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SHRED415™

SHRED415®

FRANCHISE DISCLOSURE DOCUMENT

SHRED415 FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

Franchisor

Shred415 Franchising, LLC
A Delaware limited liability company
2105 N Southport Ave , Unit 203
Chicago, IL 60614
(773) 231-8057
info@shred415franchising com
www shred415 com

Shred415 Franchising, LLC (**"Shred"**) offers franchises for the operation of health and fitness studios utilizing interval training classes alternating between cardio work on premium treadmills and strength training on the floor in a state-of-the-art studio (a **"Studio"**)

The total investment necessary to begin operation of a new Studio ranges from $516,500 to $873,000 This includes $45,800 to $66,200 that must be paid to the franchisor or its affiliates If you enter into a Development Agreement, the total investment necessary to begin operation of one new Studio and to have the right to develop between a total of three and ten Studios ranges from $518,480 to $1,170,800 This includes $140,800 to $316,200 that must be paid to the franchisor or its affiliates

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

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 Drew Chalfant at 3825 Edwards Road, Suite 103, Cincinnati, Ohio 45209 (Tel (773) 231-8057) or at drew chalfant@shred415franchising com

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

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

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

This Disclosure Document was issued on April 23, 2019

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION IN THE STATE OF OHIO OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO MEDIATE AND LITIGATE IN OHIO THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT OHIO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY THE OPERATING MANUALS THAT YOU WILL OPERATE UNDER ARE NOT COMPLETE THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY

4 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $516,500 to $873,000 THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBERS' EQUITY AS OF DECEMBER 31, 2018, WHICH WAS ($1,254,570)

5 YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should make sure to do your own investigation of the franchise

See the next page for the effective date of this Disclosure Document in certain states

STATE EFFECTIVE DATES

The following chart lists states that require the Disclosure Document to be registered or filed with the state or to be exempt from registration in order to offer or sell franchises within the state In these states, the effective date of the Disclosure Document is as follows

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	August 2, 2018
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states, the effective date of this Disclosure Document is the issuance date of April 23, 2019

Some of the states listed above require that we give you additional disclosures The additional required disclosures for these states are in **Exhibit I** to this Disclosure Document

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

Pursuant to the provisions of the Michigan Franchise Investment Law, MCL 445 1501, et seq , Shred415 Franchising, LLC provides the following notices and disclosures to potential franchisees in 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 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 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 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 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 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 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 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 franchisee 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 franchisee 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 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 shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 335-7567

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ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

General To simplify the language in this Disclosure Document, **"Shred415"** or **"we"** means Shred415 Franchising, LLC, the franchisor **"You"** or **"Franchisee"** means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability, or any other type of entity (an **"Entity"**) If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an **"Owner "**

Shred415 is a Delaware limited liability company that was organized on June 8, 2017 Shred415's principal office is located at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 Shred415 also has a significant office at 3825 Edwards Road, Suite 103, Cincinnati, Ohio 45209 To the extent that we have designated agents for service of process in other states, they are listed in Exhibit D We conduct business under the name Shred415® We began offering Shred415® franchises and area representative franchises in July 2017 Other than these two programs, we have never offered any other franchises in any other line of business We do not conduct any other business activities other than selling and supporting Shred415® franchises We do not have any predecessors or parents

Our affiliate, Shred415 Franchising IP, LLC (**"Shred415 IP"**), a Delaware limited liability company with a principal business address of 2105 N Southport Ave , Unit 203, Chicago, IL 60614, owns the Marks and intellectual property used in the Shred415® system, which it licenses to us under a license agreement

Our affiliate, Shred 415 LLC (**"Shred Chicago"**), an Illinois limited liability company with a principal business address of 2105 N Southport Ave , Unit 203, Chicago, IL 60614, operates nine Shred415® businesses similar to the franchise offered under this Disclosure Document We refer to these affiliate-owned Studios as **"Affiliate-Owned Studio(s)"** in this Disclosure Document

None of our affiliates will provide products or services to our franchisees None of our affiliates offer franchises in any line of business

The Business and Franchises Offered We are offering, under the terms of this Disclosure Document, the opportunity to become a franchisee to develop and operate a Shred415® Studio Studios offer instructor-led, fast-paced, calorie-burning, interval training classes designed to target all levels of client, alternating between cardio work on premium treadmills and strength training on the floor in a state-of-the-art, high-energy, motivational environment Studios also include a dedicated space, called the Kids Corner, providing child care services to customers in a safe and fun environment while they work out

