suitable and adequate for operating the Franchised Business and that you will maintain each location in a condition suitable and adequate for operating the Franchised Business throughout the Term. You may not open another office or operate from an additional location outside the Protected Territory without acquiring another franchise from us or obtaining our written consent.

3.2 Opening Requirements.

You must open and begin operating your Franchised Business no later than ninety (90) days following the Agreement Date. If you fail to open and begin operating your Franchised Business during that period, we may, in our sole discretion, terminate this Agreement. You may not open and begin operating your Franchised Business until: (a) you (or your principal owner) or your Manager has completed our initial training program to our satisfaction; (b) you have purchased all supplies, equipment, inventory and other materials required to open the Franchised Business; (c) you provide us evidence of insurance coverage for the Franchised Business (if we require); and (d) you notify us of the location(s) of your Franchise Business.

4. OBLIGATIONS OF FRANCHISOR.

4.1 Use of Our Marks.

Subject to the terms and conditions of this Agreement, you are granted the right to use our Marks, copyrighted materials and certain other confidential information during the Term. During the Term we may elect to register or use other trademarks, trade names, service marks, logotypes, designs, patents, copyrights or other intellectual property. This other intellectual property will remain our property and we may, in our sole discretion, license any such intellectual property to you under the terms of a separate agreement.

4.2 Manual.

When you attend our initial training program, we will loan to you for use during the Term one (1) copy of our Manual (the "Manual"), which currently consists of our Repair Manual and Marketing and Sales Manual. The Manual contains mandatory and suggested specifications, standards and operating procedures that we prescribe from time to time for "The Dentist's

Choice" Businesses, as well as information about other obligations you have under this Agreement and in operating your Franchised Business. We may modify the Manual from time to time to reflect changes in the specifications, standards and operating procedures of "The Dentist's Choice" Businesses, to disclose information concerning new products or services that we may prescribe for offer or sale by "The Dentist's Choice" Businesses, or to specify makes, brands and models of equipment, supplies or other materials that our franchisees may or must use in operating "The Dentist's Choice" Businesses. You must keep your copy of the Manual current by immediately inserting all modified pages or other materials that we furnish. If a dispute arises about the contents of the Manual, the master copies that we maintain at our principal office will control. You understand and agree that the Manual contains our confidential information and you will not at any time copy any part of the Manual.

4.3 Initial Training Program.

Prior to the scheduled opening of your Franchised Business, we will train you and, if we require, one (1) of your key employees in the operation of a Business at a time and location that we specify. All trainees from the Franchised Business must attend the training course at the same time and must complete the initial training program to our satisfaction. You must pay your and your employees' expenses in attending training, such as food, travel, lodging and all other costs, expenses and salaries.

We will also train an additional person or persons you designate at later times and the fee is \$2,000.00 per attendee payable in advance of the training event. You must also pay your and your designated person's expenses in attending training, such as food, travel and lodging.

4.4 Supplemental Training.

We may, in our discretion, offer supplemental training and refresher courses or programs relating to the operation of a "The Dentist's Choice" Business during the Term. Although we will not require you to attend any supplemental training sessions, we recommend that you do so if we offer them. We will not charge tuition for the supplemental training; however, you must pay all of your and your employees' expenses in attending training, such as food, travel, lodging and all other costs, expenses and salaries.

4.5 Franchised Business Inventory and Equipment Selection.

We will sell you the equipment, supplies, hand tools and dental handpiece replacement parts inventory required to open and begin operating your Franchised Business.

4.6 Grand Opening Promotion.

We will provide you with reasonable guidance and assistance regarding promotion for the grand opening of your Franchised Business. We also will provide assistance in developing sales presentations and provide you samples of brochures and other promotional items for the Franchised Business' grand opening.

4.7 Ongoing Assistance.

If you are complying with all of the terms and conditions of this Agreement, we will provide, at such times and in such methods and manners as we (in our own discretion) determine, the following guidance and assistance to you and your Franchised Business during the Term:

(a) **Telephone Support.** We will provide to you, via toll free telephone during normal business hours and at such times as we deem appropriate, reasonable continuing guidance and advice in operating your Franchised Business, including the mechanics of dental handpiece repair, accounting, inventory control, advertising and basic management. We may, in our sole discretion, decide to supplement this telephone support with periodic service calls to your Premises; provided, however, that we are not obligated to make any such service calls during the Term.

(b) **Continuing Research and Development.** From time to time in our discretion we will conduct research into improved products and services for sale by, and ways to operate and market, "The Dentist's Choice" Businesses. We will share our results with you at no additional cost.

(c) **Ongoing Marketing Assistance.** Upon your request, and at such times as we deem appropriate, we will provide you with reasonable guidance and assistance in selecting your media purchases and developing sales presentations to clients and sources of referrals.

(d) **Printing and Supplies.** We will provide you with at least one sample of any newspaper inserts, direct mail flyers, point-of-purchase promotional pieces, advertising slicks, graphic designs, layouts, written copy and other print media marketing materials which we may, in our sole discretion, develop for use by "The Dentist's Choice" Businesses during the Term. However, there is no specific frequency or timetable upon which we must produce or distribute these advertising samples. You may duplicate these materials at your expense. We might, from time to time, make packages of brochures and other promotional materials available for you to purchase. However, we will not place, run or pay the media placement costs of any print media advertisements, commercials or promotions for you.

(e) **List of Approved Suppliers and Authorized Products.** We will provide you with updated lists of certain products, equipment, inventory and supplies that we authorize for use by "The Dentist's Choice" Businesses and, if we determine (in our sole discretion) during the Term to designate or approve suppliers other than us, lists of designated or approved suppliers from whom you may or must purchase these items.

5. INTITAL FRANCHISE FEE.

You must pay us a \$45,000 initial franchise fee (the "Initial Franchise Fee") in a lump sum at the time you sign this Agreement. Subject to Section 6, the Initial Franchise Fee is refundable only if you fail to attend and complete the initial training program to our satisfaction, and we terminate this Agreement, in which event we will refund all of your Initial Franchise Fee.

