FRANCHISE DISCLOSURE DOCUMENT

ROD WORKS Unique Home Decor	**Rod Works Inc** **a Utah corporation** **4275 Thanksgiving Way Suite 200** **Telephone: (801) 768-2315** **aaron@rodworks.com** **www.rodworks.com**

The franchise described in this disclosure document is for the establishment of a franchised Rod Works business that specializes in selling unique home and office accessories at retail. The retail facility is referred to as a "Location" or "Location Franchise."

The total Investment necessary to begin operation of a Rod Works Location ranges from $145,300 to $261,000. This includes the Initial Franchise Fee of $35,000 that must be paid to us or our affiliates.

This disclosure document ("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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats contact Aaron Bracket, Rod Works Inc, 4275 Thanksgiving Way, Suite 200 (801) 768-2315.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire 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 for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: January 1, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Rod Works business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Rod Works franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda

Special Risks to Consider About This Franchise

1. **Out-of-State Dispute Resolution.** Out-of-state dispute resolution. The Area Representative Agreement requires you to resolve disputes with the franchise by mediation, arbitration, and/or litigation only in Utah. Out-of-state mediation, arbitration, and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, and/or litigate with the franchise in Utah than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails."

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **Minimum Advertising Requirements**. You may be required to make minimum advertising payments regardless of your sales levels. Your inability to make the payments may result in termination of your Franchise and loss of your investment.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Rod Works Inc, a Utah corporation ("Rod Works"), is offering prospective franchise owners the opportunity to own and operate a Rod Works location franchise in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms, "We", "Us", "the Company", or "Rod Works" mean Rod Works Inc, the franchisor (but not the Company's officers, directors, agents or employees). "You" or "Franchisee(s)" mean the person(s) who buys a franchise from us. The term "Location(s)" or "Location Franchise(s)" mean one or several Rod Works location franchises or franchise units. The owner(s) of a Location Franchise is referred to as a "Location Franchisee(s)" or "Franchisee(s)". If you are a corporation, partnership or other entity, our Franchise Agreement ("FA") will also apply to your owners, officers and directors ("Owners"). Unless otherwise indicated, the term "Franchised Business" means a Rod Works Location Franchise.

Rod Works Inc. was incorporated in Utah on February 24, 2003. Rod Works only does business under the name Rod Works Inc., and has no predecessor. Rod Works Inc. is the owner of the trade names and trademarks "Rod Works," and "American Mercantile Company." Rod Works principal business address is 4275 Thanksgiving Way, Suite 200, Lehi, Utah 84043, and its agents for service of process is Mark Tuttle, 4275 Thanksgiving Way, Suite 200, Lehi, Utah 84043, and as listed in EXHIBIT C to the Disclosure Document.

We do operate Rod Works Businesses ("Company Owned Outlets") of the type being franchised, and we own our affiliate company, Iron Trade Imports DBS VIP International, which designs, manufactures and warehouses products and items for sale in a Rod Works business. We are not involved in any other business activities.

The Franchisor, and any Parents, Predecessor and Affiliates

We do not have any parent companies or predecessors. We have one affiliate described above. Rod works Inc. has owned and operated seven businesses of the type being franchised in Utah, Arizona, Colorado, North Carolina and North Dakota.

Our affiliate if Iron Trade Imports DBA VIP International which was incorporated in Utah on December 12, 2007 and is located at 2590 Mercantile Drive, Suite C, Rancho Cordova, CA 95742, and is a supplier for many of the products sold at Rod Works.

Our affiliate does not currently offer or has not previously offered franchises in this or any other line of business.

We began offering Rod Works Franchises through our predecessor franchisor, Rod Works Franchise Inc, a Utah corporation. Rod Works Franchise Inc was incorporated and organized on June 22, 2009 for the sole purpose of offering Rod Works Franchises. Six Rod Works Franchises were sold by Rod Works Franchise Inc. Rod Works Franchise Inc no longer offers franchises and all Rod Works Franchise Inc's right, title and interest in and to the six Rod Works Franchises have been assigned and transferred to Rod Works Inc. Rod Works Franchise Inc. in no longer in business and has been dissolved.

Our Business

Rod Works Location Franchises have been developed to market and sell unique home decor and home furnishing accessories, including some furniture items and gift items, including our line of unique home and office productsa retail business that markets and sells unique home decor and home furnishing accessories, including some furniture items and gift items, including our line of unique home and office products

We grant franchises for the right to operate under the name "Rod Works", and other marks designated by the Company from time to time (collectively referred to as the "Marks"). We refer to our proprietary and

confidential system for the operation of Rod Works Location Franchises, together with the Marks, as "the System." You must offer all products and services that we may specify and may not offer any products or services we have not authorized. We are not currently engaged in any other business.

We currently offer and sell one type of franchise: Rod Works single location franchises, referred to as Locations or Location Franchises or businesses. We began offering Location franchises in May 2015 and Area Representative Businesses in January 2016. We may, in the future, however, offer an Area Representative Franchise which would be offered under a separate Disclosure Document ("AR FDD"). We do not currently own or operate any Location Businesses which are subject to Franchise Agreements

Location Franchises

We offer qualified applicants Rod Works Location Franchises. The Franchise Agreement (Exhibit A to this Disclosure Document) gives you the right to establish and operate one Rod Works Location Franchise at a specified location within a Protected Area. (See Item 12).

Rod Works Location Franchises operate in compliance with our business operating system (the "System") under the trade name and service mark "Rod Works" and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by Rod Works Location Franchises operating under the System (collectively, the "Marks").

The System includes our methods and procedures for the establishment, management and operation of Rod Works Location Franchises, including our confidential information, our manuals, the Marks, and other business standards, specifications and policies. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, and color scheme; furnishings; unique services; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

The Franchise Agreement requires you to designate a "Principal Owner." Your Principal Owner is the main individual responsible for your business. Your Principal Owner must meet our qualifications and must be approved by us. Your current and future Owners, including your Principal Owner, must sign a Guaranty and Assumption Agreement ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. (See Item 15).

Under our Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one Rod Works Location franchise specializing offering unique home and office accesories at the Rod Works Location. We may periodically make changes to the systems, service menu, standards, facility, signage, equipment and fixture requirements for your Location Franchise. All Rod Works Location Franchises must be developed and operated in accordance with our specifications, standards, policies and procedures, which will be communicated to you via our confidential operations manual for Location Franchises and related guidelines ("together referred to as Manuals") or otherwise in writing. Rod Works Location Franchises can range anywhere from 800 to 1500 square feet, but this may vary depending on site availability.

Market and Competition

The general market will primarily include consumers. The market is established, but is still developing in types of home accessory products manufactured and sold. A Rod Works Franchise will offer retail home and business decor and gifts items, including our unique line of home and business products. You may have to compete with other businesses offering similar products, including franchised operations, national chains and independently

owned businesses providing similar products. You may also encounter competition from other Rod Works Franchises. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws and regulations, changes in supply and demand, new technologies and competition from internet-based organizations that provided information and some related services or products.

Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of a Location Franchise. For example, state licensing and certification requirements may apply to persons who perform services for or at a Location franchise. In all cases, you must also comply with laws that apply generally to all businesses. You should investigate these laws, and consult with a legal advisor about whether these and/or other requirements apply to your franchise. In addition to laws and regulations that apply to businesses generally, the Location Franchise may be subject to federal, state and local occupational safety and health regulations, Equal Employment Opportunity and Americans with Disabilities Act rules and regulations. In addition, some states have specific regulations and ordinances that require your Franchised Business to pass a facility health and safety inspection before opening and on an ongoing basis; and may also impose minimum specifications for equipment and facility operations and maintenance. These laws, regulations and ordinances vary from place to place and can change over time. You must know such laws, regulations and ordinances in your locality and must make sure that you and you comply with any such laws and regulations as well as obtain any licenses, certifications, credentials or permits required by your locality for performing work in your Franchised Business.

ITEM 2

BUSINESS EXPERIENCE

Mark Tuttle -- Owner

Mark is the owner of Rod Works Inc. and has been employed as its President for the last twenty (20) years. Mark is also the President of our affiliate, Iron Trade Imports DBA VIP International, and has been for the last fourteen (14) years.

Aaron Bracket – Retail and Franchise Director

Aaron has been employed by Rod Works Inc. for the last nineteen (19) years as its Retail Director and Franchise Director.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

Upon signing the Franchise Agreement, you must pay us an Initial Franchise Fee in the amount of Thirty-Five Thousand Dollars ($35,000). This amount is payable in one lump sum payment, is considered fully earned and non-refundable upon receipt, and except as provided below, imposed uniformly on all franchisees. We reserve the right to modify or discount the Initial Franchise Fee in the future to reflect the changing costs of doing business and changes in the value of a Rod Works Location Franchise. We may discount or charge a different Initial Franchise Fee: (i) if a prospect purchases multiple Location Franchises (see below); (ii) if we are unable to locate a Location Franchisee in a particular area we consider desirable; (iii) and if applicable, for a Location Franchisee who is also the owner of an Area Representative Business; or (iv) based on other subjective factors we deem important to the System.

Discount for Purchase of Multiple Location Franchises

If you purchase multiple Locations Franchises from us at the same time, the Initial Franchise Fee will be as follows for each Location Franchise you purchase from us:

First Location Franchise	$35,000 (no discount)
Second Location Franchise	$32,500 ($1,000 discount)
Third Location Franchise	$30,000 ($2,000 discount)
Each Additional Location Franchise	$27,500 (no discount)

Note that to qualify for the multiple Location Franchise discount, you must sign a separate Franchise Agreement for each Location Franchise and pay us the total Initial Franchise Fee due for all Location Franchises you purchase at the same time.

ITEM 6

OTHER FEES

Fee[1]	Amount	Due Date	Remarks
Royalty Fee	5% of gross revenues[2]	Payable weekly no later than Thursday, by ACH draft or as otherwise reuired by us.	You must pay your royalty fee directly to us. Payable every week not later than Thursday of each week, as well as no later than the Thursday immediately following the expiration or termination of the Term of the Franchise Agreement.

Fee[1]	Amount	Due Date	Remarks
Franchisee Local Advertising	2% of gross revenues. During the first year you must spend a minimum of 2% of your gross revenues on Local Advertising, unless we, during the first year require you to make a Marketing Contribution, in which we may reduce the required amount for Local Advertising.	Payments for local advertising are due when billed by the local advertiser.	This is the minimum amount which you will be required to pay to third party suppliers every month on local advertising. All advertising needs to be preapproved by us. You must submit receipts upon request. We may require your expenditures to be used in cooperative advertising. Further information about all advertising programs is included in ITEM 11
Franchisee Advertising Cooperatives	As set by the cooperative.	As set by the cooperative.	Within any geographic area in which two or more company-owned or franchised Rod Works Franchise locations are located as a region for purposes of establishing an advertising cooperative ("Cooperative"), the franchisees may establish a Cooperative that includes your Rod Works Location Franchise. Franchisees may create Cooperative's governing documents, which will set a dollar amount to contribution to a Cooperative. The Cooperative contributions will be applied to satisfy a portion of your local advertising requirements.

Fee[1]	Amount	Due Date	Remarks
Franchisee Advertising Fund[3]	Currently 0% of Gross Sales	Payable weekly no later than Thursday, by ACH draft or as otherwise required by us	See Note 2 for the definition of Gross Sales. The Franchisee Advertising Fund contribution is in addition to the local advertising requirement. We require you to pay the Advertising Fund contribution by electronic funds transfer. Advertising Fund amounts accrued from the 1st to 15th of each month are debited from your account via electronic funds transfer on the next business day following the end of the period. Advertising Fund amounts accrued from the 16th through the end of the month are debited from your account via electronic funds transfer on the first business day of the following month. We may increase the required contribution amount on not less than 30 days' written notice to you (up to a maximum of 2% of Gross Sales).
Media Placement	At your option you may have us handle the placement of media for your ROD WORKS Business. For each placement of media we handle you must pay us the gross publication cost plus our then current media placement service fee.	As incurred. Payment by ACH draft or as requested by us	We do not presently have a Media Placement Service Fee, but may require a Media Placement Service Fee, in which case we will notify you in writing 30 days prior to requiring a Media Placement Service Fee.
Audit Expenses[4]	All costs and expenses associated with audit	On demand.	Audit costs payable only if the audit shows you have not spent 2% of your gross sales on local advertising or if you underreported amounts you owe us by 2% or more.
Product Purchases from our Affiliate	Based on a price list (which may be changed upon 30 days' notice.	As incurred. Payment by ACH draft or as otherwise required by us	Payment must include cost of goods, packaging, shipping, handling and taxes if applicable. In some cases you may pay freight companies or others directly for shipping

Fee[1]	Amount	Due Date	Remarks
Late Fees and Collection Costs[5]	1.5% per month (18% annual) or the highest rate allowed by the state where you are located	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit. The maximum interest rate may be less depending on the state where your Rod Works Franchise is located.
Returned Check or Insufficient Funds for Electronic Transfer	$100 per occurrence	As incurred	Payable upon a returned check or the failure to keep enough funds in your operating or specified account for Rod Works Inc to make its pre-authorized withdrawals
Attorney Fees	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail.
Initial Training	$200 for each additional trainee plus your expenses in attending	Time of training	Our initial training program for two (2) trainees is covered by your franchise fee. If you have to repeat initial training, we may charge you. (Section 4.3) Further information about training is included in ITEM 11
Additional training & convention[6]	You must pay any required fees and your expenses as well as your employees' expenses in attending	Time of program	No tuition or training fees are assessed; attendance will not be required more than five (5) days per year and mandatory training may also require Franchisee to attend a national business meeting or annual convention for up to four (4) days per year.
Additional Operations Assistance	Currently $300 a day plus any expenses	Time of assistance	We provide assistance around the beginning of operations. You pay us for additional assistance if you request it.
Transfer Fee	50% of the then current Initial Franchise Fee if Franchisee is not already a franchisee or 25% if Franchisee is a Rod Works franchisee	At closing of transfer	Payable to us at the time of transfer. Does not apply to assignment to a wholly owed entity of franchisee in which case the amount is $1,000 or if you financed the cost of your ROD WORKS Business with an SBA Loan

Fee[1]	Amount	Due Date	Remarks
Renewal Fee	The then existing Initial Franchise Fee	Upon renewal of the Franchise Agreement.	In order to renew your Franchise Agreement, you must, among other things, pay us the renewal fee in a lump sum payment.
Securities Offering Fee	An amount equal to our actual costs and expenses associated with the proposed securities offering.	When billed.	You must pay this fee to us if you elect to offer securities in your entity using a prospectus or other offering document/materials, which must be approved by us in advance of its distribution. This fee covers our expenses for having attorneys or other professionals review your offering materials. We limit our review to the manner in which the offering materials describe your and our relationship.
Inspection and Testing[7]	Cost of inspection, if applicable, and cost of test. The costs for testing/inspection of a product will vary based on the testing required for the particular product, and we will provide an estimate of the costs to you before testing a product or inspecting any facilities.	When billed.	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses).
Indemnification	Varies according to loss.	On demand.	You must indemnify us when certain of your actions result in loss to us.
Ongoing Computer Software or Access Fee	$82.00 per month ($1,000 annually) per Location Franchise	Due on the 1st day of each month.	You will be required to pay the full monthly Technology Fee ($82.00) at the beginning of the month. We may, in our sole discretion, increase the amount of the Ongoing Computer Software or Access Fee up to $100 per month upon 30 days' prior written notice to you.

Fee[1]	Amount	Due Date	Remarks
Insurance Fee	An amount equal to our actual expenses for the required coverages.	On demand.	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee equal to our actual expenses for obtaining and maintaining the required coverages.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the Franchise Agreement.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

(2) "Gross Sales" is the total selling price of all services and products and all income of every other kind and nature related to the Rod Works Location Franchise, whether for cash or credit and regardless of collection in the case of credit. "Gross Sales" includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales; and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Rod Works Location Franchise. "Gross Sales" does not include (i) sales taxes you collect from customers of the Rod Works Location Franchise, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Rod Works Location Franchise or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Rod Works Location Franchise or having any material effect upon the ongoing operation of the Rod Works Location Franchise.

(3) The Marketing Fund Contribution will be deposited into a fund maintained and operated by us (the "Marketing Fund"). The Marketing Fund will be used to meet the costs of maintaining, administering, directing and conducting advertising and promotional activities on a local, regional or national scale, including the cost of television, radio, magazine, Internet and newspaper advertising campaigns, test marketing, marketing surveys and public relations activities employing a director and agencies to provide assistance in these areas, providing marketing and other materials to our franchisees, customer retention programs, defraying salaries, administrative costs and overhead w may incur, and other purposes we deem beneficial to our franchisees. We may terminate the Marketing Fund at any time in our sole discretion, and upon termination, we will spend the remaining balance in the Marketing Fund for the purposes described above.

(4) We do not have enough information to estimate audit costs. We assume costs vary depending on factors, including prevailing auditor's rates, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

(5) Late fees begin from the date payment was due, but not received, or date of underpayment.

(6) You must attend our ongoing training programs. You must pay your costs to attend. We do not charge you an attendance fee. Costs vary depending on the number of people attending, how far you travel and the type of accommodations you choose. We do not have enough information to estimate your costs to attend these programs. You should be able to investigate these costs through travel agencies. For further reference, reviews the estimate costs to attend our initial training program included in ITEM 7.

(7) Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the products or supplier has been rated for similar factors. You pay our actual costs only.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is Made**
	Low	**High**			
Initial Franchise Fee	$35,000	$35,000	Lump Sum	When you sign Franchise Agreement	Us
Lease Expenses (1)	$4,800	$8,000	As stated in lease	As incurred	Landlord
Leasehold Improvements (2)	$10,000	$35,000	As arranged	As incurred	Contractors and subcontractors
Furniture, Fixtures, and Equipment (3)	$10,000	$20,000	As arranged	As incurred	Third-Party Suppliers
Computer Hardware and Software (4)	$4,000	$6,000	As arranged	As incurred	Approved Suppliers
Initial Training Costs (per person) (5)	$2,000	$4,000	As arranged	Before opening	Costs of travel, lodging and meals
Security Deposits (6)	$500	$1,500	As arranged	As incurred	Third-Party Suppliers
Architect, Plans and Designs (including Site Plan/Design Fee) (7)	$500	$2,000	As arranged	As incurred	Architects, Designers or Engineers
Signage (8)	$3,000	$8,000	As arranged	As incurred	Approved Suppliers
Equipment	$11,000	$22,000	As arranged	As incurred	Aproved Suppliers
Initial Inventory/ Supplies (9)	$45,000	$65,000	As arranged	As incurred (prior to opening)	Approved Suppliers
Grand Opening Marketing (10)	$2,000	$4,000	As arranged	As incurred	Advertisers and other vendors
Business Permits/Licenses (13) (1st year)	$500	$1,500	As required by government authorities	As required by government authorities	Applicable government Authorities
Insurance Deposits and Premiums (1st year)	$1,000	$2,000	As required by insurance carrier	Before opening	Insurance carriers
Professional fees (first	$1,000	$2,000	As arranged	As arranged	Attorneys,

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is Made**
	Low	**High**			
three months) (11)					accountants or other professionals
Additional Funds (12) (3 months)	$25,000	$45,000	As arranged	As arranged	Third parties
TOTAL (13)	**$145,300**	**$261,000**			

Notes:

(1) Rod Works Locations are typically located in commercially zoned Rod Works businessping or entertainment areas. Due to the cost of land acquisition and new construction, we anticipate that the premises for Rod Works Location Franchise will be leased. These amounts assume that you will lease the premises for the Rod Works Location Franchise and do not include costs of land acquisition and construction of a building. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately 800 to 1500 square feet. Although the square footage of Rod Works Location Franchises may vary depending on site availability, but we anticipate that most Rod Works Location Franchises will contain between 800 to 1500 square feet.

