

SPECIALTY RETAIL LICENSE AGREEMENT

Color Me Beautiful, Inc.

This Licensing Agreement (“Agreement”) is made this day between Color Me Beautiful, Inc. (“CMB”) and (“Owner” or “Specialty Retailer”).

RECITALS

A. Owner desires to acquire the license to use the CMB tradename to sell CMB owned and licensed cosmetics, skin care and fragrances (“Products”) as a Specialty Retailer (which includes, but is not limited to, selling as a Kiosk Owner) in which the primary objective of such specialty retail establishment is to sell CMB Products.

B. Owner desires to sell Products as a Specialty Retailer.

C. CMB desires to supply the Product, on a wholesale basis, to the Owner of such specialty retail establishment.

Now, therefore, in consideration of the mutual benefits and obligations, the receipt and sufficiency of which is hereby acknowledged, Owner and CMB agree as follows:

OWNER’S INVESTMENT

1. Owner agrees to pay CMB a Licensing fee of Five thousand five hundred dollars (\$5,500) in consideration for the following:

(a) Site Selection for Specialty Retailer. CMB will provide Owner with information that will assist them in selecting the mall or other retailing site. And, CMB management will provide counsel and coaching to Owner in negotiating the lease price and terms.

(b) All Normal Start-Up Operating Expenses. CMB will cover all normal start-up operating expenses for Owner to successfully become a Specialty Retailer. Specifically, the following expenses are paid for: the cost of the first month’s rent up to a maximum of \$1,800; the first year’s business licenses, business insurance, and registrations; all equipment including, but not limited to, cash register and credit card machine, and; fixtures, phone installation and supplies.

In the unlikely event additional capitalization is needed, such as for the build-out of an inline store or the manufacture of a kiosk, Owner will pay for such additional capitalization. In some instances, a security deposit is required. If so, Owner will pay such security deposit.

(c) \$3,750 in Start-Up Inventory At Retail. Owner will receive \$3,750 retail value of best selling cosmetics (\$1,500 wholesale), skin care and fragrances as opening inventory. Products will be selected by Owner with assistance from CMB based on the demographics of the selected retailing site.

(d) Training/ Launch Support. A CMB Training and Sales Manager will train the Owner upon opening of the Owner’s specialty retailing establishment. During this 5 day

training and launch, Owner will learn to successfully run a specialty retailing business. Specifically, Owner will receive training on: (1) product knowledge and personal selling; (2) hiring, training and managing staff; (3) merchandising, and; (4) inventory and operational management.

(e) Ongoing Support. Once the specialty retailing establishment is open, the Owner will receive ongoing promotional, merchandising and marketing support so long as Owner is complying with CMB's policies and procedures and making all due effort to grow her (his) business in accordance with the training provided by CMB.

2. Owner may have as many individuals at the training and launch as she (he) seems appropriate. All individuals will be trained by the CMB Training and Sales Manager.

3. Owner must pay CMB the Five thousand five hundred dollars (\$5,500) Licensing Fee at least two (2) weeks prior to opening in order to have equipment and cosmetic inventory on-site in time for the opening.

RIGHTS GRANTED

1. The Owner is granted rights to use the CMB tradename and market and use the licenses and brands owned by CMB to sell Products as a Specialty Retailer. The Owner agrees that Color Me Beautiful will be the name of the specialty retailing establishment.

2. The Owner may sell any and all of the CMB brands as a Specialty Retailer and may select Products from *Color Me Beautiful*, *Patti LaBelle*, *Flori Roberts*, *Gale Hayman of Beverly Hills*, *Interface* and *Adrien Arpel* so long as CMB supplies such Products.

3. The Owner agrees to purchase Products only from CMB. So long as the Owner is licensed to sell one or more of the CMB brands, the Owner will only sell CMB Products as a Specialty Retailer and no others. If an Owner sells other products, as determined by CMB, CMB has the option, at its sole discretion, of lowering the Owner's inventory purchase discount or canceling this Agreement immediately.

4. The Owner is authorized to sell services which complement CMB Products such as brow services and makeovers as a Specialty Retailer. CMB, at its sole discretion, will decide if a service complements its Products and is allowable.