6. APPROVAL OF FRANCHISE.

We reserve the right to be selective in assigning franchises. If we present this Agreement to you for your review, this does not mean that we are offering you a franchise at this time or at any time in the future. You acknowledge and agree that your signing this Agreement and delivering it to us along with your Initial Franchise Fee merely constitutes your offer to purchase a franchise from us, which we will accept only by signing this Agreement and providing you with a fully executed copy. If we do not sign this Agreement, then we have not accepted your offer to purchase a franchise and will return your Initial Franchise fee within ten (10) business days of our decision.

7. FEES.

7.1 Monthly Royalty/Service Fee.

Throughout the Term you agree to pay us, on or before the tenth (10th) day of each month, a monthly Royalty/Service Fee ("Royalty/Service Fee"). During the first twenty-four (24) months, the Royalty/Service Fee is equal to the greater of Two Hundred Dollars (\$200) or five percent (5%) of the "Gross Sales" (defined below) of your Franchised Business during the preceding calendar month. The Royalty/Service Fee steps down or is reduced to two and one-half percent (2 ½%) of the "Gross Sales" in excess of sixty thousand dollars (\$60,000) per calendar year and is further reduced to one percent (1%) of the "Gross Sales" in excess of one hundred and twenty thousand dollars (\$120,000) per calendar year. Beginning in the twenty-fifth (25th) month and continuing thereafter, the minimum Royalty/Service fee increases from Two Hundred Dollars (\$200) to Two Hundred and Fifty Dollars (\$250).

7.2 Gross Sales Defined.

"Gross Sales" is defined as all sums, property or other value which you receive (whether in cash or in kind, without any deductions of any type) resulting directly or indirectly from the operation of your Franchised Business or through the use of our Marks in any way, plus the paid balances of any invoices for which you have provided a bill to a client for services rendered or for products you have supplied. We intend the term "Gross Sales" to include all value which you receive from all sources related to your Franchised Business, except sales tax, customer refunds and the sale in bulk of the assets of your Franchised Business.

7.3 Interest on Late Payments.

All amounts which you owe us will bear interest thirty days after the invoice date at the rate of one and one-half percent (1.5%) per month or the highest commercial contract rate of interest permitted by law, whichever is less. You acknowledge that this Subsection does not constitute our agreement to extend credit to or otherwise finance your operation of your Franchised Business. Your failure to pay us all amounts when due constitutes grounds for termination of this Agreement, notwithstanding the provisions of this Subsection.

7.4 Required Report Forms.

You also must send us certain required reports, including weekly reports of your “Gross Sales” which help us track the development of your Franchised Business at such times and using such forms as we may prescribe from time to time. You acknowledge that these reports are very important to the System.

8. ADVERTISING.

8.1 Solicitation Restrictions.

You may not solicit (directly or indirectly) or use any advertising or promotional materials targeted towards dentists who are located outside your Protected Territory without our written consent.

8.2 Compliance With Our Advertising Standards.

You must conduct all advertising and promotional activities for the Franchised Business, including any advertising or other information on the Internet or a “Website” (defined as an interactive electronic document contained in a network of computers linked by communications software), according to our requirements as reflected in the Manual or our written or oral instructions to you. You shall not have a Website in connection with the Franchised Business unless we approve the contents in writing. Before you use them, you must submit to us for our approval samples of all advertising, marketing and promotional materials (other than materials we have prepared or previously approved), including brochure copy and promotions activities and any information on a Website (or any change in information on an approved Website). You may not use any materials or conduct any promotion that we have not approved. We may prevent you from soliciting or using certain media or advertising materials that are targeted towards dentists located outside your Protected Territory.

9. FRANCHISEE’S OBLIGATIONS.

9.1 Standard Product and Service Line.

In order to promote uniformity and the high quality of products and services required to protect the goodwill associated with our Marks and our System, you must sell only those items, products and services (including “same-day” and similar offers) which we authorize in writing and in the manner and method that we prescribe. You also must offer for sale all goods and services that we specify. In the event that we wish to expand the types of services or products offered for sale by "The Dentist's Choice" Businesses, you agree to comply with these changes and to acquire all equipment, supplies, tools, replacement parts inventory and other items necessary for such change or modification within one hundred eighty (180) days after you receive written notice from us.

9.2 Standard Displays, Signs, Equipment, Parts and Supplies.

To promote uniformity throughout the System, you must purchase and use in operating your Franchised Business only those displays, signs, equipment, dental handpiece replacement parts inventory, supplies and other materials that comply with our standards and specifications. We will provide these standards and specifications to you in the Manual or, if you request, otherwise in writing. You acknowledge and agree that we may, at any time during the Term, improve, expand, further develop or otherwise modify our standards and specifications by providing notice to you, and you agree to comply with all such modifications within a reasonable time.

9.3 Standard Sources of Supply.

You must purchase all hand tools, equipment and dental handpiece replacement parts inventory that you use in operating the Franchised Business from us (or if we, in our sole discretion, decide to designate or approve suppliers for any of these items, from only those suppliers). You may not purchase any item used in operating your Franchised Business from any supplier that we have disapproved. If you want to use any product in operating your Franchised Business that we have not authorized (or if we, in our sole discretion, designate or approve suppliers other than us, purchase from a supplier that we have not approved), you must first submit to us sufficient information, specifications and samples for us to determine whether the product complies with our standards and specifications (or the supplier meets our criteria). You may not use the product or purchase from any supplier unless and until you receive our approval.

9.4 Replacement Parts Quota.

Beginning six (6) months from the date you complete your training with us and continuing throughout the remainder of the Term, your Franchised Business must purchase from us at least \$4,000.00 in replacement parts each calendar quarter. After twenty four (24) months from the date you complete your training with us and continuing throughout the remainder of the Term, your Franchised Business must purchase from us at least \$5,000.00 in replacement parts each calendar quarter. Failure to achieve this minimum level of replacement parts purchased is grounds for termination of this Agreement.

9.5 Quality of Service.

You must maintain the quality of service in your Franchised Business which corresponds to the high standards we have established for the System and which complies with all applicable federal, state and local laws, ordinances and regulations. You must maintain sufficient inventory, supplies, and staff to enable your Franchised Business to satisfy local customer demand and to provide service offering completion of work ordered within a reasonable period of time determined by us. You also must provide to your customers a ninety (90) day warranty on parts and labor or such other warranty as we may prescribe during the Term.