(2) Construction and remodeling costs may vary widely, depending upon numerous factors, including but not limited to, weather conditions, labor costs, costs of materials, location, condition of the building, cost of construction permits, premises and condition of any related facilities, such as HVAC, electrical/wiring and plumbing infrastructure. The leasehold improvement costs are based on actual build out costs of H&N locations opened in 2020 & 2021. In most cases, the landlord has contributed to the cost of the build out by providing leasehold allowance, which has been factored into the estimates.

(3) This estimate includes all furniture, fixtures and equipment to be used in your Rod Works business, including trade dress, interior art work and design elements. All of these items must meet our standards and specifications.

(4) This amount includes estimated purchase costs or monthly lease cost of computer hardware and software (including, without limitation, back-office software and other software meeting our specifications and provided by our designated supplier or other manufacturer approved in writing by us) that you must use in the operation of your Rod Works Location franchise. (See Item 11). In addition, you will be required to pay the full monthly Computer Software or Access Fee ($82/month) at the beginning of the month that your Location Franchise starts marketing for your grand opening.

(5) We provide initial training to your initial Principal Owner and General Manager (if different) at no additional charge. Therefore, these amounts include only your out-of-pocket costs for the training of these people. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode and distance of transportation. (See Item 11). The figures in the chart represent the estimated cost for one individual to attend our initial training program.

(6) You will likely be required to pay security deposits to certain third parties, including your landlord, telephone service provider, local utility companies and various equipment vendors and suppliers. These amounts will vary for each location and will be based in part on the premises, services and equipment you select.

(7) You may be required to use an approved architect/design vendor. After you receive your initial site plans/designs from the architect/design vendor, you may incur additional architect/design costs if modifications or other design services are needed in order to complete construction of your Rod Works Location Franchise based on specifications and requirements set for by us. All plans must be approved by us prior to the start of construction.

(8) All interior and exterior signage used at, or in connection with, your Rod Works Location Franchise must conform to our standards and specifications.

(9) Initially there will be no product inventory at your Franchise Location.

(10) You agree to conduct a grand opening advertising and promotional program for the Rod Works business and to spend $1,000 to $3,000, as determined by our standards. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Rod Works business to the public (or such other period as may be prescribed by us in the Operations Manual). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential customers and participation in local events to promote your Rod Works business. You will pay third party advertising vendors directly, but all grand opening advertising must be agreed upon by you and us in advance, and all advertising must conform to our standards and specifications.

(11) We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot estimate.

(12) These amounts provide a range of additional funds needed for the first three months of operation. These additional funds include payroll, supplies and other general operating expenses. These amounts do not include any estimates for debt service or any salary or draw for you. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated expenses on the anticipated costs in your market and consider whether you will need additional cash reserves.

(13) State and local government agencies typically charge fees for occupancy permits, business license,. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control. We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable (See Item 10).

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must purchase certain products, supplies, insurance, inventory, signage, fixtures, furniture, equipment, décor and other specified items under specifications and standards that we periodically establish in our Manuals or other notices we send to you from time to time. You may be required to purchase or lease from us, our affiliate, or other designated third party suppliers all of the products, services, supplies, fixtures, equipment, inventory or real estate used in establishing or operating the Rod Works Location Franchise, but we do impose several sourcing/supplier requirements for certain items, including, among other things, private label products that you must offer for sale at any Rod Works Location Franchise you own and the supplies and products used in operating such business, and we reserve the right to require you to purchase some or all of such items from us, our affiliates

or other third party designated suppliers in the future. Our sourcing/supplier requirements will impact you as the owner of a Rod Works Location Franchise. The equipment, products and services may include equipment (simulator, hardware, and other equipment, furniture and fixtures, technology items (such as: computers, software, camera security system, wireless receivers, and a sound system), signage, site design services, promotional merchandise, printed advertising materials. Our affiliate Iron Trade Imports dba VIP International ("VIP") is the supplier of up to 50% of the inventory products used in a Rod Works Franchise. The remainder of the inventory products are handpicked from other various vendors both domestically and internationally. All products purchased from VIP should be prominently displayed as it is the unique Rod Works designed product.

Approved and Required Vendors and Suppliers

To maintain the quality of the services and goods that Rod Works Franchised Businesses offer and sell, as well as the reputation and goodwill of our Marks, you must operate your Franchised Business according to our System Standards. The System Standards may regulate, among other things: (i) the types, models, and brands of products, marketing materials and services your Franchised Business uses; (ii) required and authorized products and services that your Franchised Business must offer; (iii) required and authorized product and service categories; (iv) designated and approved suppliers of these items and services; and (v) design and layout specifications.

Approved vendors are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the Rod Works Franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may designate ourselves or our affiliates as approved or designated suppliers of any item. Before opening a Rod Works Location Franchise (and from time to time as needed during operation), you must purchase from approved vendor's certain items required for the operation of a Rod Works Location Franchise.

Proposing New Suppliers

If you want to use any item or service for or at your Franchised Business that we have not yet evaluated or buy or lease from a supplier that we have not yet approved (for items and services that require supplier approval), you first must send us sufficient information, specifications, and samples so we can determine whether the item or service complies with our System Standards and/or the supplier meets approved supplier criteria. We may charge you or the supplier our costs for the evaluation. We will notify you of our approval or rejection of a proposed item, service or supplier within a reasonable time, usually within 60 days after receiving all information we require. Supplier approval might depend on, among other things, product quality, prices, consistency, warranty, reliability, delivery frequency, service standards, financial capability, customer relations, and concentration of purchases with limited suppliers to obtain better prices and service. Approval might be temporary until we evaluate the supplier in more detail. We may revoke our approval of a supplier by notifying the supplier and you in writing. It is an event of default under your Franchise Agreement if you utilize unapproved products, services or suppliers in the operation of your Franchised Business.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered for sale at a Rod Works Location Franchise. Among other things, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the Rod Works Location Franchise that satisfies our site selection requirements. You must adapt our prototypical architectural and design plans as needed for the construction or remodeling of your Rod Works Location Franchise and provide them to us within 15 days after you acquire the site for the Rod Works Location Franchise. We have the right to review your plans and must notify you of our objections within 15 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we

do object within the 15-day period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 15 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 15-day period, you may use the revised plans.

Advertising and Promotional Materials

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn at our sole discretion at any time.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Rod Works Location Franchise. All required insurance policies must be purchased from an approved vendor. In addition, each of your insurance policies must include a three-year tail following the termination, expiration or transfer of your Franchise Agreement, and each policy must name us as a co-insured. At a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), you must carry:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for beauticians professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than $1,000,000 per occurrence, $1,000,000 general aggregate, $1,000,000 personal and advertising injury, $50,000 damage to premises rented to you, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate. Such insurance must include a deductible of less than $10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the effective date of your Rod Works Franchise Agreement;

(3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than $1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than $10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than $1,000,000 per accident, $1,000,000 disease policy limit, and $1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) Such other insurance as may be required by us from time to time or by the landlord of the Rod Works Location Franchise premises, and by the state or locality in which the Rod Works Location Franchise is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

Revenue of Franchisor

For the fiscal year ended December 31, 2021, we received revenue from (1) franchisees and media outlets in connection with providing media placement services for Rod Works Franchises; (2) from franchisee's require purchases of business support services, and (3) from training fees paid by Rod Works Franchises. And our affiliate VIP received revenue of $277,250.81 from franchisee's purchases of required inventory items for the fiscal year ended December 31, 2020, and our affiliate VIP received revenue of $185,700.57 from franchisee's purchases of required inventory items for the fiscal year ended December 31, 2021. Franchisor earned no revenue from required purchases and leases of goods or services in 2020 or 2021.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as uniforms, logoed paper products, insurance, design/architecture services, supplies or other items, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates or other material consideration from approved or designated sources. We will not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the Rod Works Location Franchise is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Rod Works Location Franchise as described in Item 7. It is estimated that all your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will represent approximately 90% of your total initial purchases. It is anticipated that during the operation of your Location Franchise, required purchases from us, our affiliates or the vendors that we specify or approve (not including rent, royalties or labor costs) are estimated to be approximately 80% of your total monthly purchases in the continuing operation of your Location Franchise (this depends on the size of your Location, amount of inventory you purchase and your sales volume).

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligations	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Franchise Agreement Section III.A.	Items 8 and 11
(b) Pre-opening purchases/leases	Franchise Agreement Sections III, VIII, IX. and XIII.	Items 5, 6, 7, 8 and 11
(c) Site development and other pre-opening requirements	Franchise Agreement Sections III, VII, IX.F, VIII, and XIII.	Items 1, 7, 8 and 11
(d) Initial and ongoing training	Franchise Agreement Sections VI.B. and VIII.A.	Items 6, 7 and 11
(e) Opening	Franchise Agreement Sections III, IX.F. and Exhibit C	Items 7 and 11
(f) Fees	Franchise Agreement Sections V. and IX.	Items 5, 6 and 11
(g) Compliance with standards and policies	Franchise Agreement Sections III, IV, VII, VIII, IX, X., XI, XII, XIII.	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Franchise Agreement Sections X. and XI. and Exhibit B	Items 11, 13 and 14
(i) Restrictions on products/services offered	Franchise Agreement Section VIII.	Items 11, 13 and 14
(j) Warranty and Customer Service Requirements	Franchise Agreement Section VIII.H.	Items 8 and 16
(k) Territorial Development and Sales Quotas	Not applicable	Item 16
(l) On-going products/services purchases	Franchise Agreement Sections VIII. and IX.	Item 12
(m) Maintenance, appearance and remodeling requirements	Franchise Agreement Sections IV.B. and VIII.	Items 8, 11 and 16
(n) Insurance	Franchise Agreement Section XIII.	Item 8
(o) Advertising	Franchise Agreement Section IX.	Items 7 and 8
(p) Indemnification	Franchise Agreement Section XVI.	Items 6, 8 and 11
(q) Owners Participation management/staffing	Franchise Agreement Sections VII. and VIII.	Items 1, 11 and 15

Obligations	Section in Franchise Agreement	Disclosure Document Item
(r) Records/reports	Franchise Agreement Sections III, V., IX. and XII.	Item 11
(s) Inspections/audits	Franchise Agreement Sections III, VI, VIII. and XII.	Items 6, 8 and 11
(t) Transfer	Franchise Agreement Section XV.	Items 6, 12 and 17
(u) Renewal	Franchise Agreement Section IV.	Items 6, 12 and 17
(v) Post-termination obligations	Franchise Agreement Section XIX.	Item 17
(w) Non-competition covenants	Franchise Agreement Section XI. and Exhibit B	Item 17
(x) Dispute resolution	Franchise Agreement Section XX.	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. We are unable to estimate whether you will be able to obtain financing for any of your investment and, if you are able to obtain financing, we cannot predict the terms of the financing. We do not receive payment from any person for obtaining or placing financing. We do not guarantee any of your obligations to third parties, including any relating to notes or leases.

ITEM 11

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

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

Pre-Opening Obligations:

Before you open your Rod Works Location Franchise, we or our designee will:

1. Provide you a copy of our written site selection guidelines and give you the site selection assistance we believe to be necessary. (Section III.A of Franchise Agreement);

2. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease or contract of sale within 15 days after receiving your complete site information. (Section III.A of Franchise Agreement);

3. Identify approved or designated suppliers of the hardware, software, signs, equipment, materials, supplies, and services you must use to develop and operate your Location (Franchise Agreement, Section VI.I);

4. Provide access to or loan you one (1) set of our Manuals. (Franchise Agreement, Section VI.A.);

5. Provide you a list of any approved suppliers. (Franchise Agreement, Section VI.I.);

6. Conduct an initial training program. (Franchise Agreement, Sections VI.B. and VIII.A.); and

7. Provide you on-site opening assistance. (Franchise Agreement, Section VI.C.).

Post-Opening Obligations:

During the operation of your Rod Works Location Franchise, we will:

1. Conduct periodic evaluations of your operations. (Franchise Agreement, Section VI.E.)

2. We will administer an advertising fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections VI.F. and IX.)

3. Give you any advice and written materials we may develop on the techniques of managing and operating Rod Works Location Franchises. (Franchise Agreement, Section VI.G.)

4. Give you updated lists of approved suppliers and vendors. (Franchise Agreement, Section VI.I.)

5. Provide pricing methods/guidance from time to time for products and services to be sold at Rod Works Location Franchises. We will establish maximum, minimum or other pricing requirements for the products to be sold at your Rod Works Location Franchise to the fullest extent allowed by law. (Franchise Agreement, Section VIII.K)

6. Provide to you, on loan, proprietary software programs (if any) as may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee. (Franchise Agreement, Section VI.D)

Site Selection and Construction

You must identify and secure a site for your Rod Works Location Franchise within a non- exclusive Designated Area. In reviewing your proposed site, we consider various factors, including the condition of the site, the location of the site, population, and other demographic factors. We must accept the site as meeting our standards before you may begin any construction or renovations or use such site for your Rod Works Location Franchise. You cannot place a Rod Works Location Franchise at a site we have not first accepted in writing. We loan you our written site selection guidelines to assist you in selecting a site that meets our guidelines, but we do not generally own premises and lease them to our franchisees. (Section III.A. of Franchise Agreement)

When you identify a proposed site, you must submit to us in writing a description of the site, evidence that the site satisfies our site selection guidelines, a copy of the proposed lease or contract of sale for the site, and any other information we may require. We have 15 days after we receive all required information to review and accept or not accept your proposed site and notify you of such acceptance or rejection. You must also obtain our written approval of the final, complete lease or contract for sale for your site prior to your signing, and such document must include a rider in substantially the form of Exhibit G to the Franchise Agreement. If we accept multiple sites, you must notify us within 5 days of our acceptance of the sites of the site that you intend to use for the Rod Works Location Franchise. Our acceptance of a site does not guarantee that a Rod Works Location Franchise will be profitable or successful at that site. (Section III.A. of Franchise Agreement)

You are solely responsible for locating and obtaining a site for your Rod Works Location Franchise that is acceptable to us, and you must do so within 120 days after signing the Franchise Agreement. We have 15 days after we receive all required site information from you to review and approve or reject your proposed site and notify you of such approval or rejection. If you are not able to locate a site that is approved by us within 120 days after signing the Franchise Agreement then you will be in default under the Franchise Agreement, and we may, at our option, terminate such agreement.

Promptly following our acceptance of the site, you must enter into a lease for the site. You must provide us with a copy of the signed lease within 10 days of signing it. (Section III.A. of Franchise Agreement)

You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Rod Works Location Franchise, and you must conform the studio premises as needed to comply with any local ordinances and building codes at your expense. (Franchise Agreement, Section III.C.) Before beginning construction of the Rod Works Location Franchise, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Rod Works Location Franchise, and (ii) certify in writing to us that they have been obtained and that the insurance coverage required under the Franchise Agreement is in full force and effect. (Franchise Agreement, Section III.C.)

You must obtain, at your expense, any architectural, engineering, design, construction and other services you deem necessary for the construction of the Rod Works Location Franchise. The architect(s) and engineer(s) selected to plan and oversee construction of your Rod Works Location Franchise must be approved by us before beginning their work on the Rod Works Location Franchise. We may, but are not obligated to, provide you a list of approved architects and engineers. (Franchise Agreement, Section III.D.)

Time Between Signing the Franchise Agreement and Locating and Opening an Approved Site

You and your trainees must complete Rod Works training within 60 days after we sign the Franchise Agreement. We estimate that it will be approximately 220 to 280 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Rod Works Location Franchise and other factors, such as delays or difficulties in obtaining financing, building permits, zoning and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs. You must begin business within 270 days after signing the Franchise Agreement unless we give you a written extension. (Franchise Agreement, Section III.E.) If you fail to obtain a written extension, you will be in default under the Franchise Agreement, and we may terminate such agreement at our option.

Requirements for Opening

On or before the Opening Date, you must open your Rod Works business utilizing the Systems; provided, however, you may not open the Rod Works business for business until:

1. We have inspected and approved the Rod Works business as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Rod Works business, we may require you to send us video and/or photographs of the Rod Works business.

2. You must give us at least 30 days' prior written notice of your Rod Works business planned opening date and must notify us in writing when the Rod Works business is ready for inspection. If we do not inspect the Rod Works business within ten (10) business days after your delivery of notice that the Rod Works business is ready for inspection, or if we do not deliver written comments to you within five (5) business days after our inspection, then the Rod Works business is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Rod Works business complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state, or local laws or regulations, including the ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of your Rod Works business;

3. You (or your managing owner) and the Rod Works business manager have completed the pre-opening training.

4. You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Rod Works business, including, without limitation;

5. All amounts due to us have been paid;

6. We have received satisfactory evidence that you maintain the insurance required by this Agreement;

7. You have signed and delivered to us a request for opening, in the form we specify, under which, among other things, you certify that all of the requirements in have been satisfied.

8. We will work with you to identify the Rod Works business's Actual Opening Date at least 15 days before the Actual Opening Date. If you fail to do so, or if you fail to send us a completed request for opening form before you open the Rod Works business, then, in addition to our other rights and remedies, you will not be authorized to open or begin operating the Rod Works business.

Grand Opening Program

You agree to conduct a grand opening advertising and promotional program for the Rod Works business and to spend $2,000 to $4,000, as determined by our standards. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Rod Works business to the public (or such other period as may be prescribed by us in the Operations Manual). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential customers and participation in local events to promote your Rod Works business.

Advertising

Local Advertising

Each month, or until such time as you are notified otherwise in writing, you must spend 2% of your Gross Revenues on advertising, promotions and public relations in the local area surrounding the Rod Works Franchise. (See Item 12 for a description of the Protected Area).

You must submit to us any reports (including substantiating receipts) detailing your local advertising expenditures that we may require. We may reallocate the proportion of those monies directed to local advertising (individually or through a Cooperative) and to the Fund. (Franchise Agreement, Section IX.)