5. CMB agrees to allow the Owner to join CMB's home-based business program whereby the Owner may sponsor others to sell Products and Owner receives a commission on the organization's sales. To join, the Owner must sign a Consultant Agreement and purchase a Career Pack.

6. The Owner agrees it is not acquiring any rights, titles or interests and has no rights, titles or interest in the trademarks, brands or other proprietary rights of CMB or associated with Products other than the right to sell the Products to the general public and, in the case of those Owners who join CMB's home-based business program, to sponsor others to sell Products. The Owner agrees to market the specialty retailing establishment under the CMB name and use the brands' tradenames for display of product and merchandising materials. Only merchandising materials supplied by CMB may be used unless approved by CMB in writing.

TERRITORY/MULTIPLE UNITS

1. The Owner has no exclusive rights to a retailing site, mall or territory. However, once an Owner is set up in a mall or other retailing site, CMB will not place another Specialty Retailer in that same mall or location unless the Owner who set up first is not meeting reasonable sales expectations as determined by CMB's prior experience and/or a competitor's sales performance.

2. If the Owner who opens first is not meeting CMB's sales expectations, that Owner will be notified and given sixty (60) days to meet CMB's sales expectations. If sales expectations are met, CMB will not place another Specialty Retailer in that mall or site. If CMB's sales expectations are not met after sixty (60) days, CMB has the right, at its sole discretion, to either cancel this Agreement immediately or open another Specialty Retailer in that mall or site.

3. Furthermore, for those malls or sites which CMB deems large enough to support two (2) or more Specialty Retailers selling the same brands, the Owner who opens first will be given the opportunity to set up multiple specialty retailing establishments. However, that Owner must obtain permission from CMB to do so and approval will be based on the specialty retailing establishment's sales being at or above CMB's expectation and the Owner agreeing to open additional specialty retailing establishments according to an agreed-upon schedule which is consistent with CMB's growth plans.

4. If a mall can support a specialty retailing establishment marketing to women of lighter skin as well as one marketing to women of darker skin, therefore emphasizing different brands, CMB may place a second specialty retailer in the same mall or site so long as the second Specialty Retailer markets to a different segment of the population (even though some products may be the same). So long as the Owner is meeting CMB's sales expectations, that Owner has the first right of refusal to open the additional specialty retailing establishment.

TERM

The Owner will have the right to license the CMB tradename to sell CMB Products for so long as Owner meets conditions of this Agreement and is in no material breach of the Agreement.

INVENTORY PRICING AND TERMS

1. CMB agrees to sell Product to Owner at "Favored Nation" pricing which is: (1) for basic product, up to a sixty percent (60%) discount from retail; (2) for promotional products, at a fifty percent (50%) discount, and; (3) for testers, supplies, and promotional and marketing materials, at CMB's cost.

2. Owner must purchase, on average, at least \$2,000 wholesale (net) per month in Product to continue to receive "Favored Nation" pricing. If Owner's average purchases fall below \$2,000 net per month, CMB will lower Owner's inventory purchase discount to forty percent (40%) from retail on basic Product (from 60%) until Owner's average purchases increase to at least \$2,000 net per month on a consistent basis.

3. If the Owner is found to be selling competitive products or any unauthorized products as a Specialty Retailer, or if the Owner is purchasing CMB products from anyone or

any organization other than CMB, CMB may, at its sole discretion, as an alternative to canceling the Agreement, reduce the Owner's discount to forty percent (40%) from retail on basic Product.

4. With the approval of CMB management, the Owner is authorized a one-time restocking return, with no handling fee, in order to balance inventories. For this return, the Owner is responsible for the expense of shipping to CMB's warehouse. This one-time, no handling fee return must be accomplished within sixty (60) days of the Owner opening the kiosk.

Thereafter, all inventory returns must be authorized by CMB and there is a restocking and handling charge of fifteen percent (15%) of the net wholesale value of the return. The Owner is responsible for shipping the merchandise back to CMB in saleable condition. If the merchandise is not returned in saleable condition, the inventory will be returned to Owner and no return credit given. If the kiosk closes and a return is authorized, Owner will be assessed a restocking and handling charge of twenty five percent (25%) of the net wholesale return. CMB reserves the right not to accept a return after the business has closed.