9.6 Management and Employee Standards.

(a) **Dress and Service.** All agents or employees who represent your Franchised Business shall during working hours dress and present a neat and clean appearance according to our reasonable standards and shall render competent, efficient service to your customers.

(b) **Personal Conduct.** You (and your owners) and your employees must refrain from committing any act or pursuing any course of business conduct that tends to bring the Marks, the System or any Business into disrepute.

(c) **Conformity with Manual.** The practices, methods, and operating procedures you must use in operating your Franchised Business are set forth in the Manual or in our written or oral instructions to you, and we require you to conform your practices with national programs that we have designed and promulgated as part of our System. You must train and instruct your employees according to the provisions of the Manual before beginning to operate your Franchised Business and continue such training and instruction for the duration of their employment.

9.7 Standard Forms and Records.

(a) **Invoices.** You must make an invoice for each product sold and service rendered by your Franchised Business.

(b) **Books and Accounts.** You must establish and maintain the books, accounts, records, order receipts, etc. that we require and keep and maintain accurate records of purchases and other calculations relating to the Franchised Business in the manner we prescribe. To promote the standardization and uniformity of our franchised units and to determine whether you are complying with this Agreement, you must open your books and records for our inspection and audit at all reasonable times upon prior notice. If we conduct an audit of your Franchised Business and find that you have failed, for any reason, to properly report the Gross Sales of your Franchised Business to us, then you shall pay any deficiency we discover within fifteen (15) days of the completion of the audit, plus interest on any overdue amounts at the rate provided in this Agreement from the date originally due until the date of payment. Further, if an inspection or audit is made necessary by your failure to furnish reports, supporting records or other forms or information, or to furnish this information on a timely basis, or if the inspection or audit reveals that you understated the Gross Sales of your Franchised Business by more than ten percent (10%) during any period of not less than one (1) month, you must reimburse us for cost of the audit, including travel, lodging and wages reasonably incurred.

(c) **Inspections.** In order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, you must permit us during business hours and upon prior notice to inspect the operation and location of your Franchised Business. You must allow us to confer with you and your employees and customers concerning the quality of your services, gather information about customer satisfaction levels, check your inventories or methods, and perform any

other inspection that we deem necessary to protect the standards of quality and uniformity of the System and to secure your performance under this Agreement. If we determine that you are not complying with this Agreement, the Manual or our operating procedures, in addition to any other remedies we may have under this Agreement, we may require you to immediately correct the deficiencies and cease using all products, materials or supplies which do not meet our standards and specifications.

9.8 Payment of Obligations.

You agree to pay all current obligations and liabilities to suppliers, lessors and creditors (including us or our affiliates) on a timely basis. You further agree to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes and any other taxes arising from your operation of the Franchised Business. We will accept no liability for any of your debts or taxes, and you agree to indemnify and hold us (and our subsidiaries and affiliates) and our (and their) respective shareholders, directors, officers, employees, agents, representatives, successors and assignees (collectively the "Indemnified Parties") harmless against, and to reimburse the Indemnified Parties for, all claims, obligations, actual and consequential damages and taxes described in this Section, and for all costs reasonably incurred by any of the Indemnified Parties in the defense of any such claim, including without limitation reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses incurred during or in preparation for or contemplation of litigation or arbitration. We will have the right to defend any such claim.

9.9 Insurance.

Before beginning to operate your Franchised Business, you must obtain, in such amounts and (if we require) from such carriers that we approve, public liability and property damage insurance covering the Premises and the operation your Franchised Business, as well as general liability insurance including personal property, fire and extended coverage on an all risk replacement cost basis. You must submit certificates (if we require) evidencing your coverage prior to opening the Franchised Business and maintain the insurance coverage that we require throughout the Term. You also must carry any insurance required by your landlord, lenders or equipment lessors, and such workers compensation insurance and other coverage as applicable law requires. At our option, all insurance policies must name us as an additional insured and provide us with thirty (30) days' prior written notice of a policy's material modification, cancellation or expiration. We may periodically increase the amounts of coverage required and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards and other relevant changes in circumstances.

9.10 Limitations on Use of Marks.

(a) **Ownership and Goodwill of Marks.** You acknowledge that we own the Marks licensed to you under this Agreement, and that your right to use the Marks, including your right to use the Marks in connection with the Internet or Websites, is

derived solely from this Agreement and is limited to your conduct of business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures we prescribe from time to time during the Term. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks. You agree that your use of the Marks and any goodwill established thereby will inure to our exclusive benefit and you acknowledge that this Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of this Agreement applicable to the Marks also will apply to any additional proprietary trade or service marks or commercial symbols we hereafter authorize and license you to use in connection with the Franchised Business. You may not at any time during or after the Term contest, or assist any other person in contesting, the validity or our ownership of any of the Marks.

(b) **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of your Franchised Business, provided that you must identify yourself as the independent owner of your Franchised Business in the manner we prescribe. You may not use any Mark as part of any corporate or legal business name; with any prefix, suffix, or other modifying words, terms, designs or symbols (other than those we license to you), or in any modified form; as part of an Internet domain name, electronic address or otherwise in connection with a Website without our approval; in connection with the sale of any unauthorized product or service; or in any other manner that we do not expressly authorize in writing. You agree to prominently display the Marks in your approved advertising and marketing materials and on stationery, posters, displays and other forms we designate, and in the manner we prescribe. You also must give such notices of trade and service mark registrations and copyrights as we specify and obtain such fictitious or assumed name registrations as applicable law requires.

(c) **Notification of Infringements and Claims.** You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark or similar trademark, service mark or tradename, and you may not communicate with any person other than us (and our affiliates) and our (and their) counsel in connection with any such infringement, challenge or claim. We (or our affiliates) will have sole discretion to take such action as we deem appropriate (including no action) and the right to exclusively control any litigation, Patent and Trademark Office proceeding or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as may, in our or our counsel's opinion, be necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

(d) **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue using any Mark, and/or to use one or more additional or substitute trade or service marks, you agree to comply with our instructions within a reasonable time after receiving notice from us. Our sole obligation in this event will be to reimburse you for your reasonable out-of-pocket costs of complying with this obligation.