You must place and pay the cost of a business listing acceptable to us, which may, at our option, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. We will not credit your payments for these listings towards your local advertising expenditure requirement. (Franchise Agreement, Section IX.G.)

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn at our sole discretion at any time.

You may not advertise, promote, post or list information relating to the Rod Works Location Franchise on the Internet (through the creation of a website or otherwise), but we may, at our option, decide to include information about your Rod Works Location Franchise on our Website.

We can designate any geographic area in which 2 or more company-owned or franchised Rod Works Franchisees are located as a region for an advertising cooperative ("Cooperative"). We reserve the right to require all Cooperatives to be formed as legal entities under applicable state laws. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which may require contributions as determined by your Cooperative. Your Cooperative contributions will be applied toward partial satisfaction of your local advertising requirement. All or a portion of your contributions to a Cooperative may be used to establish and/or maintain a website(s) focused on promoting the System in and around your market area. All franchisee, affiliate- and company-owned Locations that are part of a Cooperative will be required to contribute to the Cooperative on the same basis as the other members of the Cooperative. If we have company-owned Rod Works businesses that are included in your Cooperative territory, those company-owned franchises will not have power to increase your required Cooperative contributions without a majority vote of the franchisee members of the Cooperative. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. The Cooperative governing documents will be available for review by all of the Cooperative members. Cooperative members will be entitled to a report on an annual basis on how the Cooperative's funds are being spent. (Franchise Agreement, Section IX.B.)

Advertising Fund and Regional Advertising

Franchisee Advertising Fund Contributions

In addition to local advertising, we have established a franchisee advertising fund ("Fund"). You must make periodic contributions to the Fund of up to 2% of the Rod Works Location Franchise's Gross Sales. Initially, your periodic contributions will each be an amount equal to zero percent (0%) of the Rod Works Location Franchise's Gross Sales. In our sole discretion on not less than 30 days' written notice, we may increase the amount you must contribute to the Fund; provided, however, that you will not be required to contribute more than 2% of the Rod Works Location Franchise's Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising. Fund contributions are also in addition to any contributions that may be required through a Cooperative.

Administration of the Advertising Fund

We or someone we designate will separately administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We will direct all programs financed by the Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and multi-regional advertising programs; developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the Fund. Except for any portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the websites or websites primarily focused on franchise growth), the Fund is not used to solicit the sale of franchises. The Rod Works businesses owned by us and our affiliates may,

but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement.

We may use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the Fund and its programs. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. Any amounts in the Fund that are not spent in the fiscal year in which they accrue will be applied toward advertising activities or our expenses incurred in administering the Fund and its programs in the following fiscal year. We are not required to have the Fund's statements audited.

For the year ending December 31, 2020, there were $00 in Ad Fund contributions. During fiscal year 2020, the Ad Fund contributions were spent as follows: 0% on media placement, 0% on production expenses, and 0% on administrative and miscellaneous expenses. We presently do not have an advertising council.

We may terminate the Fund at any time on 30 days' prior written notice to you. If we terminate the Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Section IX.C.)

Computer

You must also install and maintain a computer at the Rod Works Location Franchise or another approved location that has Internet access via high-speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Rod Works Location Franchises. Presently, we require you to purchase a point-of-sale system known as Lightspeed Retail. The point-of sale system includes computer hardware compatible with our system and capable of running the point-of-sale system, point-of-sale software, credit terminal, cash drawer, printers and marketing programs. The system is sold by Lightspeed, which maintains its principal business address at 1901 Avenue of the Stars, Los Angeles, CA, and can be reached during business hours at 866-932-1801. You may obtain further information about this system at info@lightspeedhq.com.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software.

We may revise our specifications for the hardware and any software used in the Rod Works Location Franchises as we deem necessary, including the designation of specific brands or models of accounting software or other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your Rod Works Location Franchise. In addition, you must update and upgrade the hardware and software described in this Item 11 from time to time as we require, and you must install any other hardware or software for the operation of the Rod Works Location Franchise that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades, or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements. However, we estimate that the annual cost of any optional or required maintenance or upgrades of your computer system would not be expected to exceed the cost of your original purchase of the computer system.

Confidential Operations Manuals

After you sign the Franchise Agreement, we will loan you a copy of our Manuals (in electronic format only), which we may amend from time to time upon written notice to you. A copy of the table of contents for the operations manual for Location Franchises is attached as Exhibit B to this Disclosure Document. The operations manual for Location Franchises may be revised from time to time. We consider the contents of the manual and any other documents we provide you relating to Rod Works Location Franchise (collectively referred to as our "Manuals") to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.

Training

Unless we agree otherwise, within sixty (60) days of executing the Franchise Agreement for your Rod Works Location Franchise, you and your Principal Owner and General Manager (if different from the Principal Owner) must have attended and completed our initial management training program to our satisfaction. (Franchise Agreement, Section VIII.A.) Our initial training consists of approximately 4 days. If you purchase more than one franchise, we will provide approximately 3 days of initial training for your second franchise, and 1 day of initial training for each additional franchise you open for business.

The training program will be conducted at our offices and outlet in Lehi, Utah, or online, at our discretion. The Manuals detail all aspects of franchise operations presented in training and serve as an ongoing reference. Updates to the Manuals will be made available to you through various means including online. Training sessions will be taught by Mark Tuttle and Aaron Brackett, and/or other qualified members of our staff or third-party professionals designated by us. Each member of our training staff will have at least 15 years of experience in the subject matter to which they have been assigned training responsibilities.

Aaron and/or other qualified members of our staff will teach franchisees The Rod Works systems and philosophy and train franchisees on our product presentation and merchandising, our approved vendors and suppliers, how to run your Rod Works business efficiently, staffing and labor costs, marketing and promoting your business, our software training, and administrative and bookkeeping responsibilities.

Occasionally, different guest speakers may make an appearance at the training program to provide information about various products, services and programs offered by us. For example, some speakers may be our employees, franchisees or industry experts. Our training program uses presentations, demonstrations, examples from the Operations Manual, on the job training, and various speakers.

TRAINING PROGRAM			
Subject	**Hours of Classroom/Online Training**	**Hours of On the Job Training**	**Location**
The Rod Works System and Philosophy	1 Hour		Our offices in Lehi, UT, or online
POS System	0 Hours	20 Hours	Our offices in Lehi, UT, or online
Merchandising & Decorating	0 Hours	20 Hours	Our offices in Lehi, UT, or online
Customer Service	0 Hours	20 Hours	Our offices in Lehi, UT, or online
Customer Service	0 Hours	20 Hours	Our offices in Lehi UT, or online
Terminology	1 Hour	0 Hours	Our offices in Lehi, UT, or online
Purchasing	5 Hours	0 Hours	Our offices in Lehi, UT, or online

TRAINING PROGRAM			
Subject	**Hours of Classroom/Online Training**	**Hours of On the Job Training**	**Location**
Pricing/Events	5 Hours	0 Hours	Our offices in Lehi, UT, or online
Advertising	5 Hours	0 Hours	Our offices in Lehi, UT, or online
Safety, Security, Health and Sanitation	1 Hour	0 Hours	Our offices in Lehi, UT, or online
Administrative and Bookkeeping Responsibilities	1 Hour	0 Hours	Our offices in Lehi, UT, or online
Totals Hours*	23 Hours	80 Hours	

*The actual hours of classroom, online, and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class.

Ongoing Training:

We may provide you with memos and/or newsletters that will contain ongoing training relating to your Rod Works Location Franchise. In very rare instances, we may periodically require that you or your Owners (if you are an entity), general manager and/or technicians complete additional or refresher training programs to correct, improve or enhance the operations of your Franchise. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel.

ITEM 12

TERRITORY

The Franchise Agreement gives you the right to operate a Rod Works Location Franchise at a site we accept as meeting our site selection guidelines (the "Location"). You must select the site for your Rod Works Location Franchise from within the non-exclusive "Designated Area" identified in Exhibit C to your Franchise Agreement. The Designated Area will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area. You have no rights in the Designated Area other than the right to identify a proposed site for your Rod Works Location Franchise, but after you locate a site acceptable to us we will grant you a "Protected Area" around that site as described below.

Franchise Agreement

If you remain in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, we and our affiliates will not establish or authorize anyone except you to establish a Rod Works Location Franchise in the geographic area identified as the "Protected Area" in Exhibit C of the Franchise Agreement (the "Protected Area") during the term of the Franchise Agreement. Your Protected Area will be (a) a circular geographic area having a radius of at least 1.5 miles and its center at the front door of your Rod Works Location Franchise, or (b) an irregularly shaped geographic area which includes your Rod Works

Location Franchise and extends out from the front door of your Rod Works Location Franchise at least 1.5 miles in all directions. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, including (i) the population in the surrounding area; (ii) traffic volume and traffic patterns; (iii) proximity to retail centers, residential areas, businesses and other potential customer sources; and (iv) other site-specific data as applicable. The Protected Area will be described in Exhibit C of the Franchise Agreement as a radius or by street boundaries, county or state lines, or other descriptions of municipal boundaries.

You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You cannot relocate the Rod Works Location Franchise without our consent. If you lose possession of the Location through no fault of your own, you may apply to us for our approval to relocate your Rod Works Location Franchise to another site in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Rod Works Location Franchise at the Location. We will allow relocation of your franchise if the newly proposed site meets the requirements we impose on other new Location franchises, and unless you are in default of your Franchise Agreement, or the proposed site adversely impacts an existing or proposed Location franchise.

You are not required to achieve any particular sales volume or market penetration or meet any other contingency to maintain your rights in the Protected Area, and we may not reduce your rights in the Protected Area due to population increases or other circumstances other than your breach of the Franchise Agreement or other agreement you have with us or our affiliates.

You must operate the Rod Works Location Franchise only at the Location. You may not solicit or or sell customers from consumers outside the Protected Area through any of the following channels of distribution: the Internet, catalog sales, telemarketing, and other direct marketing sales.

We retain all other rights. Among other things, this means we can:

(i) Operate, and license others to operate, Rod Works Location Franchisees at any location outside the Protected Area.

(ii) Develop and establish other business systems (including systems that distribute products or services similar to those offered at Rod Works Franchisees) using other names or marks, and grant licenses to use those systems;

(iii) Advertise and promote the System within and outside the Protected Area;

(iv) Acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area;

(v) Within and outside the Protected Area, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services (under the Marks or under other names or marks) through any channel or by any method of distribution (including the Internet sales, wholesale sales, catalog sales, telemarketing and other direct marketing sales) other than an Rod Works Location Franchise offered under this disclosure document, on any terms and conditions we deem appropriate, and without any compensation to you.

Except as described above, continuation of any Protected Area does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Protected Area.

Rights of First Refusal

We generally do not grant any options, rights of first refusal or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement for that franchise.

Neither we nor any affiliates have established or have present plans to establish franchises, company-owned outlets or other channels of distribution offering and selling services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so.

You may use the Internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the Franchise Agreement.

ITEM 13

TRADEMARKS

We grant you the right and license to use the Marks and the System solely in connection with your Location Franchise. You may use our trademark "Rod Works" and such other Marks as are designated in writing by us for your use. In addition, you may use them only in the manner authorized and permitted by us and you may not directly or indirectly contest our ownership of or rights in the Marks.

The following Marks are registered with the U.S. Patent and Trademark Office ("USPTO") on the Principal Register. At the appropriate times, we intend to renew the registrations and to file all appropriate affidavits.

Mark	Serial Number	Application Date	Registration Number	Registration Date	Register
Rod Works (standard character mark)			3806133	June 22, 2010	Principal
American Mercantile Company			5218266	November 2, 2016	Principal

There are no effective agreements that limit our right to license the Marks. With respect to the Marks, there are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding. We do not have a federal registration for two of our principal trademarks at this time. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use a trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. All affidavits have been filed.

We will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Marks. You are required to notify us immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify us promptly and cooperate fully with us

in defending or settling the litigation. We, at our option, may, but is not required to, defend and control the defense of any proceeding relating to any Marks. We have the exclusive right to control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Marks. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

If it becomes advisable at any time in our sole judgment for us to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used in our business name, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchisee's use of the Marks in any state.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights

The Company owns no rights in or to any patents that are material to the franchise. We have no patent applications pending at this time.

Copyrights

The Company claims a common law copyright and treats the information in the Manuals as confidential trade secrets, but you are permitted to use the material as part of your Location Franchise.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchise Owner's use of the Company's copyrighted materials in any state.

Confidential Operations Manuals

Under the Franchise Agreement, you must operate the Rod Works Location Franchise in accordance with the standards, methods, policies, and procedures specified in the Manuals. You will be loaned a copy of the Manuals for Rod Works Locations Franchises for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Rod Works Location Franchise strictly in accordance with the Manuals, as it may be revised by the Company from time to time. You must at all times, treat the Manuals and the information in them, as well as any other materials created for or approved by use for the operation of your Rod Works Location Franchise, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manuals will remain our sole property and must be returned in the event that you cease to be a Rod Works Location Franchise owner.

We may from time to time revise the contents of the Manuals, and you must comply with each new or changed provision in the Manuals. You must ensure that our Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained by us at Company's home office will be controlling.

Confidential Information

The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manuals. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement. See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Rod Works Location Franchise.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

When you sign the Franchise Agreement, you must designate an individual to serve as your "Principal Owner." The Principal Owner must be an individual holding an ownership interest in you, or, if you are an individual, you will be the Principal Owner. The Principal Owner must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement.

If you wish to appoint a General Manager, that person must devote his or her best efforts to the supervision of your operations under the Franchise Agreement. While there are no written restrictions on who may act as your General Manager, we expect that you will select someone that will always act in a manner that is protective of the franchise brand and the goodwill of the Marks. Without our written consent, your Principal Owner may not engage in any business similar in nature to Rod Works other than the development and operation of your Rod Works Location Franchise(s). Your Principal Owner must satisfy our training requirements and our other standards and must personally guaranty your performance under the Franchise Agreement. Your Principal Owner will be individually, jointly and severally bound by all of your obligations and the obligations of the Principal Owner and an Owner under the Franchise Agreement. (See Item 1).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All services and products you use or sell at the Rod Works Location Franchise must conform to our standards and specifications. (See Item 8). These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Rod Works Location Franchise.

You must offer and sell only the products and services that we have expressly approved in writing, and you must offer and sell each of the products and services we authorize for sale at Rod Works Location Franchises. You must stop selling any products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard list of products and services, and you must promptly comply with any changes that we make to that list. You must perform all services using the procedures contained in our Manuals or other written instructions. You must not use or offer nonconforming products or services unless we first give you our written consent. You must open and operate the Rod Works Location Franchise during the hours we specify in the Manuals or otherwise in writing.

We may make available to you and may require you to purchase from us for resale to your customers' certain merchandise, like clothing or other memorabilia, in amounts necessary to meet your customer demand.

You may only install and offer at your Rod Works Location Franchise such equipment and machines as we have expressly approved in the Manuals or otherwise in writing.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

You may not sell any products at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent to such sale. Any such sale must be conducted in accordance with our System Standards. We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.**		
Provision	**Section in Franchise Agreement**	**Summary**
a. Length of the term of the franchise	Section IV.A	10 year initial term.
b. Renewal or extension of the term	Section IV.B	One additional 10-year term.
c. Requirements for you to renew or extend	Section IV.B	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current Franchise Agreement, which may contain materially different terms and conditions from your original contract, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. Other requirements are: Give written notice; update required items; not be in default; pay all money owed; retain right to Location; execute our then-current form of renewal Franchise Agreement and pay us a renewal fee; sign general release; comply with then-current qualifications and training requirements.
d. Termination by you	Not Applicable	Not Applicable (your termination rights are

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.**		
Provision	**Section in Franchise Agreement**	**Summary**
		subject to state law).
e. Termination by us without cause	Not Applicable	Not Applicable.
f. Termination by us with cause	Section XVIII.	We may terminate on your default.
g. "Cause" defined – curable defaults	Section XVIII.C.	For any default except those specified as non-curable you have 30 days to cure (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; and 10 days if you fail to comply with the noncompetition covenants.
h. "Cause" defined – defaults which cannot be cured	Sections XVIII.A. and XVIII.B.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of Rod Works Location Franchise at location that we have not accepted; failure to construct the Rod Works Location Franchise in accordance with requirements; failure to begin business within the required time period; abandonment or forfeiture of right to do business; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program; default under any other franchise agreement and failure to cure; repeated defaults whether or not cured; assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws or regulations.
i. Your obligations on termination/non-renewal	Section XIX.	Stop operating your Rod Works Location Franchise and using the System's confidential methods, procedures, techniques and marks; cancel any registration containing the Marks; not use any imitation of the Marks; pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants; return all Manuals and other proprietary materials; furnish list of advertising/sales promotion materials bearing the Marks; at our option, sell or assign us your rights in business telephone numbers, advertising and

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.**		
Provision	**Section in Franchise Agreement**	**Summary**
		promotional materials, furnishings equipment, and the premises; modify the appearance of the Rod Works Location Franchise.
j. Assignment of contract by us	Section XV.A.	We may transfer our rights without restriction.
k. "Transfer" by you - defined	Sections XV.B. and XV.C.	You must not transfer any direct or indirect interest in you, the Franchise Agreement or the assets of the Location Franchise without our consent.
l. Franchisor approval of transfer by franchisee.	Section XV.B.	We must consent and you must meet conditions before transferring.
m. Conditions for our approval of transfer by you	Section XV.B.	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations; and obtain a one-year tail on insurance policies to cover liabilities that may have been incurred prior to the transfer. Transferee must meet our criteria, complete required training, guarantee obligations; enter into then-current franchise agreement and upgrade the Rod Works Location Franchise.
n. Our right of first refusal to acquire your business	Section XV.D.	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Our option to purchase your business	Sections XIX.A(8) and (9) and XIX.B.	Upon termination or expiration, we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to acquire the Location and the assets of the Rod Works Location Franchise from you (subject to any rights of approval retained by the owner of the leasehold) at fair market value. If you own the land were the Rod Works Location Franchise is located, we have the option to lease the land (and any building on the land used for the operation of the Rod Works Location Franchise), at a reasonable commercial rent. We have the option to have the lease for the premises of the Rod Works Location Franchise assigned to us.
p. Your death or disability	Section XV.E.	On death or permanent disability of you or an Owner the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section XI.C.(1)	You may not operate or have an interest in a business which is similar to the Location Franchise and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.**		
Provision	**Section in Franchise Agreement**	**Summary**
		in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
r. Non-competition covenants after the franchise is terminated or expires	Sections XI.C.(2)	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the Location Franchise, within the Protected Area, within a 50-mile radius of the Location, or within a 50-mile radius of any Rod Works Location Franchise then in existence or under construction.
s. Modification of the agreement	Sections XI.A. and XX.P.	Except for changes we can make unilaterally, changes require mutual agreement. You must comply with the Manuals as amended.
t. Integration/merger clause	Section XX.AA.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section XX.G.	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.
v. Choice of forum	Sections XX.G. and XX.H.	Unless contrary to applicable state law: Mediation at the American Arbitration Association offices nearest to our principal place of business, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Venue for any litigation is the state courts in Sacramento County, Utah, and Federal District Courts in the Eastern District of Utah.
w. Choice of law	Section XX.I.	Unless contrary to applicable state law, Utah law.