5. In the event of CMB mis-shipping merchandise or sending Owner damaged merchandise, the merchandise can be returned to CMB, after CMB's approval, with no handling charge to Owner and CMB will pay for shipping expenses back to its warehouse facilities.

INSURANCE

1. The Owner agrees to obtain adequate insurance coverage for personal injury, personal property and property damages. Any insurance so obtained by Owner must comply with terms of the mall lease, be acceptable to CMB, and name CMB as an additional insured.

2. If the Owner fails to comply with any provision in the lease pertaining to insurance coverage, Owner agrees to indemnify, save and hold harmless CMB from all loss, claims, damages, expenses (including attorneys' fees) and costs resulting from Owner's failure to comply with such provision.

MALL SELECTION AND LEASE AGREEMENT

1. The Owner accepts responsibility for selecting the mall or site (as well as location within the mall or site) and negotiating the lease. CMB will assist Owner in all aspects of selecting the mall or site as well as location in the mall or site and negotiating the lease.

2. Where there is more than one potential Owner for a particular mall or site, the potential Owner who pays the Licensing Fee first will have the first right of refusal for that mall or site so long as she (he) opens that specialty retailing establishment within sixty (60) days of paying the Licensing Fee.

3. The Owner agrees to adhere to any rules set forth by the owner of the mall as well as any other provisions of the lease which affect the Owner's occupancy. The Owner further agrees to pay any fines associated with failure to adhere to the rules established by the landlord or other provisions of the lease. Once a lease is signed with a mall or other site, Owner may not change malls or retailing site without written authorization by CMB.

MERCHANDISING, ADVERTISING AND CUSTOMER SERVICE

1. The Owner agrees to comply with the terms of this Agreement. To that end, the Owner agrees to be responsible for adhering to the policies and procedures of CMB. The Owner will maintain and manage the customer service, merchandising, cleanliness and neatness of the specialty retailing establishment in a way that favorably represents Products and is consistent with department store distribution standards.

(a) The Owner agrees to merchandise and keep the specialty retailing establishment clean and tidy according to department store standards. Non-compliance is a material breach of this Agreement. For the first infraction, the Owner will be given a written warning. For the second infraction, the Owner will be fined \$500 and given a written warning. For the third infraction, the Owner's Agreement may be terminated at CMB's sole discretion.

(b) The Owner agrees that all signage will reflect Color Me Beautiful as the name of the specialty retailing establishment. All other signage must be authorized by CMB.

(c) The Owner agrees to uphold highest standards of personal appearance, grooming and customer service and to ensure that all specialty retailing staff do likewise.

(d) The Owner agrees that highest levels of customer service will be maintained at all times. Under no circumstances will a Specialty Retailer refer a customer, who bought product at the specialty retailing establishment, to another retailer or CMB for a refund.

(e) The Owner agrees to use CMB materials for any advertising. Advertising must be approved by CMB in writing.

COVENANTS OF OWNER

1. Owner covenants as follows:

(a) Owner shall use best efforts to market and sell the Products;

(b) Owner will display, promote and sell Products only from the specialty retailing establishment and only from that space identified in the lease unless approved by CMB. The only exception is if Owner joins CMB's home-based business program where Owner can sponsor others to sell Products outside of the specialty retailing establishment.

(c) Owner shall comply with all applicable federal, state and local laws and regulations in the sale of the Product and the operation of its business;

(d) Owner shall conduct business in a manner that will reflect favorably at all times on the CMB owned and licensed trademarks and the Product;

(e) Owner shall not sell any other products or services other than that acquired from and/or approved by CMB;

(f) Owner shall comply with all terms and provisions of the lease;

(g) Owner will keep accurate and good records of names, phone numbers and other contact information of clients who purchased products or services from the specialty retailing establishment as well as what was purchased and when.

(h) Upon termination of this Agreement, Owner will satisfy any and all owed CMB within thirty (30) days of termination and return all of the unpaid-for Products.

COVENANTS OF CMB

1. CMB covenants as follows:

(a) CMB agrees, upon execution of this Agreement by the parties hereto, to keep out of stocks of Products on current order form to below ten percent (10%) and to ship Products within five (5) business days of receiving order so long as account is in good standing.

(b) CMB agrees to provide Owner "Favored Nation" pricing and terms so long as Owner meets conditions to receive such pricing.