9.11 Telephone Service and Listing.

You must provide adequate telephone service for your Franchised Business's customers and use the telephone numbers of the Franchised Business exclusively for the operation of the Franchised Business and for no other purpose.

9.12 Payment for Items Purchased.

You agree to pay for all items purchased from us (or our affiliates) in accordance with the terms of such purchase, and to pay all other accounts or indebtedness owed to us (or our affiliates) when due. You must not withhold payment of any amounts owed to us (or our affiliates) on the grounds of our alleged non-performance of any of our obligations under this Agreement or for any other reason whatsoever. Failure to pay amounts past due and owing to us for more than sixty (60) days is grounds for termination of this agreement if not remedied within thirty (30) days of formal notice to you.

9.13 Sales Quota.

Beginning six (6) months from the date you complete your training with us and continuing throughout the remainder of the Term, your Franchised Business must achieve Gross Sales of at least Twelve Thousand Dollars (\$12,000.00) each calendar quarter. After twenty four (24) months from the date you complete your training with us and continuing throughout the remainder of the Term, your Franchised Business must achieve Gross Sales of at least Fifteen Thousand (\$15,000.00) each calendar quarter. Failure to achieve this minimum level of Gross Sales is grounds for immediate termination of this Agreement.

10. CONFIDENTIAL INFORMATION/COPYRIGHTS.

10.1 Confidential Information.

We have developed proprietary confidential information comprising methods, techniques, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of dental handpiece repair businesses, including, but not limited to: (1) knowledge of programs, concepts or results relating to categories or sources of goods sold from or used by "The Dentist's Choice" Businesses, services performed by "The Dentist's Choice" Businesses, and advertising and promotional programs; and (2) the customer lists, approved supplier lists (if we, in our sole discretion, decide to approve or designate suppliers other than us), franchisee lists and other reference materials used by "The Dentist's Choice" franchisees (collectively, the "Confidential Information"). We will disclose certain Confidential Information to you in the initial training program, the Manual and in guidance furnished to you during the Term.

You understand and acknowledge that you will not acquire any interest in the Confidential Information, other than the right to use certain Confidential Information in developing and operating your Franchised Business during the Term. You must promptly disclose to us all ideas, concepts, techniques or materials concerning a "The Dentist's Choice" Business, whether or not protectable intellectual property and whether created by or for you or

your owners or employees, and these ideas, concepts, techniques or materials will be our property, part of the System and our works made-for-hire. To the extent that any item does not qualify as our "work-made-for-hire," you assign ownership of that item, and all related rights to that item, to us and must sign whatever documents we require to show our ownership or to help us get intellectual property rights in the item.

You acknowledge that the Confidential Information is proprietary and, except to the extent that it is or becomes generally known in the relevant industry or trade, the Confidential Information is our trade secret and is disclosed to you solely for your use in operating your Franchised Business pursuant to the terms and conditions of this Agreement and on the condition that you agree, and you do hereby agree, that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the confidentiality of the Confidential Information during and after the Term; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of any of the Confidential Information, including requiring any of your employees with access to the Confidential Information to sign covenants by which they agree to be bound by the provisions of this Section 10.

10.2 Copyright.

We own copyrighted works which you may use in operating your Franchised Business. In order to protect the integrity of and preserve our rights in the copyrighted works, we may assert from time to time various restrictions on your use of the copyrighted materials, including without limitation the following:

(a) **Approval.** You must obtain our written approval before using any promotional packages or other material relating to your Franchised Business which contain our copyrighted material. We may grant or withhold our approval in our sole discretion.

(b) **Restrictions on Use.** You must not make any unlicensed use of the copyrighted works and you shall at no time do anything which will in any way impair our rights in the copyrighted works. You acknowledge and agree that you will not acquire or claim any title to or interest in the copyrighted works, other than your right to use them in developing and operating your Franchised Business according to the terms and conditions of this Agreement. You must notify us of any infringements or potential infringements of the copyrights, and we reserve the right to exclusively control any legal or administrative proceeding and take any action (including no action) that we deem appropriate.

(c) **Notice of Copyright.** When using any of our copyrighted works, you must display the copyright notice that we prescribe. Your failure to comply with these provisions for copyright protection constitutes breach of this Agreement.

11. INDEMNITY/DISCLAIMER.

11.1 Indemnity.

You agree to indemnify and hold the Indemnified Parties (as defined in Section 9.7) harmless against, and to reimburse the Indemnified Parties for, any and all claims and liabilities arising directly or indirectly out of the operation of your Franchised Business or your use of the Marks in any manner not in accordance with this Agreement, for which any of the Indemnified Parties are held liable, and for all costs reasonably incurred by any of the Indemnified Parties in the defense of any such claim brought against any of the Indemnified Parties or in any action in which any Indemnified Party is named as a party, including without limitation reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses incurred during or in preparation for or contemplation of litigation or arbitration. We will have the right to defend any such claim. The indemnities and assumptions of liabilities and obligations described in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11.2 Warranty and Disclaimer.

We warrant that all replacement parts that we sell to you will be free from defects in materials, workmanship and design for ninety (90) days from the date you place-in-service the part from us. If you discover such a defect within that ninety (90) day period, and we agree, you may return the part to us for a refund credit. This warranty applies to replacement parts inventory and to hand tools, equipment or other items we sell to you. Except as explicitly described above, we shall not be liable to you or any other person with respect to the services, inventory, products or equipment used in connection with your Franchised Business or the sale of any services or items bearing the Marks, including the performance characteristics, fitness or suitability of any of them for any purpose. Except as explicitly described above, we make no warranties, express or implied, with respect to the use of the Marks or your equipment or inventory, the use or characteristics of any products, goods, or items sold to you, or the performance, results, or effects of any of them. **WE HEREBY DISCLAIM ANY IMPLIED WARRANTY OF MERCHANTABILITY AND ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY ITEMS WHICH WE SELL TO YOU.** Notwithstanding any other provision of this Agreement, we disclaim any liability for incidental or consequential damages or losses of any sort arising from the execution of this Agreement, our furnishing services to you, our selling items to you or as a consequence of any goods or services which you provide to your clients under the Marks, whether or not arising from defects, malfunctions or failure to conform to specifications.