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 or exemplary damages, and limitations on when claims may be raised. (See Franchise Agreement Section XX). We recommend that you carefully review all of these provisions with a lawyer.

A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18

PUBLIC FIGURES

With our prior written consent, you may use the name of a public figure for purposes of promotional efforts, advertising or endorsements. No public figure has any investment in the System or us.

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchise Rod Works Location Franchises. 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 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 Aaron Brackett.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION
(Location Franchises)

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	7	1	(1)
	2021	6	5	(1)
	2022	5	5	0
Company-Owned	2020	4	4	0
	2021	4	4	0
	2022	4	4	0
Total Outlets	2020	11	10	(1)
	2021	10	9	(1)
	2022	9	9	0

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2020 to 2022

State(s)	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
AZ	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
NV	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
CO	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NC	2020	0	0	0	0	0	0	0
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
UT	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total	2020	7	0	0	0	0	1	6
	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	1	5

Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Utah	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Total	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4

Table No. 5
Projected Openings for 2023

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in Fiscal Year 2023	Projected New Company-Owned Outlets in Fiscal Year 2023
Arizona	0	1	0
Utah	0		0
Idaho	0	1	0
Colorado	0	0	0
Nevada	0	1	0
Total	0	3	0

Exhibit G lists the names of all of our operating Rod Works Location Franchisees and their addresses and telephone numbers as of December 31, 2022. Exhibit G lists the Rod Works Location Franchisees who have signed Franchise Agreements for which were not yet operational as of December 31, 2021, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every Location Franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

None of our Location Franchisees have signed confidentiality clauses with us during the last three years which would restrict their ability to speak openly about their experience with us.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit D hereto are our audited financial statements for the period from January 1, 2019 to December 31, 2021.

ITEM 22

CONTRACTS

- Franchise Agreement with State-Specific Addenda and Exhibits (Exhibit A)
- General Release (Exhibit E)

ITEM 23

RECEIPTS

Exhibit H includes Receipts acknowledging that you received this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at this address or telephone number:

The Rod Works Inc
a Utah corporation
4275 Thanksgiving Way, Suite 200
Lehi, Utah 84043
Telephone: (801) 768-2315
aaron@rodworks.com

EXHIBIT A

FRANCHISE AGREEMENT

ROD WORKS
Unique Home Decor

THE ROD WORKS INC

FRANCHISE AGREEMENT

SUMMARY PAGE		
1.	**Franchisee**	_____
2.	**Initial Franchise Fee**	_____
3.	**Development Area**	_____
4.	**Business Location**	_____
5.	**Opening Deadline**	280 days after Effective Date
6.	**Principal Agent**	_____
7.	**Franchisee's Address**	_____

_____

_____
Date of Agreement

The Rod Works Inc

FRANCHISE AGREEMENT

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EXHIBITS

Exhibit A	Owners' Guaranty and Assumption Agreement
Exhibit B	Confidentiality and Noncompetition Agreement
Exhibit C	Designated Area, Franchise Location, Protected Area, and Opening Date
Exhibit D	Ownership and Management Information
Exhibit E	Electronic Funds Transfer Authorization
Exhibit F	Disclosure Questionnaire
Exhibit G	Lease Addendum Terms
Exhibit H	Assignment of Telephone Numbers
Exhibit I	State-Specific Addenda

THE ROD WORKS INC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this_____ day of _____, 20__ (the "Effective Date"), by and between The Rod Works Inc, a Utah corporation ("Franchisor," "we," "us," or "our") and_____ ("Franchisee," "you," or "your").

RECITALS

We grant the right to use and license the use of a business system (the "System," as further defined below) for the establishment and operation of a Rod Works Franchise that markets and sells unique home decor and home furnishing accessories, including some furniture items and gift items, including our line of unique home and office products. The retail store is referred to as a "Location" or "Location Franchise".

Rod Works Franchises operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "Marks," as further defined below).

You wish to obtain a franchise to establish and operate a Rod Works Franchise using the Marks and the System at the Franchise Location (defined below) specified in Exhibit C to this Agreement.

We are willing to grant you a franchise to do so upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

I. DEFINITIONS

"Advertising Fund" or "Fund" means the advertising fund described in Section IX.C. of this Agreement.

"Affiliate" or "Affiliates" of a named person means any person or entity that is controlled by, controlling or under common control with the named person.

"Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

"Assistant Managers" means the assistant managers employed by you to assist in operating your Rod Works Franchise.

"Business Day" means each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

"Computer System" means the computer hardware and software (including, without limitation, back office software and other software meeting our specifications from our required or approved vendor or other manufacturer approved in writing by us) and point-of-sale terminals that we may designate from time to time for use in the operation of Rod Works Franchises.

"Confidential Information" means all proprietary and confidential information relating to the establishment and operation of Rod Works Franchises, including, without limitation: (i) our standards and specifications, including equipment, product, and supplier standards and specifications; (ii) site selection criteria; (iii) techniques and any other processes, procedures and techniques used in operating a Rod Works Franchise; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of Rod Works Franchises, other than your Rod Works Franchise; (viii) computer programs and systems, including electronic data files and passwords, and (ix) Improvements (as defined in Section XI.D.).

"Cooperative" means an advertising cooperative, as described in Section IX.B. of this Agreement.

"Control" or "Controlling Interest" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Designated Area" means the non-exclusive geographic area described in Exhibit C to this Agreement within which you will locate a site for your Rod Works Franchise.

"Rod Works Franchise" means the Rod Works Franchise or business operated by you at the Franchise Location pursuant to this Agreement, including all assets used in connection with its operation.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond a party's control.

"Franchise Location" means the address of the premises, located by you and accepted by us, at which the Rod Works Franchise is located, as listed in Exhibit C to this Agreement.

"General Manager" means any person designated pursuant to Section VII.E.(2) of this Agreement to manage the day-to-day on-site operations of the Rod Works Franchise business to be operated under this Agreement.

"Gross Sales" is the total selling price of all services and products and all income of every other kind and nature related to the Rod Works Franchise, whether for cash or credit and regardless of collection in the case of credit. "Gross Sales" includes: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, you are not required to count the retail value of the services provided upon redemption in determining Gross Sales for royalty purposes or for other fees calculated in respect of Gross Sales; and (b) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Rod Works Franchise. "Gross Sales" does not include (i) sales taxes you collect from customers of the Rod Works Franchise, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Rod Works Franchise or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Rod Works Franchise or having any material effect upon the ongoing operation of the Rod Works Franchise.

"Gross Sales Report" means the report, in the form we require, due on the same day as the corresponding royalty payments during the term of this Agreement, itemizing the Gross Sales of the Rod Works Franchise for the applicable royalty period (which shall be either the period from the 1st day to 15th day of the month or the period from the 16th day of the month through the end of the month, as applicable).

"Manual" or "Manuals" means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Rod Works Franchises and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, videotapes, audio tapes, compact discs, computer diskettes, CD ROMs and electronic communications.

"Marks" means the trade names, trademarks, service marks, logos, emblems, and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the mark "Rod Works."

"Opening Date" means the date the Rod Works Franchise first opens for business to the public.

"Owners" mean those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

"Principal Owner" means the Owner designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of the Rod Works Franchise.

"Protected Area" means the geographic area assigned to you upon your acquisition of the Franchise Location and described on Exhibit C, within which you will be afforded the protections described in Section II.B. of this Agreement.

"Software Programs" means the proprietary or other software programs we develop or acquire for use by Rod Works Franchises.

"System" means our comprehensive methods and procedures for the establishment, management and operation of Rod Works Franchises, including the Confidential Information, our Manuals, the Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special processes or techniques we have developed; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

"Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed by federal tax authorities on our net income.

II. GRANT

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a Rod Works Franchise under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the Rod Works Franchise at the

Franchise Location in accordance with this Agreement and our standards. You are not authorized to offer any of the products and services offered by Rod Works Franchises at wholesale.

B. Protected Area. Your Protected Area will be described in Exhibit C. Except as provided in Section II.C. and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will establish, or authorize any person or entity other than you to establish, a Rod Works Franchise in the Protected Area during the term of this Agreement.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Rod Works Franchises at any location outside the Protected Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area to develop and establish other business systems (including systems that distribute products or services similar to those offered at Rod Works Franchises) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System in the Protected Area; (iv) to acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; and (v) except for the restriction in Section II.B. against the establishment of another Rod Works Franchise in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all similar or dissimilar services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution, including, but not limited to, mail order catalogs and the internet, regardless of the competitive impact on the Rod Works Franchise.

III. SITE SELECTION, CONSTRUCTION, GRAND OPENING OBLIGATIONS, AND OPENING DATE

A. Site Selection and Acquisition. You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Rod Works Franchise within the Designated Area. You acknowledge and agree that you acquire no rights in and to the Designated Area, other than the right to select a site for the Rod Works Franchise from within its boundaries. Following your selection and our acceptance of a site for your Rod Works Franchise, the Franchise Location will be identified in Exhibit C to this Agreement and the Designated Area will be of no further force or effect.

(1) To assist you in your selection of a site for your Rod Works Franchise, we will provide to you: (i) our written site selection guidelines and such site selection assistance as we deem advisable; and (ii) such on-site evaluation as we may deem necessary; provided, that we will not provide an on-site evaluation for any proposed site before receiving all required information and materials required pursuant to Section III.A(2) below and, in our discretion, before receiving such information for multiple proposed sites.

(2) Before acquiring a site for the Rod Works Franchise, you must submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require, including, but not limited to, a final, complete copy of the lease (which must incorporate a rider in substantially the form attached hereto as Exhibit G) or contract of sale for the site for your Rod Works Franchise. Such lease or contract for sale may not be signed by you unless it includes a rider in substantially the form attached hereto as Exhibit G and is submitted to, and approved by, us in advance.

(3) We shall have fifteen (15) days after receiving all required site information to accept or reject, in our reasonable discretion, the proposed site as the location for your Rod Works Franchise. No site may be used for a Rod Works Franchise unless it is first accepted in writing by us, and you shall not make any binding commitment with respect to a site for your Rod Works Franchise unless the site is first accepted in writing by us. If we accept multiple sites for the Rod Works Franchise, you shall notify us in writing within five (5) days of the date of such acceptance of the site that you intend to acquire for the Rod Works Franchise. You acknowledge that our acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Rod Works Franchise operated at that site will be profitable or otherwise successful.

(4) Promptly following our acceptance of the site for your Rod Works Franchise, you shall acquire the site by purchase or lease, at your expense. You agree to furnish to us a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After we accept the site and you acquire the site pursuant to this Agreement, the address of the site shall be entered on Exhibit C to this Agreement as the Franchise Location and the Protected Area around the Franchise Location will be described on Exhibit C.

(6) If you are not able to locate a site that is approved by us within 120 days after signing this Agreement then you will be in default, and we may, at our option, terminate this Agreement.

B. Franchise Location; Relocation. You have been granted the right to operate a Rod Works Franchise at the Franchise Location listed in Exhibit C to this Agreement. You must not relocate the Rod Works Franchise without our express prior written consent. If you are unable to continue the operation of the Rod Works Franchise at the Franchise Location because of the occurrence of an event of Force Majeure resulting in the loss or destruction of the premises for your Franchise Location, you may request our consent to relocate the Rod Works Franchise to another location in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Rod Works Franchise at the Franchise Location. If we grant you the right to relocate the Rod Works Franchise, you must comply with such reasonable site selection and construction procedures as we may require. We will allow relocation of your Franchise if the newly proposed site meets the requirements we impose on other new Location franchises, and unless you are in default of your Franchise Agreement, or the proposed site adversely impacts an existing or proposed Location franchise.

C. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Rod Works Franchise at the Franchise Location, and you must conform the premises as needed to comply with any local ordinances and building codes at your expense. Before beginning construction of the Rod Works Franchise, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Rod Works Franchise, and (ii) certify in writing to us that they have been obtained and that the insurance coverage specified in Section XIII. of this Agreement is in full force and effect. At our request, you agree to provide to us copies of all such approvals, clearances, permits, licenses and certifications. If you wish to offer alcoholic beverages at your Franchise Location, you must comply with all applicable laws and first obtain any and all necessary permits.

D. Construction and Finish Out. You must obtain, at your expense, all architectural, engineering, design, construction and other services necessary for the construction of the Rod Works Franchise, and unless otherwise agreed by us in writing, you must retain the architecture and design firm designated by us to prepare the initial plans and drawings for your Rod Works Franchise. In addition to

using our designated architecture and design firm, any other architect(s) and engineer(s) that you may select to assist with the planning and oversight of construction of your Rod Works Franchise must be approved by us before beginning their work on the Rod Works Franchise. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s).

(1) If you wish to make any adjustments to the initial architectural and design plans and specifications for the Rod Works Franchise, which will be created by the architecture and design firm designated by us, you must submit the revised plans to us for review within fifteen (15) days after you receive the initial plans. We will notify you of any objections to the revised plans within fifteen (15) days of receiving them. If we fail to notify you of an objection to the plans within the fifteen (15) day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within fifteen (15) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such fifteen (15) day period, you may use the revised plans. You acknowledge that our review of the plans is only for the purpose of determining compliance with System standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) You must promptly commence and diligently pursue construction of the Rod Works Franchise. During construction, you agree to provide us with such periodic progress reports as we may reasonably request. In addition, we will make such on-site inspections as we may deem reasonably necessary to evaluate your progress. You agree to notify us of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, we will, at our option, conduct an inspection of the completed Rod Works Franchise. You must not open the Rod Works Franchise for business without our written authorization, which will be conditioned upon your strict compliance with this Agreement.

Requirements for Opening

On or before the Opening Date, you must open your Rod Works business for business utilizing the Systems; provided, however, you may not open the Rod Works business for business until:

1. We have inspected and approved the Rod Works business as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Rod Works business, we may require you to send us video and/or photographs of the Rod Works business.

2. You must give us at least 30 days' prior written notice of your Rod Works business planned opening date and must notify us in writing when the Rod Works business is ready for inspection. If we do not inspect the Rod Works business within ten (10) business days after your delivery of notice that the Rod Works business is ready for inspection, or if we do not deliver written comments to you within five (5) business days after our inspection, then the Rod Works business is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Rod Works business complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the

ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of your Rod Works business;

3. You (or your managing owner) and the Rod Works business manager have completed the pre-opening training.

4. You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Rod Works business, including, without limitation, by ensuring that your planned membership offerings following the Rod Works business's opening and your forms of membership agreement comply with applicable law;

5. All amounts due to us have been paid;

6. We have received satisfactory evidence that you maintain the insurance required by this Agreement;

7. You have signed and delivered to us a request for opening, in the form we specify, under which, among other things, you certify that all of the requirements in have been satisfied.

8. We will work with you to identify the Rod Works business's Actual Opening Date at least 15 days before the Actual Opening Date. If you fail to do so, or if you fail to send us a completed request for opening form before you open the Rod Works business, then, in addition to our other rights and remedies, you will not be authorized to open or begin operating the Rod Works business.

Grand Opening Program

You agree to conduct a grand opening advertising and promotional program for the Rod Works business and to spend $2,000 to $4,000, as determined by our standards. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Rod Works business to the public (or such other period as may be prescribed by us in the Operations Manual). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Rod Works business.

IV. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until ten (10) years from the Opening Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for one (1) additional term of ten (10) years, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of renewal:

(1) You must give us written notice of your election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

(2) You must refurbish, repair or replace, at your expense, all equipment, Computer Systems, signs, interior and exterior decor items, fixtures, furnishings, supplies and other items required for the operation of the Rod Works Franchise as we may reasonably require and must otherwise upgrade the Rod Works Franchise to reflect the then-current standards and image of the System, provided that you will not be required to spend more than $50,000 under this Section IV.B(2);

(3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;

(4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;

(5) You must present evidence satisfactory to us that you have the right to remain in possession of the Franchise Location during the entire renewal term or obtain our consent to a new site for the Rod Works Franchise;

(6) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees;

(7) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(8) You must pay us a renewal fee in an amount equal to Thirty-Three Percent (33%) of our then-current initial franchise feeand

(9) You must comply with our then-current qualification and training requirements.

V. FEES

A. Initial Franchise Fee. You agree to pay us an initial franchise fee of Thirty-Five Thousand Dollars ($35,000) upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us.

B. Royalty Fee. During the term of this Agreement, you agree to pay to us a continuing periodic royalty fee in an amount equal to Five percent (5%) of your Gross Sales, per month payable on the 1st day of each month. You must pay the royalty fee via electronic funds transfer, or any other means we reasonably specify. The royalty fee will be due on the 1st day of each month during the term of this Agreement. If the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day.

C. Monthly Software and Technology Licensing and Support Fee. Beginning in the month your location opens, and on or before the 1st day of each month thereafter throughout the term of this Agreement, you must pay us a monthly software and technology licensing and support fee ("Technology Fee"). The Technology Fee is currently $000 per month. We may, in our sole discretion, increase the amount of the Technology Fee up to $000 per month upon 30 days' prior written notice to you.

D. Franchisee Advertising Fee. During the term of this Agreement, you agree to pay to us a continuing periodic advertising fee in an amount equal to two percent (2%) of the Rod Works Franchise's Gross Sales for the immediately preceding period (which shall be either the period from the 1st day to 15th

day of the month or the period from the 16th day of the month through the end of the month, as applicable). You must pay the advertising fee via electronic funds transfer, or any other means we reasonably specify. The advertising fee will be due on the 1st day and the 16th day of each month during the term of this Agreement. If the date on which an advertising payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. We may increase the required contribution amount on not less than 30 days' written notice to you (up to a maximum of 2% of Gross Sales).

E. Other Fees and Payments. In addition to the initial franchise fee and periodic royalty payments, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

F. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the applicable due date will be deemed past due. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also agree to pay us a late payment fee equal to $100 for each delinquent payment under this Agreement.

(2) Our acceptance of any payments delivered subsequent to the applicable due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any check or payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due to us on account of our breach or alleged breach of this Agreement, and no right to offset any amount due to us against any obligation that we may owe to you.

(5) Each payment to be made to us shall be made free and clear and without deduction for any Taxes.

G. Electronic Funds Transfer. You agree to execute Exhibit E to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee, the Advertising Fund contribution (described in Section IX.C.), and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales will be based on the information we obtain pursuant to Section XII.C. of this Agreement or the Gross Sales Report. If we have not received a Gross Sales Report within the time period required by this Agreement, then we may process an EFT for the applicable royalty period based on the most recent Gross Sales Report provided to us by you; provided, that if a Gross Sales Report for the applicable royalty period is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that

the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Should your bank fail to honor any EFT for any reason, you agree that you will be responsible for promptly delivering such payment directly to us and reimbursing us for any service charge or other costs or expenses we incur. If any payments are not received when due, interest may be charged in accordance with Section V.F. Upon written notice to you, we may designate another method of payment.

