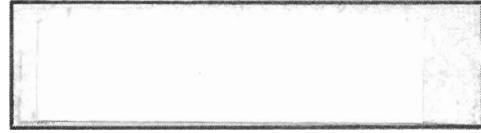


Steve Lawrence
Franchisee
Cartridge World
Lilydale Vic & Croydon Vic



EXCLUDED FROM
PUBLIC REGISTER

To start, let me say that I have been a Franchisee with Cartridge World for almost six years now and in general am satisfied with the System, if not every request from Regional Office that may cost me money or time for no R.O.I.

The State Master has been very supportive over the past two years whilst I was treated for and recovered from a major illness. This extended to releasing my wife (who was thrown in the deep end) from strict time deadlines for monthly returns and Franchise payments, whilst she learnt about and kept the business running.

I have however, been very much against the restrictions placed on all Franchisees regarding choice of wholesale suppliers. I feel strongly that this is an unfair and unnecessary restriction on our trade and reduces our ability to compete in the Consumer and Commercial market. I have found in many instances that we are able to purchase the same or similar product for less out side the Approved Suppliers and not being able to take advantage of this pricing places all Franchisees at a disadvantage in the market place and is most likely keeping Retail Pricing higher than it would otherwise be.

This restriction also reduces my ability to make a profit and reduces my viability. Should this reduced viability put one or more of our Franchisees out of business this would also impact on the total competitive pressure in the market place and in my view allow prices to the Consumer to rise .

The one restriction I do fully understand and agree with is that in the After Market area we do not wish to infringe and any third party's I.P.

The relatively short time that we have had to respond to this issue has not allowed me to review this paper with my Legal advisor. I trust it will be taken in the manner it is intended, as an alternate view to that of Cartridge World P/L and not as a strict legal rebuff.

General comments regarding the request by Cartridge World P/L (CW P/L) to be exempt from the Third Line Forcing provisions of the Trade Practices Act.

1. The issue cannot be seen as homogenous. OEM suppliers should not be required to meet all of the same requirements of an After Market supplier. I don't see that Office Equipment or Supply suppliers need to be restricted at all. The same applies with Service providers.

We purchase:-

- a. **OEM Product** (Original Equipment Manufacturer: such as Brother & Canon Ink & Laser cartridges)
- b. **After Market Product** (Compatible Cartridges, Refill Ink, Replacement Toner, Replacement Mechanical parts)
- c. **Office Equipment** (Ink Jet Printers, Laser Printers, Fax Machines, Shredders, Guillotines and Laminators)
- d. **Office Supplies** (Paper, Fax Film, Pens, Markers, Computer accessories (EG. USB Memory, Blank DVDs)
- e. **Refilling and Refurbishing Equipment**
- f. **Services** (Insurance, Banking, Couriers, Sign Writers, Shop Fitters, Window Cleaners and many other 'local services')

Not all of the preceding supplies are covered under our current Approved Suppliers List (ASL) but may well be caught up in a future issue of the document.

2. Comments on various supplies segments:

OEM:

I see no public benefit being served by restricting Franchisees to purchasing OEM (EG. Brand Name Product) from a specific wholesale suppliers. I believe that the more suppliers bidding for my business the better the Wholesale price I can achieve and the lower the Retail price I need to charge the public and still make a profit for my Store. If the issue is "Grey Market" product I see no issue with being allowed to source Legitimate product via a Parallel Importer. This was allowed in the Recording Industry and as I understand it, reduced prices for Consumers.

After Market:

When a new aftermarket product is required to service our Customer demand, the current Approved Suppliers are not always first to market. This places us at a disadvantage with other Retailers in the marketplace and reduces competitive pressure, as we are restricted from competing in that market until (and if) an Approved Supplier brings the product on line.

Office Equipment:

Whilst CW P/L is promoting these items, there is currently no Approved Product Section in the ASL although there is a Product Group and Definition on another page of the document. I need to assume that, Printers for example, are caught up in the OEM Product section of the ASL. From my reading of the document I would currently be in breach of my Franchise Agreement for purchasing OEM products from Cartridge World Supplies (CWS). Never-the-less we are currently being encouraged to sell Brother brand Printers, Cartridges and other equipment and to source them exclusively through CWS. CWS is not currently approved in the ASL for OEM product.

Restricting Franchisees to a limited number of Wholesale Equipment suppliers precludes a Franchisee from taking advantage of End of Line disposal pricing that becomes available frequently in the Home Consumer printer market. Not allowing Franchisees to take advantage of these disposals restricts us from competing in the Market place and in my view can only keep Retail prices higher.