12. TRANSFER.

12.1 Transfer Defined.

As used in this Agreement, the term "transfer" includes any voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer by you (or your owners) of any interest in this Agreement, the Franchise, an ownership interest in you or the Franchised Business, and includes:

the transfer of ownership resulting from the sale of a stock or similar ownership interest in you or of a security convertible into your stock or ownership interest; the merger or consolidation of ownership interests in you; any transfers due to divorce, insolvency or corporate, partnership or similar dissolution; your death or disability or the death or disability of any of your owners; or any declaration of or transfer in trust, intestate succession, or otherwise by operation of law. You must not transfer your interest in this Agreement as a separate business independent of the Franchised Business or sell the Franchised Business by itself and separate it from your interest under this Agreement unless you receive our written consent to do so.

12.2 Transfer of the Franchise.

You understand and acknowledge that the rights and obligations created by this Agreement are personal to you (or your owners) and that we have granted the Franchise to you in reliance upon our perception of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Therefore, you may not make any transfer without our prior approval. Any transfer without our approval constitutes a breach of this Agreement and is void and of no effect. You must not be in default (or, at our option, you must cure all defaults) under this Agreement and pay us all monies which you owe us before we will approve any transfer. Any transferee must complete and submit our franchise application, be of good moral character and financially capable of purchasing and operating the Franchised Business, and complete our training program to our satisfaction. You or the transferee also must pay us a transfer fee of Five Thousand Dollars (\$5,000.00). If we approve the transfer, the transferee must sign our then current form of franchise agreement, which may contain terms and conditions different from this Agreement, for a full ten year (10) term and you (and your owners) must sign the form of general release that we prescribe. You (and your owners) and the transferee also must submit or sign such legal documentation as our legal counsel may reasonably deem necessary to properly and legally document the transfer. No transfer will release you from your obligation to perform the terms and conditions of this Agreement up to the date of any approved transfer. You (and your owners) must comply with all provisions of Section 14 of this Agreement after the transfer, which includes complying with the terms and conditions of Section 14.4 for two (2) years following the effective date of the transfer. Our consent to or approval of any transfer or transferee does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of your Franchised Business or the transferee, or a waiver of any claims we might have against you (or your owners) or of our right to demand the transferee's exact compliance with the terms and conditions of this Agreement or any other agreement between the transferee and us.

12.3 Right of First Refusal.

If you (or your owners) at any time determine to transfer an interest in this Agreement and the Franchised Business or an ownership interest in you, we have a right of first refusal to purchase this interest. You must communicate the offer to us, in detail and in writing, and the offer must apply only to the Franchise, any interest in this Agreement or the Franchised Business, or any ownership interest in you. We then have thirty (30) days from our receipt of all of the terms of the offer within which to purchase such interest for the price and on the terms and conditions contained in the offer. We must notify you in writing within these thirty (30) days of

our intent to exercise this right. If you do not receive notification from us within these thirty (30) days, you may then transfer your interest to the third party on the exact terms and conditions of the offer, subject to our approval (as provided in Section 12.2). If at any time the terms of the offer change in any material way, this will be regarded as a new offer which is subject to our right of first refusal under this Subsection.

12.4 Transfer Upon Death or Incapacity.

If you (or your principal owner) should die or become incapacitated during the Term, any executor, administrator, guardian or other personal representative must transfer your, his or her interest in this Agreement or ownership interest in you to a third party that we approve within a reasonable time (not to exceed six (6) months). This transfer (including, without limitation, by bequest or inheritance) will be subject to all the terms and conditions specified in Section 12.2 hereof. Failure to transfer such interest within this period of time shall constitute a breach of this Agreement.

12.5 Assignment to Wholly-Owned Corporation or Limited Liability Company.

You may assign the Franchise and your interest in this Agreement to a corporation, limited liability company or other business entity which you control, without satisfying the requirements of Sections 12.2 and 12.3, provided that you sign a personal guarantee of performance in a form we prescribe, demonstrate that the business entity is financially solvent and own beneficially and of record one hundred percent (100%) of the voting and ownership interests in such business entity. Any transfer of the ownership interests of such corporation, limited liability company or other business entity during the Term is subject to our approval and right of first refusal under Sections 12.2 and 12.3 hereof.

12.6 Legend.

If you are a corporation, partnership, limited liability company or other business entity, all shares of capital stock or other ownership interest must bear a legend which informs a potential assignee of the restrictions regarding assignment in this Agreement.

12.7 Transfer by Us.

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interest in it.

13. TERMINATION.

13.1 Termination by Us.

We will have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if:

- (a) You (or any of your owners) are convicted of or plead no contest to a felony, perform any act that might put our Marks or the System into disrepute or are declared insane by a civil or criminal court;

(b) You abandon or fail to operate your Franchised Business continuously during the Term in accordance with the customary days and hours of operation we establish for a Business, or fail to operate without a business telephone and answering service for more than fifteen (15) consecutive business days;

(c) You (or any of your owners) become insolvent, suffer a voluntary or involuntary declaration of bankruptcy, have a receiver appointed for any portion of your property or the assets of the Franchised Business, or make an assignment for the benefit of your creditors or admission of an inability to pay your Franchise-related obligations as they become due (in which event the termination of this Agreement is effective immediately without notice from us);

(d) You fail to maintain a location for your Franchised Business within the Protected Territory;

(e) You operate your Franchised Business from one or more locations outside your Protected Territory without our written consent;

(f) You fail to comply with our provisions regarding protection of our Marks or copyright materials or the use or disclosure of the Confidential Information;

(g) You (or any of your owners) violate the provisions of Section 16 of this Agreement;

(h) You fail to complete our initial training program to our satisfaction;