VI. OUR OBLIGATIONS

We agree to provide (or have our designee provide) the following services or cause them to be provided to you:

A. Manuals. Access to or the loan of one (1) set of the Manuals (in electronic format only), which we may amend from time to time upon written notice to you.

B. Training. An initial training program for your Principal Owner and General Manager (and Assistant Managers, if applicable), and additional training programs in accordance with Section VIII.A. Upon your reasonable request or if we determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you to pay the per diem fee we are then charging for on-site remedial training, and pay or reimburse us for the expenses incurred by our representatives, including the costs of travel, lodging, and meals.

Opening Assistance. Such on-site pre-opening and opening assistance as we reasonably deem necessary. In connection with the opening of your Rod Works Franchise, one of our representatives shall provide you with up to 12 days (but no less than 5 days, unless you agree otherwise) of on-site assistance at your Rod Works Franchise both prior to and after the Opening Date, as we reasonably deem necessary.

C. Software Programs. For a reasonable fee, any Software Programs that we acquire or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

D. Inspections. Inspections of the Rod Works Franchise and evaluations of the products sold and services offered and sold at and from the Rod Works Franchise from time to time as reasonably determined by us.

E. Advertising. Administration of an Advertising Fund in accordance with Article IX. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting Rod Works Franchises.

F. Operational Advice. Advice and written materials concerning techniques for managing and operating Rod Works Franchises, including new developments and improvements in the System.

G. Collateral Merchandise; Equipment; Décor Items. From time to time in our discretion and at a reasonable cost, certain merchandise identifying the System, such as clothing other System memorabilia, in sufficient amounts to meet customer demand, and/or certain equipment, décor items or other products and services.

H. Approved Suppliers. From time to time as we deem appropriate a list of approved or designated suppliers of products, signs, equipment, materials, supplies, and services you must use to develop and operate your Rod Works Franchise.

J. Area Representative. You understand that if we have an Area Representative franchisee over your Territory, that we may delegate some of our obligations under this Agreement to the Area Representative, including but not limited to, evaluation of your site, training, and pre- and post- opening support.

VII. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Your Investigation of this Franchise.

(1) You acknowledge having received our franchise disclosure document (a) at least fourteen (14) days before signing a binding agreement or making any payment to us, or (b) if applicable, by the time required by your state's law as specified in the Disclosure Questionnaire attached hereto as Exhibit F. You acknowledge that this Agreement contains no changes from the form of franchise agreement attached to our franchise disclosure document other than changes made with your knowledge and pursuant to negotiations between you and us. You further acknowledge that you have read this Agreement and our franchise disclosure document and that you understand the terms of this Agreement and accept them as being reasonably necessary for us to maintain the uniformity of Rod Works Franchises and to protect the goodwill of the Marks and the integrity of the System.

(2) You have conducted an independent investigation of the business contemplated by this Agreement and recognize that an investment in a Rod Works Franchise involves business risks; that your success is largely dependent on your own abilities and efforts; and that the nature of Rod Works Franchises may change over time. You have not received or relied on any guaranty or assurance, express or implied, as to the revenues, profits or success of the business contemplated by this Agreement.

(3) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(4) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

B. Your Organization. If you are a corporation, partnership, limited liability company or other legal entity:

(1) You are duly organized and validly existing under the law of the state of your formation;

(2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

(3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of Rod Works Franchises. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a Rod Works Franchise.

(4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and

(5) You have provided to us prior to the execution of this Agreement, and will from time to time during the term of this Agreement at our request provide to us, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

(1) If you are a corporation, partnership, limited liability company or other legal entity, the ownership interests in you are accurately and completely described in Exhibit D. You agree to maintain at all times a current list of all your Owners and to make your list of Owners available to us upon request.

(2) If you are a corporation, you agree to maintain stop-transfer instructions against the transfer on your records of any of your equity securities and to conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) Unless otherwise agreed in writing by us, you must cause each of your Owners to execute the Guaranty and Assumption Agreement attached as Exhibit A to this Agreement, jointly and severally guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you agree to provide us with any and all loan or other documents regarding the financing of the Rod Works Franchise.

(3) You agree to maintain at all times during the term of this Agreement sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You agree to designate upon the execution of this Agreement, and to retain at all times during the term of this Agreement, an individual to serve as your Principal Owner. The Principal Owner must meet our qualifications and must be approved by us. Unless a separate General Manager is approved by us as described in Section VII.E(2), your Principal Owner must devote full time and best efforts to the supervision of the Rod Works Franchise(s) operated by you and your Affiliates. Without our written consent, your Principal Owner shall not engage in any business other than the operation of your Rod Works Franchise(s). Your Principal Owner and any General Manager whom we approve must be empowered with full authority to act for you.

(2) Unless we agree otherwise, you agree to designate not later than sixty (60) days after signing this Agreement, and to retain at all times during the term of this Agreement, a General Manager who meets our qualifications to supervise the operation of your Rod Works Franchise. Your Principal Owner may serve as the General Manager of your Rod Works Franchise, provided that he or she may not serve as the General Manager for more than one Rod Works Franchise at the same time. Subject to our written consent, you may elect to designate an individual other than your Principal Owner for the position of General Manager. Your General Manager must devote full time and best efforts to the supervision of the Rod Works Franchise operated by you and your Affiliates and, without our written consent, shall not engage in any other business. You acknowledge and agree that the appointment of a General Manager will not relieve your Principal Owner of his or her supervisory responsibilities for the operation of your Rod Works Franchise. You and your Principal Owner shall remain fully responsible for your General Manager's performance. Each Rod Works Franchise must have a different General Manager.

(3) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement the required number of Assistant Managers as determined by us from time to time, but in no event less than one (1) Assistant Manager. The Assistant Managers shall meet our qualifications, shall devote full time and best efforts to the day-to-day operation and management of the Rod Works Franchise and shall not engage in any other business activity without our prior written consent.

(4) The names of your Principal Owner, General Manager and Assistant Managers shall be listed in Exhibit D to this Agreement and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Principal Owner or any General Manager or Assistant Manager cannot continue or no longer qualifies to serve in that capacity and must take corrective action within thirty (30) days after any such notice. During such thirty (30) day period, you must provide for interim management of your operations in accordance with this Agreement. Any failure to comply with this Section VII.E. will be a material breach of this Agreement.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you certify that neither you nor any of your Owners, employees or anyone associated with you is listed in

connection with any Anti-Terrorism Law and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You also agree to comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data. You acknowledge and agree that you shall be solely responsible for any costs, expenses, damages or other liabilities incurred by you or us as a result of, or in connection with, your failure to comply with any PCI standards.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Rod Works Franchise, any related business listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the Rod Works Franchise and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the Rod Works Franchise; and (ii) to obtain any and all returns and reports related to the Rod Works Franchise that you file with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you agree to execute such forms and documents as we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and you Owners make the foregoing representations, warranties and covenants understanding that such representations, warranties and covenants are continuing obligations. You agree to cooperate with us to verify your and your Owners' continuing compliance with such representations, warranties and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

VIII. OPERATIONS

A. Training. Your Principal Owner and General Manager must successfully complete our management training program before the Opening Date. Any successor or replacement Principal Owner or General Manager must successfully complete our management training program within a reasonable time after such persons are designated, provided that each successor or replacement must successfully complete training no more than sixty (60) days after the date on which his or her predecessor ceased to be employed by you (or ceased to serve as Principal Owner, as applicable). These persons, and any of your other personnel whom we may designate, must attend, and complete any additional training that we may require from time to time. In addition, we may, at our option, conduct periodic franchisee conventions at a location designated by us, and your Principal Owner and/or General Manager must attend such conventions. At our option, we may certify your Principal Owner, General Manager or one or more of your Assistant Managers (following their completion of all applicable training as required by us) as a "Certified Trainer" authorized to provide and conduct one or more designated training programs (as determined by us) for new or replacement employees at your Rod Works Franchise; provided, however, that we reserve the right to test any employees trained by a Certified Trainer and to require any Certified Trainer and any of your employees to successfully complete additional training programs conducted by us from time to time. Initial management training for your Principal Owner and General Manager is provided at our offices in Lehi, UT (or other location(s) we designate) at no charge; however, we reserve the right to charge a reasonable fee for training any additional persons, including any successor or replacement personnel, and for any additional training programs. Such additional training shall be conducted at locations we designate. You are

responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel. If any Principal Owner or General Manager fails, in our sole judgment, to satisfactorily complete our management training program, and you fail to cure such default within ninety (90) days following written notice from us, we may terminate this Agreement.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the Rod Works Franchises and the importance of complying with all of our standards and specifications relating to the operation of Rod Works Franchises. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you agree to conduct your business in accordance with the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of Rod Works Franchises.

C. Maintenance of Rod Works Franchise. You agree to maintain the Rod Works Franchise in a high degree of sanitation and repair, and to make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, décor, and equipment (including, but not limited to, Computer Systems) as we may reasonably direct. You also agree to obtain, at your expense, any new or additional equipment (including, but not limited to, point of sale or Computer Systems), fixtures, supplies and other products and materials which we may reasonably require for you to offer and sell new services or products from the Rod Works Franchise or to provide such services or products by alternative means. Notwithstanding the foregoing, you will not be required by us to spend more than $5,000 during any calendar year under this Section VIII.C. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Rod Works Franchise without our prior written approval.

D. Upgrade of Rod Works Franchise. Promptly upon our request, you must make improvements, renovations, updates and upgrades to the Rod Works Franchise to conform it to our then-current standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section VIII.D. on or after the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of Rod Works Franchises then operated by us or our Affiliates have made or are utilizing best efforts to make such improvements. Notwithstanding the foregoing, you will not be required to spend more than $25,000 on an update, upgrade or renovation under this Section VIII.D.

E. Sourcing.

(1) You agree to comply with all of our standards and specifications for the purchase of all inventory, supplies, materials, fixtures, furnishings, equipment, Computer Systems, and other products used or offered for sale at the Rod Works Franchise. If we have approved or designated suppliers (which may include us or our Affiliates or third-party manufacturers, distributors and other sources) for any such item, you agree to obtain these items from those suppliers. Our approved or designated suppliers are those who demonstrate on a continuing basis the ability to meet our standards and specifications; who have adequate quality controls and the capacity to supply the needs of the Rod Works Franchise network promptly and reliably over an extended period of time; and who have been approved in writing by us and who have not thereafter been disapproved by us. We may designate ourselves, our Affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. You agree that we and our Affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our Affiliates provide to you and from payments made to us or our Affiliates by suppliers that we designate or approve for some or all of our franchisees).

(2) If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You or the proposed supplier will be required to pay for the cost of the inspection and the test (including our administrative expenses) and reimburse us for any costs or expenses we incur in connection with the evaluation of your proposed supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we revoke our approval of any supplier, you agree to promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section VIII.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You agree to operate the Rod Works Franchise in full conformity with our methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you agree:

(1) To sell or offer for sale all products and services we require using the method and manner of distribution we prescribe. Distribution methods must be expressly authorized by us in writing in the Manuals or otherwise;

(2) To sell and offer for sale only the products and services that we have expressly approved for sale in writing; to discontinue selling and offering for sale any products or services and any method or manner distribution which we may disapprove in writing at any time;

(3) To maintain in sufficient supply and to use and sell at all times only those items, products, materials, and supplies that conform to our standards and specifications; to conduct all services in accordance with our standards, specifications and procedures; to use the brand and/or type of products we require; and to refrain from deviating from our standards and specifications by using or offering non-conforming items or services without our prior written consent;

(4) To permit us or our agents, at any reasonable time, to remove samples of any items from the Rod Works Franchise, without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) To purchase or lease and install, at your expense, all fixtures, furnishings, equipment, Computer Systems, decor items, signs, and related items that we may reasonably direct from time to time; and to refrain from installing or permitting to be installed in or about the Rod Works Franchise, without our prior written consent, any fixtures, furnishings, equipment, decor items, signs, vending machines or other items not previously approved as meeting our standards and specifications;

(6) To grant us and our agents the right to enter the Rod Works Franchise at any reasonable time to conduct inspections; to cooperate with our representatives conducting the inspections by

rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without limiting our other rights under this Agreement), to take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) To at all times operate your Rod Works Franchise under the direct, on-site supervision of at least one person who has successfully completed our management training program pursuant to Section VIII.A of this Agreement; to at all times maintain a competent, conscientious, trained staff and to take any and all steps necessary to ensure that your employees preserve good customer relations and comply with any dress code we may prescribe;

(8) To only install and offer at the Rod Works Franchise such equipment, machines, games and activities (such as vending machines, video games or other devices) as we have expressly approved in the Manuals or otherwise in writing; and

(9) To keep the Rod Works Franchise open and in operation at all times, night and day so that it can be accessed by members.

G. Computer Systems. You agree to use the Computer System (if any) that we specify from time to time for use in the operation of the Rod Works Franchise. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use Software Programs developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints. You agree to process and handle all consumer complaints connected with or relating to the Rod Works Franchise, and to promptly notify us of all safety or health violations or allegations of such violations, claims exceeding One Thousand Dollars ($1,000), and any other material claims against or losses suffered by you. You also agree to maintain, and to promptly notify us of, any communications with governmental authorities affecting the Rod Works Franchise during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

I. Internet Website. You agree to install and maintain all hardware and software needed to access the internet at the bit speed we require from time to time. You further agree that you will not establish any website or other listing on the internet except as provided herein.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the internet, bulletin boards and news groups) in connection with the Rod Works Franchise. If we grant our approval for your use of an internet website, you acknowledge that the form, content and appearance of any internet website you use must comply with the System standards

and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish any website that creates any association with the Marks or the System, or post any advertisements, messages or materials on the internet (including, but not limited to, social media websites such as Facebook and Twitter) that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any internet website created by or for you must contain a hypertext link to our internet website in the form we require, and no other hypertext links to third party internet websites unless previously approved in writing by us. Notwithstanding our approval of a website, we reserve the right to revoke our approval at any time that the website fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you agree to undertake all such actions that we require to disassociate yourself with the domain name.

(3) We may establish an internet website that provides information about the System and the products and services offered by Rod Works Franchises. If we establish an internet website, we will have sole discretion and control over the website, including timing, design, contents and continuation. We may include at the website interior pages containing information about our franchisees' Rod Works Franchises, and we may require you to prepare all or a portion of the page for your Rod Works Franchise, at your expense, using a template that we provide, with all such information subject to our approval prior to posting. We may use Advertising Fund monies to establish and maintain the website.

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to participate in strict compliance with our standards, protocols and restrictions, including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. We may, in our sole discretion, charge a reasonable fee for Intranet usage, which you agree to pay in accordance with our invoice.

J. Business Licenses. You agree to secure and maintain, at your sole cost, any and all state, county, and/or local business licenses required for the operation of the Rod Works Franchise.

K. Prices of Services and Products Sold at Your Rod Works Franchise. We may from time to time establish maximum, minimum or other pricing requirements for the services and products to be sold at your Rod Works Franchise to the fullest extent allowed by law. Any failure to comply with this Section will be a material breach of this Agreement.

IX. ADVERTISING

A Local Advertising. Recognizing the value of advertising and marketing to the goodwill and public image of Rod Works Franchises, you agree to spend at least an amount equal to $1,500 per month for advertising and promotion of the Rod Works Franchise in the Protected Area. In our sole discretion, we may increase the amount you must spend on local marketing in the Protected Area upon not less than thirty (30) days' written notice to you. At our request, you must submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to review your books and records from time to time to determine your

expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area.

B. Cooperatives. We have the right to designate any geographic area in which two (2) or more company-owned or franchised Rod Works Franchises are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we do, each Cooperative will be organized and governed as, and will begin operation on a date, we determine. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. We reserve the right to require all Cooperatives to be formed as legal entities under applicable state laws. If a Cooperative is established for a geographic area that includes all or part of the Protected Area, you must become a member of the Cooperative, execute all applicable Cooperative documents promptly upon our request, and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which may require contributions of at least two percent (2%) of the Rod Works Location franchise's Gross Sales. You must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require. Your Cooperative contributions will not be applied toward partial satisfaction of your local advertising requirement under Section IX.A. All or a portion of your contributions to a Cooperative may be used to establish and/or maintain a website(s) focused on promoting the System in and around your market area. Cooperative contributions will be maintained and administered under the Cooperative's governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. The Cooperative governing documents will be available for review by all of the Cooperative members. Cooperative members will be entitled to a report on an annual basis on how the Cooperative's funds are being spent.

C. Advertising Fund. We have established an advertising program fund (the "Advertising Fund" or "Fund"). You agree to make periodic contributions to the Fund of one-half of one percent (0.5%) of the Rod Works Franchise's Gross Sales. In our sole discretion, we may increase the amount you must contribute to the Fund upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to contribute more than two percent (2%) of the Rod Works Franchise's Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising under Section IX.A, and in addition to any amounts you are required to contribute to any Cooperative. Fund contributions will be due and payable at the same time and in the same manner that royalty fee payments are due and payable.

(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation thereof. You agree that the Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining an internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Rod Works Franchises to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be

used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. Rod Works Franchises owned by us and our Affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Rod Works Franchise.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Rod Works Franchises. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Rod Works Franchises, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Rod Works Franchises operating in that geographic area or that any Rod Works Franchise will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Rod Works Franchises. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Fund.

(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section IX.A. above.

D. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs designed to promote all Rod Works Franchises. We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies. If we do establish these programs, you agree to participate in them in accordance with the terms and conditions we establish. The standards and specifications we establish for such programs, shall be final and binding upon you.

E. Advertising Standards. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least twenty (20) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

F. Grand Opening Program. You agree to conduct a grand opening advertising and promotional program for the Rod Works business and to spend $10,000 to $20,000. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Rod Works business to the public (or such other period as may be prescribed by us in the Manuals). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Rod Works business.

G. Business Listings. You agree to place and pay the cost of a business listing acceptable to us, which may, at our discretion, be an internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost is in addition to your required local advertising expenditures.

X. MARKS

A. Your Right to Use the Marks. We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You agree not to contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the Rod Works Franchises operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks.

C. Your Use of the Marks. You further agree that you will:

(1) Operate and advertise the Rod Works Franchise only under the name "Rod Works," without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the owner of the Rod Works Franchise in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and display a notice in such content and form and at such conspicuous locations at the Rod Works Franchise or on any vehicle used in the operation of the Rod Works Franchise as we may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on our behalf.

(4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our or our Affiliates' interests in the Marks.

