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FRANCHISE DISCLOSURE DOCUMENT OCT -1 P2:46

**LINE-X FRANCHISING LLC**  
(a California limited liability company)  
1862 Sparkman Drive  
Huntsville, AL 35816  
(800) 831-3232  
[www.linex.com](http://www.linex.com)



We offer for sale a franchise to operate a business that applies LINE-X brand polyurethane and polyurea based spray-on coatings that cover and protect truck beds and other light industrial products.

The total investment necessary to begin operation of a LINE-X Franchised Business ranges from \$142,750 - \$265,500. This amount includes \$27,000 - \$35,500 which must be paid to the Franchisor or an affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Berney Waite, Franchise Sales, Line-X Franchising LLC, at 1862 Sparkman Drive, Huntsville, Alabama 35816 and (877) 330-1331.

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 accountant.

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

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS SEPTEMBER 13, 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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed on **Exhibit A** 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 SUE AND TO ARBITRATE ONLY IN ALABAMA. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN ALABAMA THAN IN YOUR HOME STATE.
2. THE CHEMICALS USED IN THE CATALYTIC PROCESS MAY CAUSE SENSITIVITY FOR PEOPLE WITH ASTHMA OR OTHER RESPIRATORY AILMENTS. THE CHEMICALS USED IN THE CATALYTIC PROCESS USE CHEMICALS SUCH AS MDI (METHYLENEDIPHENYL ISOCYANATES) OR ISOCYANATES TO FORM ITS PROTECTIVE URETHANE COATING ON TRUCK BEDS AND OTHER SURFACES. WHEN INHALED THESE CHEMICALS CAN CAUSE RESPIRATORY DISTRESS AND CONTINUED EXPOSURE COULD LEAD TO THE RISK OF DEVELOPING ILLNESSES ASSOCIATED WITH ISOCYANATE EXPOSURE. INHALATION OF MDI AS WELL AS OTHER ISOCYANATES CAN PRODUCE AIRWAY IRRITATION AND SERIOUS LUNG DISEASE, INCLUDING SENSITIZATION AND ASTHMA AND HYPERSENSITIVITY PNEUMONITIS. ACUTE EXPOSURE FOR SOME SENSITIZED INDIVIDUALS MAY PROVE FATAL. SKIN CONTACT CAN LEAD TO IRRITATION AND DERMATITIS. IT IS IMPERATIVE THAT YOU, YOUR EMPLOYEES AND ANYONE ELSE APPLYING THE LINE-X PRODUCT OR ANY POLYURETHANE PRODUCT UTILIZING MDI'S OR ISOCYANATES ALWAYS UTILIZE THE FRESH AIR SYSTEM WITH A FULL FACE MASK WITH EYE PROTECTION AS REQUIRED IN OUR OPERATIONS MANUAL AND ALWAYS WEAR PROTECTIVE CLOTHING, INCLUDING COVERALLS, GLOVES AND IMPERVIOUS FOOTWEAR, THAT COMPLETELY COVERS ALL EXPOSED SKIN AREAS. YOU MUST APPLY THE LINE-X PRODUCT IN AN APPROVED SPRAY BOOTH OR FACILITY THAT MEETS ALL OSHA AND LOCAL STANDARDS. IT MUST VENT ANY SUSPENDED PARTICULATE MATTER AWAY FROM THE APPLICATOR. YOU MUST PROTECT YOURSELF AND YOUR EMPLOYEES BY COMPLYING WITH ALL FEDERAL, STATE, AND LOCAL REGULATIONS CONCERNING WORKER SAFETY; SPECIFICALLY, BUT NOT EXCLUSIVELY, OSHA RESPIRATORY PROTECTION STANDARD 1910.134. IF YOU OR ANY OF YOUR EMPLOYEES EXPERIENCE ANY RESPIRATORY PROBLEMS SUCH AS SHORTNESS OF BREATH, CONTINUED COUGHING, OR THE LIKE, YOU SHOULD CEASE WORKING WITH THE LINE-X PRODUCT OR ANY POLYURETHANE PRODUCT AND CHECK WITH YOUR MEDICAL PROFESSIONAL. BE SURE AND ADVISE

THEM THAT YOU ARE WORKING WITH ISOCYANATES. YOU SHOULD NOT APPLY THE LINE-X PRODUCT OR ANY POLYURETHANE PRODUCT OR BE IN AN AREA WHERE THE LINE-X PRODUCT OR ANY POLYURETHANE PRODUCT IS APPLIED IF YOU HAVE A HISTORY OF ASTHMA, RESPIRATORY DISEASE, HIGH BLOOD PRESSURE, AND/OR HEART DISEASE. YOU SHOULD CHECK WITH A DOCTOR BEFORE PURCHASING THIS FRANCHISE.

3. AS A FRANCHISEE, YOU ARE REQUIRED TO PURCHASE A PREDETERMINED AMOUNT OF LINE-X BRAND COATING ON A MONTHLY BASIS. YOUR FAILURE TO PURCHASE THE MINIMUM AMOUNTS MAY RESULT IN A REDUCTION OF YOUR TERRITORY OR TERMINATION OF YOUR EXCLUSIVITY WITHIN THE TERRITORY.
4. THE SUPPLY AND PRICE OF OIL AND OIL-BASED PRODUCTS SUCH AS THE CHEMICALS USED IN THE CATALYTIC PROCESS FOR OUR BRAND COATINGS ARE VOLATILE. AS A RESULT, THE SUPPLY AND PRICE OF THE CHEMICALS USED IN THE CATALYTIC PROCESS FOR THE LINE-X BRAND COATING MAY FLUCTUATE IF THE SUPPLY DECREASES AND IF THE DEMAND INCREASES. ALTHOUGH WE HAVE LONG-TERM SUPPLY CONTRACTS WITH OUR SUPPLIERS FOR OUR BRAND COATINGS, IT IS POSSIBLE, BUT NOT LIKELY, THAT THE SUPPLY OF THESE CHEMICALS MAY BE ALLOCATED AMONG ALL BUYERS WISHING TO PURCHASE THE SAME, WHICH COULD RESULT IN A DECREASE IN THE SUPPLY OF THE LINE-X BRAND COATINGS AVAILABLE TO LINE-X FRANCHISEES. A DECREASE IN THE SUPPLY OF THESE PRODUCTS MAY PREVENT YOU FROM SERVICING CUSTOMERS AT THE LEVEL THAT YOU WOULD SERVICE CUSTOMERS IF THE SUPPLY OF THESE PRODUCTS WAS READILY AVAILABLE, WHICH COULD RESULT IN A DECREASE OF YOUR REVENUE AND PROFIT FROM THE OPERATION OF THE FRANCHISED BUSINESS. LIKewise, A SIGNIFICANT INCREASE IN THE PRICE FOR THESE PRODUCTS COULD DECREASE YOUR REVENUE AND PROFIT FROM THE OPERATION OF THE BUSINESS IF THE PRICE INCREASES ARE NOT PASSED ALONG TO YOUR CUSTOMERS.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Dates: See the next page for state effective dates.

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