(i) You (or any of your owners) make any unauthorized assignment, transfer or encumbrance of any interest in this Agreement, the Franchised Business, the Franchise or any ownership interest in you;

(j) You (or any of your owners) make any material misrepresentation or omission in your franchise application or in your statements to us prior to acquiring the Franchise;

(k) You (or any of your owners) willfully violate any regulation, ordinance, statute or administrative ruling related to the Franchised Business;

(l) You fail to order replacement parts inventory for a period of three (3) consecutive months;

(m) Your Franchised Business fails to achieve the minimum level of Gross Sales provided in Section 9.13 of this Agreement;

(n) Your Franchised Business fails to purchase the minimum level of replacement parts provided in Section 9.4 of this Agreement;

(o) You (or any of your owners) willfully misrepresent the Gross Sales of the Franchised Business;

(p) You fail to submit any report required by this Agreement, including the report of "Gross Sales" for a period of three (3) consecutive months; submit an inaccurate report or fail to pay us any amount when due (including any Royalty/Service Fee) and do not cure such failure within fifteen (15) days after we deliver written notice of such failure to you;

(q) You fail to comply with any other provision of this Agreement or the Manual and do not cure such failure within thirty (30) days after we deliver written notice of such failure to you; or

(r) You fail on three (3) or more occasions during any twelve (12) month period to comply with the provisions of this Agreement or the Manual, whether or not such failures are cured after we deliver notice.

13.2 Your Right to Terminate This Agreement.

You may terminate this Agreement at any time, effective thirty (30) days after we receive written notice from you, provided you comply with Section 14 of this Agreement following such termination.

14. YOUR OBLIGATIONS UPON EXPIRATION OR TERMINATION.

14.1 Proprietary and Confidential Information.

Immediately upon the expiration (without renewal) or termination of this Agreement, you must discontinue using any and all of our copyrighted materials and other Confidential Information. You must return to us all copies of the Manual, advertising materials and printed material pertaining to the Franchised Business as well as your customer lists, approved supplier lists (if any) and any other Confidential Information you possess in written or other tangible form.

14.2 Deidentification.

Immediately upon the expiration (without renewal) or termination of this Agreement, you must discontinue using any and all of the Marks or any colorable imitations of our Marks, including all telephone listings, Internet domain names, Websites, advertising products, signs and other materials which display our Marks. Upon our request you shall assign to us the telephone numbers used in your Franchised Business according to the terms of the Telephone Number Assignment Agreement, which may include paying any outstanding amounts then owned to a telephone company, paying any transfer fees and signing such other documents and performing such acts as we may reasonably require to allow us to obtain your rights in the telephone numbers of the Franchised Business. Immediately upon the expiration (without renewal) or termination of this Agreement, you also must assign to us all Internet domain names, Websites or similar intellectual property and material, if any, used in operating your Franchised Business. In addition, you may not at any time following the expiration (without renewal) or termination of this Agreement identify yourself or any business as current or former "The Dentist's Choice" Business or as our current or former franchisee or licensee.

14.3 Accounting.

Within thirty (30) days after the effective date of expiration (without renewal) or termination of this Agreement, you must submit to us an accounting which you will certify to accurately reflect the Gross Sales of your Franchised Business through the effective date of termination or expiration and which details all monies that you owe us with respect to any requirement under this Agreement. All payments owed to us under this Agreement are due within thirty (30) days after you submit the accounting according to this Subsection.

14.4 Restrictive Covenant.

You acknowledge and agree that you will have access to our proprietary methods of operation, procedures and systems used in operating a dental handpiece repair business, other forms of our Confidential Information and other proprietary information and copyrighted materials during the Term, and that the use of this information by any of the Restricted Persons (defined below) other than in connection with the operation of your Franchised Business would constitute an unfair method of competition with us, our affiliates and our franchisees. You therefore agree that, for the two (2) year period beginning on the effective date of expiration (without renewal) or termination or the date on which you cease to conduct business, whichever is later, if any of the Restricted Persons operates or has any direct or indirect interest as a disclosed or beneficial owner (other than the ownership of publicly-held securities that are traded on a stock exchange or on the over-the-counter market and which represent five percent (5%) or less of the class of securities of the issuer thereof outstanding), investor, partner, member, director, officer, employee, consultant, representative or agent, or in any other capacity, in a dental handpiece repair business which is located within one hundred (100) miles of your Protected Territory or any then existing "The Dentist's Choice" Business, you must pay us each month twenty percent (20%) of the monthly Gross Sales of such business to compensate us for such unfair competition. You acknowledge and agree that this restriction is a reasonable estimate of the damages resulting from such unfair competition and does not deprive any of the Restricted Persons of their personal goodwill or ability to earn a living. For purposes of this Agreement, the term "Restricted Persons" means you, your owners and members of your (or their) respective immediate families.

15. RELATIONSHIP OF THE PARTIES.

We and you understand and agree that this Agreement does not create a fiduciary relationship, that we and you will be independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. You do not have, nor shall you hold yourself out as having, any right, power or authority to create any contract or obligation, either express or implied, on behalf of us, in our name, or binding upon us. Any act or omission by either party to this Agreement shall not obligate the other. You shall, upon our request, post notice that your Franchised Business is independently owned and operated under a franchise agreement with us.

16. EXCLUSIVE RELATIONSHIP.

You acknowledge that we could not protect our Confidential Information and trade secrets against unauthorized use or disclosure if any Restricted Person (as defined in Section 14.4) holds an interest in a business similar to the Franchised Business. Therefore, to protect us and all of our franchisees, you agree that, during the Term, you shall not have any direct or indirect interest as a disclosed or beneficial owner (other than the ownership of publicly-held securities that are traded on a stock exchange or on the over-the-counter market and which represent five percent (5%) or less of the class of securities of the issuer thereof outstanding), investor, partner, member, director, officer, employee, consultant, representative or agent, or in any other capacity, in any dental handpiece repair business within the Continental United States and Canada, other than the one contemplated by this Agreement or any other franchise agreement which you sign with us.