XI. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manuals. The Manuals are our property and you agree to return them to us at our request and in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Article XI. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the Rod Works Franchise and may not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You agree to maintain the Manuals in a secure place at the Rod Works Franchise. We have the right to add to or modify the Manuals from time to time. You agree to comply with the terms of all additions and modifications to the Manuals and to keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at our offices shall control. The entire contents of the Manuals, and our mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein. We will charge a replacement fee of Five Hundred Dollars ($500) for any replacement Manuals you request.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Rod Works Franchise. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Rod Works Franchise during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Rod Works Franchise pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential

Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Rod Works Franchise personnel and others. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) With respect to you, during the term of this Agreement (or with respect to each of the Owners, for so long as such person satisfies the definition of "Owner" under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Rod Works Franchises to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Rod Works Franchises operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to an Rod Works Franchise (including any business that offers and sells similar products) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in, this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Owner" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Rod Works Franchises to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Rod Works Franchises operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to an Rod Works Franchise (including any business that offers and sells similar products) which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of the Franchise Location, or (iv) within a fifty (50)-mile radius of the location of any Rod Works Franchise then in existence or under construction.

(3) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XI.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XI.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XI.C. without your or their consent, effective immediately upon notice to you; and you and your Owners agree to promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section XI.C, and that the 2-year non-competition period shall be tolled during any periods of non-compliance and shall be extended for a time period equal to the duration of the non-compliance.

D. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Rod Works Franchise (an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section XI.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Article XI. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your Owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Article XI., without the requirement that we post a bond. You and your Owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Article XI., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Article, or any part of it.

F. Execution of Covenants by Your Owners and Management. You agree to require and obtain the execution of covenants similar to those set forth in Sections XI.B. and C. from all General Managers, and, at our request, any Assistant Managers or other of your personnel. These covenants must be substantially in the form set forth in Exhibit B; however, we reserve the right, in our sole discretion, to

decrease the scope of the noncompetition covenant set forth in Exhibit B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement.

XII. BOOKS AND RECORDS

A. Maintenance of Books and Records. You must maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete and accurate books, records and accounts of the Rod Works Franchise, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. You agree to preserve such books and records for at least four (4) years from the date of preparation.

B. Reporting. In addition to other reports required by this Agreement, you agree to submit to us, in the form we prescribe from time to time and at your expense:

(1) At our request, a monthly income statement (which may be unaudited), signed by your treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Not later than April 15th after the end of each calendar year during the term of this Agreement, your complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us and showing the results of your operations during such calendar year.

(3) Not later than five (5) days after filing, copies of your federal income tax returns (including any extension requests) and within five (5) days after the end of each calendar quarter, copies of your state sales tax returns. If the Rod Works Franchise is in a state which does not impose a sales tax, you agree to submit a copy of your state income tax return (including any extension requests) not later than five (5) days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information and data as we may reasonably designate.

C. Audits. We or our designees will have the right at all reasonable times to review, audit, examine and copy your books and records relating to the Rod Works Franchise. If any required payments to us are delinquent, or if an examination or audit should reveal that any payments have been understated in any report to us, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section V.F. If an examination or audit discloses an understatement in any report of two percent (2%) or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, legal and accounting fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to your Rod Works Franchise which we

may request. You further authorize us to disclose to prospective franchisees or other third parties' data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

XIII. INSURANCE

A. Insurance Coverage Requirements. Not later than sixty (60) days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Rod Works Franchise. You must maintain these policies in full force and effect at all times during the term of this Agreement. All required insurance policies must be purchased from our designated insurance provider, must include a one-year tail following the termination, expiration or transfer of this Agreement, must name us as a co- insured, and shall otherwise be reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for beauticians professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, $2,000,000 products/completed operations aggregate, $1,000,000 personal and advertising injury, $50,000 damage to premises rented to you, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate. Such insurance must include a deductible of less than $10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the Effective Date of this Agreement;

(3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than $1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all franchisee- owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than $10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than $1,000,000 per accident, $1,000,000 disease policy limit, and $1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) such other insurance as may be required by us from time to time or by the landlord of the Rod Works Franchise business premises at, and by the state or locality in, which the Rod Works

Franchise business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections XIII.A(1)-(7) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. Builder's Risk Insurance. In connection with any construction, renovation, refurbishment or remodeling of the Rod Works Franchise, you must maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

D. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article XVI. of this Agreement.

E. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors (including the Area Representative for your territory, if applicable), servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents or employees.

F. Certificates of Insurance. Upon the execution of this Agreement and thirty (30) days before the expiration of any policy required under this Agreement, you agree to deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Article XIII. In addition, if we request, you agree to deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than thirty (30) days' prior written notice in the event of a material alteration to or cancellation of the policies.

G. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

XIV. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. You agree to promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the Rod Works Franchise. You are solely liable for the payment of all Taxes and agree to indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed. You will pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on all fees and other payments paid to us under this Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state.

B. Disputed Liability. If there is a bona fide dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the Rod Works Franchise.

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you agree to promptly pay when due all amounts owed by you to us, our Affiliates, and other suppliers, lenders, landlords and other third parties. Any failure to comply with this section shall constitute a material default under this Agreement.

D. Notice of Adverse Orders. You agree to notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Rod Works Franchise.

XV. TRANSFER

A. By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your Owners. Accordingly, neither you nor any of your Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Rod Works Franchise, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Rod Works Franchise or this Agreement, or if you or an Owner wishes to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

(1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement, shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

(2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective

officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The proposed transferee must demonstrate to our satisfaction that it meets our then- current qualifications, and, at the transferee's expense, its Principal Owner, General Manager, Assistant Managers and any other personnel we require shall complete any training programs then in effect for Rod Works Franchises upon such terms and conditions as we may reasonably require;

(5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the Rod Works Franchise to conform to our then-current System image, standards and specifications, provided that this subsection XV.B(5) will be applicable only if you have not renovated, updated and upgraded the Rod Works Franchise pursuant to subsection VIII.D of this Agreement;

(6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liable for, and agreeing to perform from the date of the transfer, all of your obligations, covenants and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement (except that the fees imposed on the transferee will not be greater than the fees that we then impose on similarly situated transferees), provided that the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of the transferee's owners whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer, shall obtain a one-year tail on each of its insurance policies to cover any liabilities that may have been incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a transfer fee in an amount equal to Thirty Three Percent (33%) of our then-current initial franchise fee. Furthermore, if you are an individual transferring your rights and obligations under this Agreement to an entity owned by you pursuant to, and in accordance with, Section XV.C. of this Agreement, the transfer fee shall be an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including, without limitation, legal and accounting fees and costs). If a transfer occurs to child or spouse of the owner, the amount charged will be limited to the actual legal fees incurred for the transaction.;

(10) If the transfer relates to the grant of a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section XV.B., except that Sections XV.B.(3), (4), (5), and (7) shall not apply and the fee provided for in Section XV.B.(9) shall be limited to our reasonable out-of-pocket costs and expense (including legal and accounting fees and costs). In any transfer for the convenience of ownership, you must

be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in you before the transfer.

D. Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the Rod Works Franchise, or you pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section XV.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XV.B. Failure to comply with this Section XV.D. shall constitute a material event of default under this Agreement.

E. Death or Permanent Disability. You agree to promptly notify us of any death or claim of permanent disability subject to this Section XV.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XV.B. for any inter vivos transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to a third party in accordance with the conditions described in this Article XV. within six (6) months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XV.E. We will pay the costs of any examination required by this Section XV.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our

consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section XV.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners, and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

G. No Waiver. Our consent to the transfer of any interest described in this Article XV. shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

XVI. INDEMNIFICATION

You agree to indemnify, defend and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of the operation of the Rod Works Franchise or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Article XVI. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XVII. INDEPENDENT CONTRACTOR

You agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor conducting the operations of the Rod Works Franchise pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of

your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom.

XVIII. TERMINATION

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Rod Works Franchise premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Rod Works Franchise shall be sold after levy thereupon by any sheriff, marshal or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

(1) If you operate the Rod Works Franchise or sell any products or services authorized by us at any location other than the Franchise Location without our prior written consent;

(2) If you fail to construct (or to identify an approved site for) your Rod Works Franchise in accordance with Article III;

(3) If you fail to open the Rod Works Franchise for business within the period specified in Section III.E.;

(4) If you at any time cease to operate or otherwise abandon the Rod Works Franchise, or lose the right to occupy the Franchise Location, or otherwise forfeit the right to transact business in the jurisdiction where your Rod Works Franchise is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, or in the case of a Force Majeure event which results in the loss or destruction of the premises for your Franchise Location, provided that you apply within thirty (30) days after such event for our approval to relocate or reconstruct the Rod Works Franchise and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Rod Works Franchise is not in operation;

(5) If a threat or danger to public health or safety results from the construction or operation of the Rod Works Franchise;

(6) If you or any of your Owners is convicted of, or has entered a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(7) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the Rod Works Franchise contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section XV.E.;

(8) If, contrary to the terms of Section XI.B., you or any of your Owners disclose or divulge any Confidential Information;

(9) If you knowingly maintain false books or records, or submit any false reports to us;

(10) If you breach in any material respect any of the covenants or have falsely made any of the representations or warranties, set forth in Article VII., or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;

(11) If you fail to comply with our quality assurance program (including any applicable cure periods provided under such program);

(12) If you or any of your Owners repeatedly commit an event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(13) If your assets, property, or interests are 'blocked' or otherwise restricted under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation; or

(14) If you or any of your Affiliates are in default of any other franchise agreement or other agreements with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVIII.A. and XXVII.B. of this Agreement, upon any default which is capable of being cured, we may terminate this Agreement by giving you written notice of termination stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If you fail to procure and maintain the insurance policies required by Section XIII. and fail to cure such default within seven (7) days following notice from us;

(2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within twenty-four (24) hours following notice from us;

(3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section XI.F. of this Agreement within ten (10) days after we request and fail to cure such default within thirty (30) days following notice from us;

(4) If you or any of your Affiliates fail, refuse, or neglect to promptly pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial or other information we require under this Agreement, and do not cure such default within five (5) days following notice from us;

(5) If you or any of your Owners fail to comply with the restrictions against competition set forth in Section XI.C. of this Agreement and fail to cure such default within ten (10) days following notice from us;

(6) If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within thirty (30) days following notice from us;

(7) If you fail to secure all required state, county or local license(s) by the date the Rod Works Franchise is otherwise ready (and/or required) to open for business and fail to cure such default within ten (10) days following notice from us; or

(8) If you fail to comply with any other requirement imposed by this Agreement, or fail to carry out the terms of this Agreement in good faith and fail to cure such default within thirty (30) days following notice from us.

D. Our Right to Provide Interim Management. If we have given you notice that you are in default, and you have not cured the default, then we may (but are not obligated to) assume interim management of the Rod Works Franchise during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of the Rod Works Franchise (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of the Rod Works Franchise during any such interim management period; (iii) we will have the right to charge a reasonable fee for our management services; and (iv) you agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with our interim management of the Rod Works Franchise, other than those arising solely from our gross negligence or willful misconduct.

XIX. POST-TERMINATION

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

(1) Immediately cease to operate the Rod Works Franchise under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

(2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains the mark "Rod Works" or any other Mark, and furnish us

with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor shall you use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Article XIX., which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.

(6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the Rod Works Franchise in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Article XI. of this Agreement and cause any other person required to execute similar covenants pursuant to Article XI. to also comply with such covenants.

(8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Rod Works Franchise or at any other location under your control. We will have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.

(9) At our option, assign to us all rights to the telephone numbers of the Rod Works Franchise and any related business listings and execute all forms and documents required by us to transfer such service and numbers to us. You agree to use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire the lease or sublease for the Franchise Location (as described below), you agree to make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Franchise Location from that of the Rod Works Franchises, and, if you fail or refuse to do so, we shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we shall have the following options:

(1) The option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, as applicable, to acquire the Franchise Location and the assets of the Rod Works Franchise from you (subject to any rights of approval retained by the owner of the leasehold). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens

and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release.

(2) The option, exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you own the Franchise Location, to enter into a lease agreement with you. If we exercise our option, you agree to assign your leasehold interest to us at no cost to us other than our assumption of the obligation to make post-assignment rental payments to the landlord under the lease; or if you own the Franchise Location, to lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the Rod Works Franchise is located.

(3) If we exercise our option under subsection (1) to purchase the assets of the Rod Works Franchise from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Rod Works Franchise's leasehold improvements, equipment, fixtures, furnishings, signs, materials, and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the Rod Works Franchise will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the Rod Works Franchise's operation or that we have not approved as meeting the standards for Rod Works Franchises, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the Rod Works Franchise's assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint the third appraiser within fifteen (15) days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three (3) appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Rod Works Franchise which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the Rod Works Franchise, you and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

(6) We may assign our options under this Section XIX.B. to any person or entity without your consent.

XX. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us:	The Rod Works Inc Attn: Aaron Brackey 4275 Thanksgiving Way, Suite 200 Lehi, UT 84043 Telephone: (801) 768-2315 Email: aaron@rodworks.com
Notices to you and your Owners:	_____ _____ _____ _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

B. No Waiver. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to you, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. If an event of Force Majeure shall occur, you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article XVI.

E. Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and

effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

F. **MEDIATION. WE AND YOU ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT WE AND YOU ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.**

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY YOU AND US AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN 15 DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS OR IN LEHI, UT, AT OUR OPTION. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION XX.H WE AND YOU AGREE THAT STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION XX.G., YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

G. **LITIGATION. WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED IN SECTION XX.G. ABOVE, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF LOS ANGELES COUNTY, UTAH AND THE FEDERAL DISTRICT COURT FOR THE CENTRAL DISTRICT OF UTAH AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS**

MAY BE MADE UPON THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY UTAH OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE LOS ANGELES COUNTY, UTAH.

H. **GOVERNING LAW**. **EXCEPT TO THE EXTENT GOVERNED BY 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 AND INTERPRETED AND CONSTRUED UNDER UTAH LAW (EXCEPT FOR UTAH CONFLICT OF LAW RULES).**

I. **PARTIES' ACKNOWLEDGMENTS**. **YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.**

J. **WAIVER OF PUNITIVE DAMAGES**. **EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE XVI. 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 YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

K. **LIMITATIONS OF CLAIMS**. **EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE XVI., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST**.

L. **JURY WAIVER**. **YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.**

M. Costs and Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us, or to submit when due any reports, information or supporting records, or

otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees. If we are found to be in breach of our obligations under this Agreement, we will reimburse you any of the costs and expenses which you incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees.

N. Binding Effect. This Agreement is binding upon us and you and your and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

O. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing.

P. Consents and Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

Q. Owners. If two or more persons are at any time the "Franchisee" under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

R. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

S. Headings. The captions used in connection with the articles, sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

T. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XX.G., H. and I. will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

U. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

V. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section XVIII. of this Agreement shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

W. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section XV.), any rights or remedies under or as a result of this Agreement.

X. Further Assurances. You and we agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Y. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

Z. Entire Agreement. This Agreement, and the exhibits hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document that we furnished to you.** You acknowledge and agree that no other representations by us or any third party have induced you to execute this Agreement.

XXI. FRANCHISEE'S ACKNOWLEDGEMENTS

A. Independent Investigation. Franchisee acknowledges that it has conducted a thorough, independent investigation of the business contemplated by this Agreement and recognizes that the success of this business involves substantial risks and will largely depend upon the ability and efforts of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation With Advisors. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

C. Development of the System. Franchisee acknowledges and agrees that some aspects of Franchisor's franchise program and the System are currently under development and that Franchisor expects that there will be some significant variations in the System in different markets which may exist for an initial or transitional period, or on a permanent basis. Franchisee acknowledges and agrees that no variations from the System or Manuals are permitted without Franchisor's prior written consent and that over time during the term of this Agreement Franchisor and its affiliates will continue to develop and refine various aspects of the System and that as new products, operating procedures, trade dress and other refinements are introduced, Franchisor may, in its sole discretion, cease to allow some or all variations from the System and Manuals and may require local, regional or national uniformity among Rod Works Franchises with regard to aspects of the System and Manuals for which Franchisor previously permitted variations.

D. Franchisor's Obligations. Franchisee expressly understands and acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

ROD WORKS INC,
a Utah corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT

OWNERS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given this__day of_____, 20__, by the undersigned in connection with the Franchise Agreement dated_____, 20__ between The Rod Works Inc ("Franchisor") and_____("Franchisee").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including, without limitation, amounts due for initial franchise fees, royalties, advertising fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise

Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and

(v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles VII., XI., XV., XVI. and XIX. and Sections XX.G. through M (which include, among other things, the mediation of disputes and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES).

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, mediators', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

GUARANTOR:	**GUARANTOR'S SPOUSE:**
_____	_____
Name: _____	Name: _____
GUARANTOR:	**GUARANTOR'S SPOUSE:**
_____	_____
Name: _____	Name: _____
GUARANTOR:	**GUARANTOR'S SPOUSE:**
_____	_____
Name: _____	Name: _____

EXHIBIT B TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

This Agreement is made and entered into this ___ day of _____, 20__, between The Rod Works Inc, a Utah corporation ("Franchisor," "we," "us," or "our")[1], _____ ("Franchisee") and _____ ("Employee/Contractor(s)" or "you") in connection with a Franchise Agreement between us and Franchisee dated _____, 20__ ("Franchise Agreement"). Initially capitalized terms used, but not defined in this Agreement, have the meanings given to them in the Franchise Agreement.1

RECITALS

We have the right to use and license the use of a System for the establishment and operation of Rod Works Franchises.

The System is identified by certain Marks including, the mark "Rod Works," and includes certain Confidential Information which provides economic advantages to us and licensed users of the System.

We have granted Franchisee the right to operate a Rod Works Franchise pursuant to the Franchise Agreement.

You are employed by or associated with Franchisee and it will be necessary for you to have access to some or all of the Confidential Information.

We and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from you a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by you herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. You shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of your employment by or association with Franchisee in connection with the operation of a Rod Works Franchise under the Franchise Agreement.

2. You shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without our express written permission.

1 If Franchisor will not be a party, delete reference and modify the agreement to reflect, including the addition of the following third party beneficiary language: "We and our successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at our and their option and in our and their sole discretion, to enforce this Agreement."

3. You shall not at any time disclose or permit the disclosure of the Confidential Information except to Franchisee's other authorized employees and only to the limited extent necessary to train or assist such other employees in the operation of the Rod Works Franchise.

4. You shall surrender any material containing some or all of the Confidential Information to Franchisee or us, upon request, or upon termination of your employment by or association with Franchisee.

5. You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. You acknowledge that all Manuals are loaned by us to Franchisee for limited purposes only and remain our property. You agree that no Manuals may be reproduced, in whole or in part, without our written consent.

Covenants Not to Compete

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to you, you agree that, during the term of your association with or employment by Franchisee, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, you will not, without our prior written consent or as permitted under other valid Franchise Agreements for Rod Works Franchises between Franchisee and us:

1. Directly or indirectly divert, or attempt to divert any business opportunity or customer of Rod Works to any competitor; and

2. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to an Rod Works Franchise (including any business that offers home and office accessories or other related products) and which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of the Franchise Location, or (iv) within a fifty (50)-mile radius of any Rod Works Franchise or business then in existence or under construction.