This pricing issue also impacts on other Equipment (EG: Shredders) as it would preclude a Franchisee from purchasing outside the ASL when a good quality product became available at a competitive price that would allow us to better compete for a Consumers business. When these products become available, time is of the essence, and we would miss the opportunity if we were required to start an approval process for a new supplier.

Office Supplies:

This category is similar in nature to Office Equipment. I can find no Product Group for Pens, DVDs, USB cables, USB Memory all of which have just featured in a Promotion rolled-out by CWS. That is other than (again) assuming that they are OEM product. My argument for Consumer impact is the same as above.

Refilling and Refurbishing Equipment

This equipment is invisible to the public but it does impact on our costs and must be taken into account when we consider our Retail Pricing for refilled or Refurbished products.

We have in the past purchased equipment verbally recommended by a former Master, only to find it unsuitable for the purpose and for the past few years gathering dust on our back shelves. This has had the joint impact of both reducing our profitability and caused us to keep a component of our final Retail Pricing higher than it may otherwise have been.

After more than a decade in existence CW P/L still has no approved supplier or category in the ASL for this equipment

Services

This is an area that is not fully covered by the ASL, but, with the simple updating of the document we could well be required to Change Banks, Insurance providers, ISPs or even Window Cleaners.

We currently have an issue with the use of Couriers. Being on the edge of the Metro area we need to use local service providers as the two listed in the ASL do not cover all of our Territory. If we were to stick to the letter of the Franchise Agreement we would not be able to fully service our Customers.

Comments to issues raised by Cartridge World P/L in their submission.
Form G: 20 Pages.

1. Page 3:

Dot Point 2: This manufacturing specification is well worth having, as is ISO14000 the environmental equivalent.

What concerns me is that in looking at all of the product on the shelves in my two stores, NOT one CWS after market product carries the ISO9000 claim.

Further, as all of the Cartridge World Stores, world wide, are manufacturers of product for the public it would seem to flow that we all should be accredited to the ISO9000 standard if we were to be consistent in this requirement.

Further I have not been able to find any OEM Ink or Laser cartridge carrying an ISO9000 sticker.

Dot Point 8: The requirement for respect of Third Party patents, copyrights, trade marks or IP, is essential and I totally agree with this requirement.

Dot Points 10 & 11: This would be good if it worked. Even CWS cannot comply with these points. As an example we have been waiting for aftermarket HP1600 laser cartridge from CWS and they are out of stock. Also, some Brother printers are currently unavailable.

Dot Point 12: This support varies greatly between suppliers and even CWS has let the Franchisees down when a bad batch of a Canon Yellow ink was detected but Stores were not advised until enough complaints flowed back through our Masters.

My point is, it's great in concept, but, CW P/L do not support the Franchisees in taking up issues with suppliers, especially CWS.

3. Page 4:

Point: Alternative Supplier Selection

I strongly disagree that the restriction of the number of suppliers is to the benefit of the Consumer. The more Wholesale suppliers I have try to pick up my business the better I can obtain lower pricing and keep my final Consumer Retail price down.

In six years with the Franchise I have seen no evidence that the lowest price comes from an approved supplier. In fact quite the opposite.

4. Page 10:

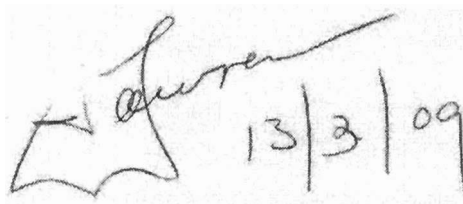
Par 4: I disagree with this assessment. My experience over six years is that the Approved Suppliers know that we have very little room to move when it comes to alternate Suppliers. They know we are contractually locked in. They know the competition and it would take very little effort to find out what the other Supplier is charging.

I feel that this adds no value in increasing competitive pressure and reducing Consumer Retail pricing.

5. Page 13

List of former approved suppliers.

This brings up a point I have raised previously with Regional Office. When a supplier is added to or removed from the ASL, the Franchisees need Email notification of the changes and an invitation to download the new ASL. We have been surprised on several occasions to find a supplier missing from the list when we casually looked up the list on the CW P/L Web site.

A handwritten signature, likely "Steve Lawrence", is written in black ink. To the right of the signature, the date "13/3/09" is written in a similar handwritten style.

Steve Lawrence
Franchisee
Cartridge World - Lilydale & Croydon