17. WAIVER.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of the Term) by virtue of any custom or practice at variance with the terms of this Agreement; the failure, refusal or neglect by either us or you to exercise any right under this Agreement or to insist upon exact compliance by the other party with its obligations under this Agreement, including, without limitation, any provision of the Manual; our waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other "The Dentist's Choice" Businesses; the existence of other franchise agreements for "The Dentist's Choice" Businesses which contain different provisions from those contained herein; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

We and you will not be liable for loss or damage, or deemed to be in breach of this Agreement, if our or your failure to perform any obligations results from:

- (a) transportation shortages or the inadequate supply of equipment, products, supplies, labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

- (b) acts of God;
- (c) fires, strikes, embargoes, war or riot; or
- (d) any other similar event or cause.

Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of such occurrence or payment of royalty fees due on any sales thereafter.

18. ARBITRATION.

At the request of either party, any unresolved controversy (except for controversies, disputes or claims related to or based on your use of the Marks) arising out of this Agreement, any provision of this Agreement or our relationship with you will be submitted for binding arbitration in the County of Orange, State of California, to a panel of three (3) independent arbitrators in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) and not by any state arbitration law. Arbitration will be conducted on an individual, not a class-wide, basis. The decision of the arbitrators may be filed as a judgment in the Superior Court of California and shall be binding in any other jurisdiction. Notwithstanding anything to the contrary contained in this Section, we and you each have the right in a proper case to obtain temporary restraining orders or temporary or permanent injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided in this Section.

19. NOTICE.

All notices under this Agreement shall be in writing and will be deemed delivered (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy with proof of receipt; (c) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or (d) three (3) business days after placement in the United States Mail for delivery by registered or certified mail, return receipt requested and addressed to the party's last known address and shall be considered lawful and valid process.

20. SEVERABILITY.

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion of this Agreement, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind both you and us, although any portion held to be invalid will be deemed not

to be a part of this Agreement from the date the time for appeal expires if you are a party to such proceeding, otherwise upon your receipt from us of a notice of non-enforcement.

If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity restricted, degree of restriction and/or length of time, but would be enforceable by reducing or otherwise modifying any part or all of such covenant, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement or of our refusal to enter into a renewal franchise agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions in this Agreement, and we will have the right, in our sole discretion, to modify such invalid or unenforceable provision to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

21. CONTROLLING LAW.

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to that state's conflict of laws principles, except that any law regulating the sale of franchises or "business opportunities" or governing the relationship between you and us (including, without limitation, the California Franchise Investment Law, the California Contracts for Seller Assisted Marketing Plans Law and the California Franchise Relations Act) will not apply unless its jurisdictional requirements are met independently without reference to this Section.

22. CHOICE OF FORUM.

Subject to Section 18, you and your owners agree that we may institute any action against you or them in any state or federal court of general jurisdiction in the State of California, and you and they irrevocably submit to the jurisdiction of such courts and waive any objection you, he or she may have to either the jurisdiction of or venue in such courts.

23. WAIVER OF PUNITIVE DAMAGES/JURY TRIAL.

Except with respect to your obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you (or your owners), the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you (and each of your owners) hereby irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

24. COSTS AND ATTORNEYS' FEES.

If we or any of our affiliates incur expenses in connection with your failure to pay when due amounts you owe to us or them, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us and our affiliates for any of the costs and expenses that we or they incur, including, without limitation, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and related fees, costs of investigation and proof of facts, and any other reasonable fees, costs, or expenses incurred in preparation for or contemplation of arbitration or litigation.

25. ENTIRE AGREEMENT.

This Agreement (together with the Telephone Number Assignment Agreement and the Manual) contains the entire agreement of the parties with respect to the subject matter contained herein and is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. There are no representations, either oral or written, except those contained in this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation made by us in our most recent franchise disclosure document (including exhibits and amendments) that we delivered to you or your representative. Except with respect to our modifications to the Manual, neither this Agreement nor the relationship between the parties may be modified during the Term unless such modifications are set forth in writing and signed by both parties.

26. FRANCHISEE ACKNOWLEDGEMENTS.

(a) **Independent Investigations.** Each person indicated as "Franchisee" acknowledges that he or she has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon the those individuals' business abilities and efforts. You acknowledge that you have been given the opportunity to clarify any provision of this Agreement that you may not have initially understood and that we have advised you to have this Agreement reviewed by an attorney. Do not sign this Agreement if there is any question concerning its contents or any representations made.

(b) **No Guarantees of Earnings.** You acknowledge that we and any of our representatives or agents with whom you have met have not and are not making any guarantees as to the extent of your success in your Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with your Franchised Business. You acknowledge we have in fact told you that it is possible that you will achieve no income as result of any payments you make to us, or training or other services which we provide to you. You acknowledge that we have not told you that we have any responsibility to secure clients for you or to assist in securing clients or business for you and you agree that we cannot be held responsible in the event that you fail to secure clients in your own interest.

(c) **No Personal Liability.** You acknowledge that our fulfillment of any and all of our obligations or promises under this Agreement or otherwise shall be the sole responsibility of The Dentist's Choice Inc. and no agent, representative or individual associated with us shall be held personally responsible.

(d) **Receipt of Offering Circular.** You acknowledge that our Franchise Offering Circular has been in your possession for at least ten (10) business days before you signed this Agreement.

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

THE DENTIST'S CHOICE, INC.,
a Nevada corporation

**CORPORATION, PARTNERSHIP,
LIMITED LIABILITY COMPANY OR
PROPRIETORSHIP**

By: _____
Title: _____ President

[Name]

By: _____
Title: _____

INDIVIDUALS:

[Print Name]

[Print Name]

EXHIBIT A

PREMISES AND PROTECTED TERRITORY

Locations(s) of the Franchised Business:

Your Protected Territory is described as follows:

THE DENTIST'S CHOICE, INC.,
a Nevada corporation

**CORPORATION, PARTNERSHIP,
LIMITED LIABILITY COMPANY OR
PROPRIETORSHIP**

By: _____
Title: _____ President

[Name]

By: _____
Title: _____

INDIVIDUALS:

[Print Name]

[Print Name]

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by The Dentist's Choice, Inc. (the "Company"), each of the undersigned hereby personally and unconditionally (a) guarantees to the Company, 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 (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary and non-monetary obligations, including without limitation Sections 14.4 and 16 and all obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this guaranty shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by an extension of time, credit or other indulgence which the Company 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.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this guaranty.