Franchisee's Undertaking

Franchisee agrees to make all commercially reasonable efforts to ensure that you act as required by this Agreement.

Miscellaneous

1. You agree that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill of the System or our other business interests.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, we and the Franchisee would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, you agree that we and/or the Franchisee shall be entitled, in addition to any other remedies which we or it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. You agree to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by us and/or the Franchisee in enforcing this Agreement.

3. Any failure by us or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by you.

4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF UTAH, WITHOUT REFERENCE TO UTAH CONFLICT OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMITS YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN LOS ANGELES COUNTY, UTAH AND THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY UTAH OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE STATE OR FEDERAL COURTS LOCATED IN LOS ANGELES COUNTY, UTAH OR THE COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, WE OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

5. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

6. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

The Rod Works Inc
Attention: Aaron Brackett
4275 Thanksgiving Way, Suite 200
Lehi, UT 84043
Telephone: (801) 768-2315
Email: aaron@rodworks.com

If directed to Franchisee, the notice shall be addressed to:

_____
_____
Attention:_____
Facsimile: (___)_____

If directed to Employee/Contractor(s), the notice shall be addressed to:

_____
_____
_____
Attention:_____
Facsimile: (___)_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

7. Our rights and remedies under this Agreement are fully assignable and transferable and shall inure to the benefit of our Affiliates, successors and assigns. Your obligations and those of the Franchisee may not be assigned without our prior written consent.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

THE ROD WORKS INC,
a Utah corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE/CONTRACTOR(S):

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

EXHIBIT C TO THE FRANCHISE AGREEMENT

SELECTED TERMS:
DESIGNATED AREA, FRANCHISE LOCATION, PROTECTED AREA, AND OPENING DATE

1. DESIGNATED AREA:

   The Designated Area in which your Rod Works Franchise may be located is:

   _____

   _____

2. FRANCHISE LOCATION:

   The Rod Works Franchise shall be located at the following address: _____

3. PROTECTED AREA: **[Insert description and attach map]**

   The Protected Area shall be: _____

4. OPENING DATE: The Opening Date of the Rod Works Franchise is _____, 20___.

EXHIBIT D TO THE FRANCHISE AGREEMENT

OWNERSHIP AND MANAGEMENT INFORMATION

1. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in you, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

2. Your Principal Owner is: _____

3. Your General Manager (if applicable) is: _____

4. Your Assistant Managers are:

_____

_____

_____

_____

_____

EXHIBIT E TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

THE ROD WORKS INC/PAYEE

BANK NAME	ACCOUNT #	ABA#	FEIN
_____	_____	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____
(Please attach one voided check for the above account.)

Rod Works Franchise Location: _____

_____

For information call: _____

Address: _____

Phone #: _____

Fax #: _____

_____
Name of you/Depositor (please print)

By: _____
Signature and Title of Authorized Representative

Date: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

DISCLOSURE STATEMENT

Franchisee Name: _____
Permanent Address (**If an individual**) _____
(Physical address only, no P.O. boxes): _____
_____

State of Organization:
(**If a corporation, LLC or partnership**):

Address of Franchisee's _____
Principal Place of Business: _____
_____

****

As you know, The Rod Works Inc (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Rod Works franchise (the "Franchise"). It is imperative that no unauthorized statements or representations have been made and that applicable laws have been complied with in selling you this license.

CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

(1) Franchisee understands all the information in Rod Works Disclosure Document.

(2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.

(3) That no person acting on behalf of Rod Works Holdings LLC made any statement or promise regarding the costs involved in operating a Rod Works franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(4) That no person acting on Rod Works behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.

(5) That no person acting on Rod Works Holdings LLC's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Rod Works franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(6) That no person acting on Rod Works' behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

(7) Franchisee understands that this Agreement contains the entire agreement between Rod Works Holdings LLC's and Franchisee concerning the Rod Works franchise, which means that any oral or written statements not set out in this Agreement will not be binding.

(8) In deciding to enter into this Agreement, Franchisee did not rely on any statement, promise, claim or representation not contained in this Agreement or in the Disclosure Document.

_____
FRANCHISE APPLICANT
Dated: _____, 20____

_____
FRANCHISE APPLICANT
Dated: _____, 20____

EXHIBIT G TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM TERMS

(a) Landlord acknowledges that Tenant is a franchisee of The Rod Works Inc, a Utah liability company ("we," "us," or "our"), and that the Rod Works Franchise located at the Premises ("Unit") is operated under the Rod Works franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and us. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Rod Works system as we may prescribe for the Location franchise. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Location franchise.

(b) Landlord agrees to furnish to us copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give us written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give us further written notice of such failure ("Franchisor Notice"). Following our receipt of the Franchisor Notice, we shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following our receipt of the Franchisor Notice. Any cure by us shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If we cure Tenant's default, or if we notify Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of our notice thereof), Landlord agrees, upon our written request, to assign to us any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with us in order to pursue such action to a conclusion.

(d) If we cure Tenant's default or notify Landlord of the termination of the Franchise Agreement, we shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1^{st}) date of any cure by us; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and we shall enter into an agreement to document such assumption. We are not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, us as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), we shall notify Landlord that the franchise for the Location is being granted to another Rod Works Franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, we shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of us, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without our prior written consent.

(g) We shall have the right to enter the Premises to make any modification or alteration necessary to protect the Rod Works system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by us. Tenant hereby releases, acquits and discharges us and Landlord, and our and Landlord's respective subsidiaries, Affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of our rights pursuant to this Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, our mailing address shall be _____ Attention: _____ which address may be changed by written notice to Landlord in the manner provided in the Lease.

LANDLORD:

By:_____
Name:_____
Title:_____

FRANCHISEE:

By:_____
Name:_____
Title:_____

EXHIBIT H TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS

For value received, the undersigned (hereinafter called the "Franchisee") hereby irrevocably assigns, effective upon the date of termination or expiration of the Franchise Agreement, the telephone listings and numbers stated below to THE ROD WORKS INC (hereinafter called "Franchisor") upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement of even date herewith (hereinafter called "Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by the Franchisee in the operation of the Rod Works Location Franchise contemplated by the Agreement.

2. The Franchisee shall retain the limited right to use the telephone listing and numbers solely for the transaction and advertising of the business while the Agreement between Franchisor and the Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing and numbers by the Franchisee shall also terminate.

3. The telephone listing and numbers subject to this assignment are:

_____

_____

_____

and any numbers on the rotary series used by the Franchisee in the operation of the business in the future.

IN WITNESS WHEREOF, the Franchisee has hereunto set his/her hand this _____ day of _____, 20__.

FRANCHISEE:

By:_____
Name:_____
Title:_____

EXHIBIT I TO THE FRANCHISE AGREEMENT

STATE-SPECIFIC ADDENDA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

(Applies only to California franchisees)

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Corporations at www.dbo.ca.gov.

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

SECTION 31125 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

1. The following language is added to the end of Item 3 of the Disclosure Document:

Neither ACU Development, Inc., nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee 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.

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

The Franchise Agreement requires application of the laws of the state where the business is located. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Maricopa County, Arizona, with the costs being borne by the non-prevailing party. The prevailing party shall be entitled to recover reasonable compensation for expenses, costs and fees in connection with arbitration, including reasonable attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the

applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

(Applies only to Hawaii franchisees)

These franchises will be/have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete, and not misleading.

The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or subfranchisor, at least seven (7) days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with an copy of all proposed agreements relating to the sale of the franchise.

This Disclosure Document contains a summary only of certain material provisions of the franchise agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the franchisor and the franchisee.

A. (1) This registration (or one substantially similar) is presently on file or will shortly be on file in the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

(2) The registration is exempt from the registration requirements of the States of Florida, Kentucky, Nebraska, Texas and Utah.

(3) No states have refused, by order or otherwise, to register these franchises.

(4) No states have revoked or suspended the right to offer these franchises.

(5) The proposed registration of these franchises has been withdrawn in no states.

B. No release language set forth in the franchise agreement shall relieve us or any other person, directly or indirectly, from liability imposed by laws concerning franchising in the State of Hawaii.

C. As a result of our financial condition, for each franchise sold in Hawaii, the State of Hawaii has required us to defer receipt of initial franchise fees and other payments to us or our affiliates until we have met all of our pre-opening obligations and you have opened your franchise business.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT & FRANCHISE AGREEMENT

(Applies only to Illinois franchisees)

1. Illinois law governs the Franchise Agreement.

2. Payment of the Initial Franchise Fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. Within five (5) business days of the Franchise Location opening, Franchisee must pay to Franchisor the Initial Franchise Fee, in its entirety. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

4. Franchisees' rights upon Termination and Non-Renewal are *set* forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

6. ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 85 ILCS 15/2, 5 (West 2014); Medical Practice Act of 1987, 225 ILCS 60/ (West 2014); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2014).

7. The Acupuncture Practice Act is found in Illinois law *at:* 225 ILCS 2/ (West 2014)

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms as of this day _____.____.

FRANCHISOR

By: Mark Tuttle
President of
Rod Works, Inc.

FRANCHISEE

By: _____ (Principal Operator)
_____ (Position) of
_____ (Entity Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Arizona law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code § 23-2-2. 7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indiana Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

(Applies only to Maryland residents, franchisees and franchises operated within this State)

1. Item 5 of the Disclosure Document and Section 6.1 of the Franchise Agreement are amended to add the following:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. "

2. Item 17 of the FDD and all applicable provisions of the Franchise Agreement are amended to include the following:

"A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

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

"Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

3. It is important to note the Professional Corporation / Management Company Structure, referenced in Item 1 is not required in the state of Maryland at the time of the publication of this FDD, per current statutes and regulations. This requirement could change during the course of this Agreement and, while we will do our best to keep up with state regulations relating to acupuncture, it is and will continue to be your responsibility to ensure you are operating according to all current laws as they are updated and changed.

4. Additionally, the provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment concurrently with the execution of the Franchise Agreement on this day .

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

(Applies only to Michigan franchisees)

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives the franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a license agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the license or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third (3rd) party

willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the license agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS DOCUMENT ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 525 WEST OTTAWA STREET, 670 G. MENNAN WILLIAMS BLDG., LANSING, MICHIGAN 48933 (517) 272-7117.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Michigan Amendment, concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND LICENSE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

(Applies only to Minnesota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The following language is added to the Disclosure Document and the Franchise Agreement:

"The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third (3rd) parties resulting from claims by third (3rd) parties that the Franchisee's use of the tradename infringes trademark rights of the third (3rd) party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. The Disclosure Document and the Franchise Agreement are amended as follows:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given ninety (90) day notice of termination (with sixty (60) days to cure) and one hundred, eighty (180) day notice for non-renewal of the Franchise Agreement."

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Liquidated damages and termination penalties are prohibited by law in the State of Minnesota and, therefore, the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination, of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement. This does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

5. Item 6 of the Disclosure Document and Section 6.9 of the Franchise Agreement are amended to update the Non-Sufficient Funds Fee, per Minnesota Statute 604.113, lowering it from $100 per transaction to $30 per transaction.

6. Item 17 of the Disclosure Document is amended to add the following and the following language will appear at the end of any Franchise Agreement issued in the State of Minnesota:

"Pursuant to Minnesota Statutes, Chapter 80C and Minn. Rule Part 2860-4400J, this Section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Statutes Chapter SOC."

7. The Disclosure Document and the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

8. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

9. The Limitations of Claims section must comply with Minn. Stat., Section 80C.17, Subd. 5.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

(Applies only to New York franchisees)

1. The cover page of the Disclosure Document is amended to add the following statement:

"INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT. "

2. Item 3 of the Disclosure Document is amended by adding the following:

"Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party 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.

B. No such party has pending actions, other than routine litigation incidental to the business, 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.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-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.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

3. Item 4 of the Disclosure Document is amended by adding the following:

“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 that officer or general partner of the franchisor held this position in the company or partnership."

4. Item 5 of the Disclosure Document is amended by adding the following to the subsection entitled "Initial Franchise Fee":

"The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion."

5. Item 17 of the Disclosure Document is amended by adding to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied"

6. Item 17 of the Disclosure Document is further amended by adding 6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

“You may terminate the agreement on any grounds available by law.”

7. Item 17 of the Disclosure Document is further amended by adding to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

“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.”

8. Item 17 of the Disclosure Document is further amended by adding to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

“The foregoing 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.”

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW

(Applies only to North Dakota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Liquidated damages and termination penalties are prohibited by law in the State of North Dakota:

"15.2 Remedies Upon Termination. If the Franchise is so terminated, and in addition to the obligations of the Franchisee as otherwise provided herein, Franchisor shall retain the full amount of any fees heretofore paid to Franchisor and Franchisee shall continue to remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement."

2. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Arizona law if such provisions are in conflict with North Dakota law.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

4. The laws of the State of North Dakota does not allow for the following statement and they are therefore deleted from any Franchise Agreement issued in the State of North Dakota:

a. a general release to be signed upon renewal; and

b. the requirement that franchisees consent to termination or liquid damages, a waiver of trial by jury, a waiver of exemplary and punitive damages, and/or to a limitation of claims within one (1) year.

5. Item 17(r) of the Franchise Disclosure Document and Section 16 of the Franchise Agreement are amended adding the following statement to each section:

“Covenants not to compete, such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR

By: Mark Tuttle
President of
Rod Works, Inc.

FRANCHISEE

By: _____ (Principal Operator)
_____ (Position) of
_____ (Entity Name)

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

(Applies only to Rhode Island franchisees)

The following language applies to any franchise agreement issued in the State of Rhode Island:

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, dictates that 'a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE SOUTH DAKOTA CODIFIED LAWS

(Applies only to South Dakota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of South Dakota:

1. The Franchise Agreement is amended by the deletion of the requirement to pay liquidated damages and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided herein, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions set forth herein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Operating Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would other-wise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement."

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Franchise Agreement will be and remains subject to the construction, enforcement and interpretation of the laws of the State of Arizona. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from any Franchise Agreement issued in the State of South Dakota.

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of South Dakota.

4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford the Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination.

5. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, or the Disclosure Document, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this South Dakota Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE VIRGINIA FRANCHISE LAW

(Applies only to Virginia franchisees)

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

Item 17 of the Franchise Disclosure Document is amended by adding the following:

The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section lOI, et. seq.).

Item 17.h of the Franchise Disclosure Document is amended by adding the following:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Virginia Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT & AREA DEVELOPER AGREEMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

(Applies only to Washington franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington.

1. If any of the provisions in the Disclosure Document, Franchise Agreement, or Area Developer Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the Disclosure Document, Franchise Agreement and Area Developer Agreement with regard to any franchises sold in Washington.

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

3. 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 of claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

5. The undersigned does hereby acknowledge receipt of this addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington Amendment concurrently with the execution of the Franchise Agreement and Area Developer Agreement on this day _____.

FRANCHISOR	FRANCHISEE
By: Mark Tuttle President of Rod Works, Inc.	By: _____ (Principal Operator) _____ (Position) of _____ (Entity Name)

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE WISCONSIN FRANCHISE INVESTMENT LAW

(Applies only to Wisconsin franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

2. The following shall apply to Franchise Agreements in the State of Wisconsin:

a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) day notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Wisconsin Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISOR FRANCHISEE

By: Mark Tuttle
President
Rod Works, Inc.

By: (Principal Operator)

(Position of and Entity)

UTAH

In recognition of the requirements of the Utah Franchise Investment Law §§ 31000 through 31516, and the Utah Franchise Relations Act, Utah Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises in the State of Utah, is amended to include the following:

1. Sections IV(B)(7), XV(B)(3) and XIX(B)(5) of the Franchise Agreement are amended by adding the following at the end of these sections:

   "This release will not apply to claims as you may have under the Utah Franchise Investment Law and the Utah Franchise Relations Act."

2. The Franchise Agreement is governed by Utah law. This requirement may be unenforceable under Utah law.

3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or transfer of the franchise. This provision may not be enforceable under Utah law.

4. The Franchise Agreement currently requires that any litigation be conducted in Utah. This provision may not be enforceable under Utah law.

5. The Antitrust Law Section of the Office of the Utah Attorney General views maximum price agreements as per se violations of the Cartwright Act.

6. The State of Utah requires the following disclosure pursuant to Rule 310.114.1(c)(6): "Item 19: The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

FRANCHISOR:

THE ROD WORKS INC, a Utah corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B

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OPERATIONS MANUAL FOR LOCATION FRANCHISES

ROD WORKS
Unique Home Decor

THE ROD WORKS INC

OPERATIONS MANUAL

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EXHIBIT C

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about The Rod Works Inc.

Our agent for service of process in the State of Utah is:

Mark Tuttle
4275 Thanksgiving Way, Suite 200
Lehi, UT 84043

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

State	State Agency	Agent for Service of Process
UTAH	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4th Street Los Angeles, CA 90013	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4th Street Los Angeles, CA 90013
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020

MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce 85 7th Place East Suite 500 St. Paul, MN 55101-2198
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st FL New York, NY 10005 (212) 416-8236	Secretary of State State of New York 99 Washington Avenue Albany, New York 11231
NORTH DAKOTA	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation Floor Division of Securities 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities 445 East Capitol Pierre, SD 57502
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 And United Corporate Services, Inc. 700 East Main Street, Suite 1700 Richmond, VA 23218
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703

EXHIBIT D

FINANCIAL STATEMENTS

AUDITED FINANCIALS FROM JANUARY 1, 2019 TO DECEMBER 31, 2021

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

ROD WORKS, INC.

DECEMBER 31, 2021, 2020 AND 2019

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Rod Works, Inc., which comprise the balance sheet as of December 31, 2021, 2020 and 2019 and the related statements of operations, changes in members' equity and cash flows for the years ended December 31, 2021, 2020 and 2019, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rod Works, Inc. as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

A. Andrew Gianiodis

Certified Public Accountant

October 14, 2022

ROD WORKS, INC.

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Rod Works, Inc.

Balance Sheet
December 31, 2021, 2020 and 2019

ASSETS

	2021	2020	2019
Current Assets			
Cash	$ 76,465	$ 126,531	$ 28,907
Accounts receivable	32,355	40,605	61,069
Prepaid comissions - current	1,843	3,193	1,093
Container Deposits			-
Total Current Assets	110,663	170,329	91,069
Fixed Assets, net	15,123	15,123	-
Prepaid comissions - long term	11,961	12,454	8,747
	11,961	12,454	8,747
TOTAL ASSETS	$ 137,747	$ 197,906	$ 99,816

LIABILITIES & OWNERS' EQUITY

Current Liabilities			
Accounts payable	$ 189,510	$ 232,819	$ 322,542
Notes Payable	414,872	430,975	223,359
Payroll Liabilities	-	11,801	41,684
Deferred revenues - current	7,000	16,000	3,000
Line of Credit	246,447	164,560	164,560
Total Current Liabilities	857,829	856,155	755,145
Deferred revenues - long term	47,000	45,000	24,000
Owners' Equity	(767,082)	(703,249)	(679,329)
Total Equity	(767,082)	(703,249)	(679,329)
TOTAL LIABILITIES & EQUITY	$ 137,747	$ 197,906	$ 99,816

See accompanying notes

Rod Works, Inc.