(c) CMB agrees to provide ongoing training and sales support so long as Specialty Retailer is complying with CMB's policies and procedures and following CMB's prescription for growth and profitability for such Specialty Retailer.

(d) CMB agrees to provide new products and product promotions as dictated by consumer needs.

TERMINATION

1. If the Owner defaults in the performance or breaches any of those other covenants including, but not limited to, payment to CMB for Product, CMB shall notify Owner in writing which shall describe such default. If Owner thereafter fails to cure such default within ten (10) days, this Agreement may be terminated by CMB at its sole discretion. Upon termination of this Agreement, due to any breach, which is not cured as outlined above, Owner shall remain liable for all payment to be made under the lease.

2. If Agreement is terminated for any reason including, but not limited to, Owner closing her (or his) specialty retailing establishment, failing to pay rent due to the mall landlord, being delinquent in paying CMB for Product or declaring personal or business bankruptcy, under any of the above circumstances, Owner agrees that unpaid-for inventory is the property of CMB. Owner further agrees to either pay the unpaid balance for inventory or return, at Owner's cost plus a fifteen percent (15%) restocking and handling fee, such inventory to CMB warehouse.

3. The Owner agrees to pay any remaining unpaid balance. If it becomes necessary for CMB to collect such monies through a third party, the Owner agrees that she (he) is liable for all costs associated with the collection including, but not limited to, reasonable attorney fees.

4. CMB may offer, but has no obligation to offer, to buy Owner's cash register and credit card machine and any other equipment or supplies from Owner. If so, CMB will offer fair market value to Owner and pay Owner immediately upon receipt of equipment by CMB management.

5. If the Owner closes her(his) specialty retail establishment, Owner agrees to turn over all client information including phone numbers, other contact information as well as what was purchased and when within 30 days of closing in order for CMB to continue providing products to customers acquired during the term of the lease. Owner will receive commissions on all sales generated from acquired customers so long as Owner signs a Consultant Agreement and becomes an Independent Consultant with Color Me Beautiful Inc.

Owner agrees that failure to keep good client records and turn over such client leads within 30 days hurts the Company's reputation as well as its ability to care for client's needs. Owner therefore agrees to pay CMB \$3,000 in damages if Owner doesn't comply with this paragraph 5.

INDEPENDENT RELATIONSHIP

In all activities related to this Agreement, Owner shall not represent itself to be an employee, agent, or subsidiary of CMB. Owner shall pay all taxes including, but not limited to, employment, income, and sales taxes (federal, state and local) related to Owner's business operations. Owner represents and warrants that it is familiar with and will obtain all permits or licenses or will fulfill all requirements (federal, state and local) necessary for Owner to operate the business it intends to operate hereunder.

ASSIGNMENT

This Agreement shall not be subject to sale, assignment or transfer in whole or in part without the prior written consent of CMB, not to be unreasonably withheld.

GOVERNING LAW

This Agreement shall be interpreted and construed in accordance with the laws of the State of Virginia regardless of the place of its execution. CMB and Owner represent and agree, knowing that each are relying on such representation and agreement, that Fairfax County, Virginia is a county of proper venue for any action brought by or on behalf of either party hereto and related to this Agreement, and both parties agree that neither would have entered in this Agreement but for this representation.

NOTICES

All notices required or permitted to be given under this Agreement shall be deemed given if sent by registered or certified mail, postage prepaid, addressed to the parties at those address on the signature page of this Agreement. Notice of any change of address must be promptly made in writing.

ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the parties, it cannot be amended, changed or supplemented except by an instrument in writing signed by the parties, and shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Agreement supersedes all other agreements and communications between CMB and Owner. Any agreements, manuals, bulletins or procedures that are referenced herein are hereby incorporated into this Agreement.

SEVERABILITY

The various terms and provisions of this Agreement shall be deemed severable and if any portion thereof shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties. No waiver or any subsequent breach of the same or any other covenant or provision.

EARNINGS CLAIMS

The parties hereto agree that the Company has made no representations to Owner as to what the Owner will earn resulting from the sale of Products under this Agreement.

By signing below, both parties indicate their understanding and agreement of the above.

SPECIALTY RETAIL OWNER

By: _____

COLOR ME BEAUTIFUL, INC.

By: _____

Sharon Boone, President
Specialty Retail Division