If the Company is required to enforce this guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, it shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If the Company is required to engage legal counsel in connection with any failure by the undersigned to comply with this guaranty, the undersigned shall reimburse the Company for any of the above-listed costs and expenses it incurs.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTORS:

**ADDITIONAL DISCLOSURES FOR THE ILLINOIS FRANCHISE AGREEMENT OF
THE DENTIST'S CHOICE, INC.**

ILLINOIS LAW WILL GOVERN THE FRANCHISE AGREEMENT AND ALL LITIGATION WILL BE BROUGHT IN ILLINOIS COURTS.

The Illinois Franchise Disclosure Act, Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois. The Act does permit agreements to require you to arbitrate outside the state of Illinois. The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41). You cannot waive any of your rights given to you by the Illinois Franchise Disclosure Act (Section 41). You may have other rights under the Illinois Franchise Disclosure Act or other laws of the state of Illinois. To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

The undersigned does hereby acknowledge receipt of this rider.

Dated this _____ day of _____ 20 _____ .

Signature_____

**ADDITIONAL DISCLOSURES FOR THE MINNESOTA FRANCHISE AGREEMENT
OF THE DENTIST'S CHOICE, INC.**

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

EXHIBIT D

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

**LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

California

California Corporations Commissioner:
Toll Free: 1-866-275-2677

Los Angeles

320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505

Sacramento

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

San Diego

1350 Front Street
San Diego, California 92101-3697
(619) 525-4044

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 557-3787

Hawaii

(for service of process)
Director, Department of Commerce
and Consumer Affairs
1010 Richards Street
Honolulu, Hawaii 96813
(808) 548-2722

Hawaii (cont.)

(for other matters)
Business Registration Division
Department of Commerce and Consumer
Affairs
P. O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

Illinois

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

Indiana

(for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)
Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317)232-6681

Maryland

(state agency)
Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)
Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

Michigan

(state agency)
Consumer Protection Division
Department of Attorney General
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7117

(for service of process)
Michigan Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
85 7th Place East
St. Paul, Minnesota 55101
(651) 296-6328

New York

(for service of process)
Secretary of the State of New York
41 State Street
Albany, New York 12231
(518) 474-4750

(for other matters)
New York State Department of Law
Investment Protection Bureau
120 Broadway
New York, New York 10271-0332
(212) 416-8000

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 328-2910

Oregon

Department of Consumer and Business
Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Rhode Island

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 222-3048

South Dakota

South Dakota Department of Commerce
Division of Securities
118 West Capitol
Pierre, South Dakota 57501-2017
(605) 773-4013

Wisconsin

Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-1064

Virginia

(for service of process)
Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9672

(for other matters)
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

(for service of process)
Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

(for other matters)
Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

EXHIBIT E

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Highspeed Handpieces

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 - Jacobs Chuck and Push Button
- Midwest 8000/8000I
- Midwest Quiet Air
 - Jacobs Chuck
 - Power Lever Style
- Midwest Tradition/XGT/Stylus
 - Tradition Jacobs Chuck
 - Tradition Power Lever Style
 - Tradition or XGT Push Button
 - Stylus
- Star 430
 - Star 430 K and 430 SWL Jacobs Chuck
 - Star 430 K and 430 SWL Push Button
 - Other Star handpieces
- KaVo Small Head
 - KaVo Contact Air Jacobs Chuck
 - KaVo 632B and 642B Push Button
 - KaVo 635B
- KaVo Large Head
 - KaVo 630B and 640B Push Button
 - KaVo 6000B
 - KaVo 6500B

- Lares
 - Lares 330E Jacobs Chuck
 - Lares 557 Push Button
 - Lares 757 Push Button
- W&H Adec
 - Synea Small & Large Head
- Other High Speed Handpieces

Slow Speed Motors

- Midwest Tru-Torc Single Speed
- Midwest Tru-Torc Two Speed
- Midwest Shorty Single Speed
- Midwest Shorty Two Speed
- Midwest RDH/Rhino
- Star 20K Motor
 - 4 Hole Connector Style
 - Swivel Connector Style
- Star 5K Motor
- Champion Little Guy Motor
- Kavo LN Motor
- Other Slow Speed Motors

Electrics

Attachments

- Midwest Nosecones
 - Latch Style Nosecone
 - Old Style Nosecone
 - Red Stripe Nosecone
 - New NSK/MW Style Nosecone
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THE DENTIST'S CHOICE

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EXHIBIT F

**STATE-SPECIFIC ADDITIONAL
DISCLOSURES AND RIDERS**

ADDITIONAL DISCLOSURES FOR THE
MULTI-STATE FRANCHISE OFFERING CIRCULAR OF
THE DENTIST'S CHOICE, INC.

The following are additional disclosures for the Franchise Offering Circular of The Dentist's Choice, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently, without reference to these additional disclosures.

CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

The California Business and Professions Code Sections 20000 to 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains any provisions that are inconsistent with the law, the law will control.

The Franchise Agreement contains a restriction on competition which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.

OUR WEBSITE, WWW.THEDENTISTSCHOICE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT WWW.CORP.CA.GOV.

The Franchise Agreement contains a liquidated damage clause, and under California Civil Code, Section 1671 certain liquidated damage clauses are unenforceable.

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

The franchise agreement requires application of the laws of Nevada. This provision may not be enforceable under California law.

THE FRANCHISEE AGREEMENT REQUIRES YOU TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 PROVIDES

THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER THEREUNDER IS VOID. SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS IN CERTAIN CIRCUMSTANCES UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTION 31000-31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS IN CERTAIN CIRCUMSTANCES UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000-20043).

Neither we nor any person or franchise broker disclosed in Item 2 of this Offering Circular 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 Sections 78a et seq., suspending or expelling the person from membership in the association or exchange.

ILLINOIS

1. The “Summary” section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

Litigation must be in Illinois.

2. The “Summary” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except for federal law, Illinois law controls.

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.

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.