Statement of Operations

Years Ending December 31, 2021, 2020, and 2019

	2021	2020	2019
Revenues			
Franchise fees	$ 7,000	$ 6,000	$ 3,000
Franchise royalties	137,801	148,476	146,124
Product sales to franchisees	398,947	287,960	633,728
Other Income	114,000	229,294	263,325
Total revenue	657,748	671,730	1,046,177
Cost of product sales	393,255	280,856	635,877
Gross Margin	264,493	390,874	410,300
Expenses			
Advertising	7,510	11,117	12,728
Automobile	9,260	6,455	8,726
Bank charges	396	1,236	1,129
Computer expenses			-
Consultants		44,455	-
Dues and subscriptions	1,432	1,363	1,195
Franchise development	7,528	-	700
Insurance	4,000	36,023	25,096
Management	1,843	1,693	1,800
Miscellaneous	3,338	3,627	3,889
Office supplies	6,101	2,027	8,845
Payroll expenses	287,066	329,711	377,847
Professional fees	6,962	2,510	2,368
Rent	61,407	36,621	54,700
Telephone	1,796	5,765	-
Travel and trade shows	6,294	9,244	9,700
Utilities	4,718	5,388	14,098
Total expenses	409,651	497,235	522,821
Operating Loss	(145,158)	(106,361)	(112,521)
Interest expense	91,965	17,559	6,068
Depreciation	-	85	-
PPP forgiveness	210,840	-	-
Net Loss	$ (26,283)	$ (123,920)	$ (118,589)

See accompanying notes

Rod Works, Inc.

Statement of Changes in Owner's Equity
Years Ending December 31, 2021, 2020, and 2019

		Total Equity
Owner's equity - January 1, 2019	$	(557,389)
Draws		(3,351)
Net Loss		(118,589)
Owner's equity - December 31, 2019	$	(679,329)
Owner's equity - January 1, 2020	$	(679,329)
Equity infussion		100,000
Net Loss		(123,920)
Owner's equity - December 31, 2020	$	(703,249)
Owner's equity - January 1, 2021	$	(703,249)
Draws		(37,550)
Net Loss		(26,283)
Owner's equity - December 31, 2021	$	(767,082)

See accompanying notes

Rod Works, Inc.

Statement of Cash Flows

Years Ending December 31, 2021, 2020, and 2019

	2021	2020	2019
Cash flows from operating activities:			
Net Loss	$ (26,283)	$ (123,920)	$ (118,589)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation & amortization	-	85	-
Prepaid commissions	1,843	(5,807)	(9,840)
Deferred revenues	(7,000)	34,000	27,000
Changes in assets and liabilities			
Current assets	8,250	20,464	20,965
Current liabilities	10,674	88,010	71,819
Net cash provided by operating activities	(12,516)	12,832	(8,645)
Cash flows from investing activities:			
Purchase of fixed assets	-	(15,208)	-
Intercompany	-	-	-
Net cash provided by investing activities	-	(15,208)	-
Cash flows from financing activities:			
Capital Infusion	-	100,000	-
Draws	(37,550)		(3,351)
Net cash provided by investing activities	(37,550)	100,000	(3,351)
Net change in cash	(50,066)	97,624	(11,996)
Cash - beginning of year	126,531	28,907	40,903
Cash - end of year	$ 76,465	$ 126,531	$ 28,907
Supplemental Disclosures			
Interest Paid	$ -	$ -	$ 6,068
Income Taxes Paid	$ -	$ -	$ -

See accompanying notes

ROD WORKS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS: Rod Works, Inc. ("The Company") holds the exclusive rights to sell and develop Rod Works. The Company has a recognized brand, known products, a proven business plan for all franchisees and an experienced franchise services team.

ACCOUNTS RECEIVABLE: Trade accounts receivables are stated at the amount management expects to collect from balances outstanding at year-end. Uncollectible accounts receivable are charged to expense in the year they are deemed to be uncollectible.

INVENTORY: Inventory consisting of franchisee employee uniforms and gift cards are stated at the lower of cost, determined by the first-in, first-out method, or market.

FIXED ASSETS: Property and Equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations.

Renewals and betterments that materially extend the lives of the assets are capitalized. The cost of assets sold, retired or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

REVENUE RECOGNITION

The Company accounts for revenue using the accounting method prescribed under Accounting Standards Codification 606 ("ASC 606") Topic Franchisors.

Deferred revenue consists of fees paid to the Company when a franchise agreement is signed. This revenue is deferred until all material services or conditions relating to the sale have been substantially performed or satisfied by the Company.

The Company pays commissions for certain franchise sales.

Royalty fees and other revenues are reported as earned.

.

COMPANY INCOME TAXES

The Company, with the consent of its stockholders, has elected to be an s-corporation. In lieu of corporation income taxes, the stockholder(s) of an s-corporation are taxed based on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2021, 2020, and 2019, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses and industries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Company expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

CONSENT OF THE INDEPENDENT AUDITOR

A. Andrew Gianiodis, CPA hereby consent to the use in the Franchise Disclosure Document issued by Rod Works, Inc. ("Franchisor") on October 14, 2022, as it may be amended, of our report dated October 14, 2022, relating to the financial statements of the Franchisor for the years ending December 31, 2021, 2020, and 2019.

A. Andrew Gianiodis, CPA

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

EXHIBIT E

GENERAL RELEASE

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE ("Release") is signed on_____, by ("Franchisee") and _____ ("Guarantors") as a condition of (1) the transfer of the Rod Works Franchise Agreement dated between The Rod Works Inc, a Utah corporation ("we", "us" or "our") and Franchisee ("Franchise Agreement"); or (2) the signing of a successor or renewal Franchise Agreement between Franchisee and us.

1. Release by Franchisee and Guarantors. Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "Releasors") freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the "Released Parties") from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and us or our parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

3. Covenant Not to Sue. Franchisee and Guarantors (on behalf of all Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee and Guarantors represent and warrant that: (i) Releasors are the sole owners of all Claims and rights released in Section 1 and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

5. Utah Release. Utah Civil Code §1542 provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.
>
> CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

6. Complete Defense. Franchisee and Guarantors: (i) acknowledge that the release in Section 1 is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

7. Successors and Assigns. This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

8. Counterparts. This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

9. Capitalized Terms. Any capitalized terms that are not defined in this Release have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, Franchisee and Guarantors have signed this Release as of the date shown above.

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

GUARANTORS:

	Guarantor's Residential Address:	
_____	_____	
Signature of Guarantor		
_____	_____	_____%
Printed/Typed Name of Guarantor		
	Guarantor's Title/Position with Franchisee:	
_____	_____	
Signature of Guarantor's Spouse***		
_____		
Printed/Typed Name of Spouse	Date: _____, 20__	

	Guarantor's Residential Address:	
_____	_____	
Signature of Guarantor		
_____	_____	_____%
Printed/Typed Name of Guarantor		
	Guarantor's Title/Position with Franchisee:	
_____	_____	
Signature of Guarantor's Spouse***		
_____		
Printed/Typed Name of Spouse	Date: _____, 20__	

	Owner's Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse***		
_____		
Printed/Typed Name of Spouse	Date: _____, 200__	

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EXHIBIT F

STATE-SPECIFIC DISCLOSURES

CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document for The Hammer & Nails Salon Group, LLC in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with this disclosure document.

2. Neither the franchisor nor any person included in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. California Business and Professions Code 20000 through 20043 provides rights to franchisees concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement attached to this disclosure document contains a provision that is inconsistent with the law, the law will control.

4. Item 6 of this disclosure document is amended to include the following statement: The Franchise Agreement attached to this disclosure document provides for interest to be paid (at a rate equal to the lesser of 18% per year or the maximum lawful rate) on any past due amounts owed to the franchisor. The maximum lawful rate of interest under California law is 10% per annum.

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

6. The Franchise Agreement attached to this disclosure document contains a covenant not to compete which extends beyond the termination or transfer of the Franchise Agreement. This provision may not be enforceable under California law.

7. The Franchise Agreement attached to this disclosure document contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

8. The Franchise Agreement attached to this disclosure document does not require disputes to be settled through binding arbitration.

9. The Franchise Agreement attached to this disclosure document requires disputes to be settled in California under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

10. The Franchise Agreement attached to this disclosure document requires application of the laws of California. This provision may not be enforceable under California law.

11. 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.

12. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

13. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

14. Regarding our websites www.rodworks.com , please note the following:

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

15. The State of California requires the following disclosure pursuant to Rule 310.114.1(c)(6): "Item 19: The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

A. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISE.

1. Unless exempt, the registration or filing of this disclosure document is pending in the States indicated on the State Effective Dates page to this disclosure document.

2. No states have refused, by order or otherwise, to register these franchises.

3. No states have revoked or suspended the right to offer these franchises.

4. The proposed registration of these franchises has not been withdrawn in any state.

B. Any provision of the Franchise Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is void to the extent that the provision violates this law.

RISK FACTOR REQUIRED BY THE STATE OF HAWAII:

THE AUDITED FINANCIAL STATEMENTS REFLECT THAT THE COMPANY HAS NEGATIVE EQUIITY OF $ 2,093,387.

Additional Disclosure Required by State of Hawaii:

A review of the applicant's audited financial statements indicate that the Franchisor's liabilities exceed its assets. The State of Hawaii Business Registration Division requires that the Franchisor defer the Initial Franchise Fee until its obligations to the Franchisee are met and the business is open.

ILLINOIS

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The Barber, Cosmetology, Esthetics, Hair Braiding, and Nail Technology Act of 1985 can be found in Illinois law at 225 ILCS 410/ (West 2014).

Your rights upon Termination or Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

For info about obtaining a liquor license in Illinois, see: https://www.illinois .gov/ilcc/Pages/Forms-and-Applications.aspx.

INDIANA

The following provisions supersede any inconsistent provisions in the disclosure document, and apply to all franchises offered and sold in the State of Indiana. The laws of the State of Indiana supersede any provisions of the disclosure document, the Franchise Agreement or California law, if these provisions are in conflict with Indiana law.

1. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as including any material breach of the Franchise Agreement, will supersede the provisions of Article XVIII of the Franchise Agreement to the extent such sections may be inconsistent with this prohibition.

2. Any provision in the Franchise Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.

The following provision will be added to the Franchise Agreement at the end of Section XX.K:

> **No Limitation on Litigation**. Notwithstanding the foregoing provisions of this Section XX.K, any provision in the Franchise Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

The following provisions supersede any inconsistent provisions in the disclosure document, and apply to all residents of the State of Maryland, all franchises to be operated in the State of Maryland, and all franchises offered and sold in the State of Maryland.

1. Item 17 is amended to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

2. Item 17 is amended to state that the general release required as a condition of the renewal, sale and/or assignment/transfer of the franchise agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

1. Based on the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor has completed all of its pre-opening obligations under the Franchisee Agreement.

REQUIRED BY THE STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition of the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a

franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

MINNESOTA

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that the contractual provision violates this law.

2. Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to exclusive mediation.

3. The following language will appear as a second paragraph of Section XX.K of the Agreement.

> Pursuant to Minnesota Statutes, Section 80C.21, Section XX.K of this Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

5. We will protect your rights under this Franchise Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and the System Standards.

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. A court will determine if a bond is required.

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

Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW INVESTOR PROTECTION BUREAU 28 LIBERTY ST. 21ST FL NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party 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.

B. No such party has pending actions, other than routine litigation incidental to the business, 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.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-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.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

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 that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

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.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing 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.

NORTH DAKOTA

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Franchise Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. Item 17(u) and (v) are hereby amended to state that in the event that either party will make a demand for mediation, such mediation will be conducted in a mutually agreed upon site.

3. To the extent that Article XX of the Franchise Agreement would otherwise violate North Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a Location Franchise operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Franchise Agreement or California law.

5. The Franchise Agreement requires the franchise to consent to a waiver of trial by jury. The jury trial waiver provision is deemed deleted and shall not in any way abrogate or reduce any rights of the franchise as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

6. The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the Disclosure Document and the Franchise Agreement.

7. The Franchise Agreement requires the franchise to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchises and is deemed amended to allow claims to be brought within the applicable statute of limitations under North Dakota law.

RHODE ISLAND

The following provision supersedes the disclosure document and applies to all franchises offered and sold in the State of Rhode Island and:

> To the extent that Article XX of the Franchise Agreement would otherwise violate Rhode Island law, these sections are amended by providing that all litigation by or between you and us, involving an franchise business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

SOUTH DAKOTA

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of South Dakota.

1. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided law.

2. Franchise registration, employment, covenants to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this

Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of the State of California.

3. To the extent that Article XX of the Franchise Agreement would otherwise violate South Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a Location Franchise operating in the State of South Dakota, will be commenced and maintained, at our election, in the state courts of South Dakota or the United States District Court for South Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make any payments contained in the disclosure document and Franchise Agreement will afford you thirty (30) days written notice with an opportunity to cure the default before termination.

VIRGINIA

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of Virginia:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement and the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. The disclosure documents is amended to include the following risk factor for the State of Virginia:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $145,300 to $261,000.

3. The Virginia State Corporation Commission Division of Securities and Retail Franchising require us to defer payment of the initial franchise fee and other initial payments owned by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

WASHINGTON

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of Washington:

1. 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. If any of the provisions in this disclosure document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the disclosure document and Franchise Agreement, as applicable, with regard to any franchise sold in the State of Washington.

2. In any mediation involving a franchise purchased in Washington, the mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

4. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when signed 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 the right to a jury trial may not be enforceable. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation, or waiver

which would relieve any person from liability imposed by the Washington Franchise Investment Protection Act will be void to the extent that the provision violates the Act.

5. Transfer fees are collectable to the extent they reflect the franchisors reasonable estimated or actual cost in effecting a transfer.

6. The Department of Financial Institutions for the State of Washington requires that the payment of the Initial Franchise Fee be deferred until we have completed our initial obligations and you open for business.

WISCONSIN

The following provision supersedes any inconsistent provision in the disclosure document and applies to all franchises offered and sold in the State of Wisconsin:

The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of this disclosure document and the Franchise Agreement that are inconsistent with that law.

STATE-SPECIFIC DISCLOSURES

INFORMATON APPLICABLE TO VARIOUS STATES

UTAH

In recognition of the requirements of the Utah Franchise Investment Law, Utah Corporations Code §§ 31000 through 31516, and the Utah Franchise Relations Act, Utah Business and Professions Code §§ 20000 through 20043, the Disclosure Document for The Rod Works Inc in connection with the offer and sale of franchises for use in the State of Utah is amended to including the following:

1. The Utah Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with this disclosure document.

2. Neither the franchisor nor any person included in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. Utah Business and Professions Code 20000 through 20043 provides rights to franchisees concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement attached to this disclosure document contains a provision that is inconsistent with the law, the law will control.

4. Item 6 of this disclosure document is amended to include the following statement: The Franchise Agreement attached to this disclosure document provides for interest to be paid (at a rate equal to the lesser of 18% per year or the maximum lawful rate) on any past due amounts owed to the franchisor. The maximum lawful rate of interest under Utah law is 10% per annum.

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

6. The Franchise Agreement attached to this disclosure document contains a covenant not to compete which extends beyond the termination or transfer of the Franchise Agreement. This provision may not be enforceable under Utah law.

7. The Franchise Agreement attached to this disclosure document contains a liquidated damages clause. Under Utah Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

8. The Franchise Agreement attached to this disclosure document does not require disputes to be settled through binding arbitration.

9. The Franchise Agreement attached to this disclosure document requires disputes to be settled in Utah under Utah law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of Utah and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of Utah.

10. The Franchise Agreement attached to this disclosure document requires application of the laws of Utah. This provision may not be enforceable under Utah law.

11. Section 31125 of the Utah 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.

12. You must sign a general release if you renew or transfer your franchise. Utah Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (Utah Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

13. The Antitrust Law Section of the Office of the Utah Attorney General views maximum price agreements as per se violations of the Cartwright Act.

14. Regarding our websites www.rodworks.com please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE STATE OF UTAH.

15. The State of Utah requires the following disclosure pursuant to Rule 310.114.1(c)(6): "Item 19: The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

EXHIBIT G

LIST OF FRANCHISEES

Franchisees With Opened Outlets as of December 31, 2022

Rod Works Gilbert
Scott and Eileen Salmon
1493 S. Highly Road
Gilbert, AZ 85296
480-988-7334

Rod Works Johnstown
Ric and Heather Wright
4857 Thompson Parkways
Johnstown, CO 80534
970-663-7555

Rod Works St. George
Julie Reber
553 S. Mall Drive, Suite D2
St. George, UT 85790
435-215-4715

Rod Works Layton
Kari Fiagle
2058 N. Harris Blvd
Layton, UT 84041
801-336-7642

Rod Works Asheville
Jackie Lindsey
811 Tunnel Road, Suite B
Asheville, NC 28805
818-231-5942

EXHIBIT H

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: Utah, 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:

STATE	EFFECTIVE DATE
Utah	Exemption State
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPTS

RECEIPT

(YOUR COPY – RETAIN FOR YOUR FILES)

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 Rod Works 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, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If The Rod Works 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 applicable state agency listed in Exhibit C.

The franchisor is The Rod Works Inc, located at, 4275 Thanksgiving Way, Suite 200, Lehi, UT 84043. Its telephone number is (801) 768-2315.

The Rod Works Inc's franchise seller is: Aaron Bracket, 4275 Thanksgiving Way, Suite 200, Lehi, UT 84043, (801) 768-4275.

Date of Issuance: January 1, 2023

I have received a Franchise Disclosure Document dated January 1, 2023. This Disclosure Document included the following Exhibits:

A. Franchise Agreement with Exhibits
B. Table of Contents of Confidential Operations Manual
C. List of State Administrators/Agents for Service of Process
D. Financial Statements
E. General Release
F. State-Specific Disclosures
G. List of Franchisees
H. State Effective Dates
I. Receipts

_____ _____

Date Signature of Prospective Franchisee

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at The Rod Works Inc, located at 4275 Thanksgiving Way, Suite 200, Lehi, UT 84043, or emailing a copy of the signed and dated receipt to us at aaron@rodworks.com.

RECEIPT

(OUR COPY – SIGN, DATE AND RETURN TO US)

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 Rod Works 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, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

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If The Rod Works 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 applicable state agency listed in Exhibit C.

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Date Signature of Prospective Franchisee

Print Name: _____

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