A Studio operates under the Shred415® mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the **"Marks"**) We may designate other trade names, service marks, and trademarks as Marks and may change the Marks at any time

A Studio operates under a prescribed system of specifications and operating procedures that we have developed and will continue to develop (the **"System"**) The distinguishing characteristics of the System include, but are not limited to, our Studio designs, layouts, and identification schemes (collectively, the **"Trade Dress"**), our specifications for equipment, inventory, and accessories, our website or series of websites for the Studios (the **"System**

Website"), our relationships with vendors, our software and computer programs, our online booking system, our class reservation procedures, any fitness and non-fitness programs and classes that we may develop, the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques, and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (**"System Standards"**) set out in our operations manuals (**"Manuals"**) and otherwise in writing We may change, improve, add to, and further develop the elements of the System from time to time In all future Studios, we intend to implement a new Trade Dress that differs from the trade dress used in some of the currently open Affiliate-Owned Studios

You may purchase a Shred415® franchise (**"Franchise"**) to develop and operate one Studio at a mutually agreed upon site (the **"Site"**) within an area (**"Site Selection Area"**) that we will specify in the Franchise Agreement that we and you will execute (the **"Franchise Agreement"**) Our current form of Franchise Agreement is included as **Exhibit A** to this Disclosure Document You will have no obligation, nor any right, to open any additional studios Under the Franchise Agreement, you have no right to use the Marks or the System at any location other than the Site or to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution other than the operation of the Studio at the Site We and our affiliates have the right to use, or license the use of, the Mark, or any other trademark or service mark, in the designated area of responsibility See Item 12

You must designate an Owner with at least a 10% ownership interest in your Entity as the **"Operating Principal "** The Operating Principal must have authority over all business decisions related to your Studio and must have the power to bind you in all dealings with us In addition, you must appoint a trained manager (the **"Key Manager"**) to manage the day-to-day business of your Studio, who may also be the Operating Principal

Studios are typically located in a metropolitan area or surrounding suburbs Our standard prototype Studio is a one-story 2,750 square feet space, with Studios typically ranging in size from 2,100 to 3,500 square feet A Studio may be located either in a freestanding building or in an in-line retail plaza space, but, in any event, ample parking, good visibility and availability of prominent signage are a necessity Preferred locations for Studios are strip shopping centers and ground-level retail spaces with a mixture of residences and commercial facilities (offices and businesses) nearby

You must ensure that all customers participating in classes register and reserve spaces for classes through the Studio Management and Technology System, make payments by debit or credit account through the Studio Management and Technology System, and sign a waiver in a form that we prescribe or approve

Development Program In addition, for qualified franchisees who desire the right to develop multiple Studios within a designated territory (the **"Development Area"**) that meet certain conditions, we also offer the opportunity to enter into a Development Agreement with us (the **"Development Agreement"**) to develop a mutually agreed upon number of Studios in accordance with a development schedule specified in the Development Agreement (the **"Development Schedule"**) Our current form of Development Agreement is included as **Exhibit B** to this Disclosure Document

As each Studio is opened, you will sign our then-current form of Franchise Agreement for each Studio, which may include terms that are different from the form of Franchise Agreement included as Exhibit A to this Disclosure Document If you fail to open and continue to operate the

required number of Studios in accordance with the mutually agreed upon Development Schedule, we will have the right to terminate the Development Agreement If the Development Agreement is terminated, you will lose all of your rights to develop the Development Area and the initial fees paid for any Studios for which Franchise Agreements have not been signed However, the Franchise Agreement for each Studio which has been opened will not be terminated solely by reason of the termination of the Development Agreement

Unless you sign a Development Agreement, you have no obligation, nor any right, to open any additional studios

Area Representative Program In a separate disclosure document, we offer qualified parties the opportunity to operate as a Shred415® area representative (**"Area Representative"**) that will operate a Shred415® area representative business (an **"Area Business"**) in accordance with an Area Representative Agreement with us (the **"Area Representative Agreement"**) Area Representatives recruit individuals interested in purchasing Franchises and assist us in providing certain support and services to Franchises located in a designated area Area Representatives are also required to operate at least one Studio under a Franchise Agreement

If we have appointed, or appoint in the future, an Area Representative to operate an Area Business in the area in which your Studio is located, such Area Representative may provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement We may, without your consent, appoint an Area Representative or a substitute for the Area Representative at any time Information about our current Area Representatives is attached as **Exhibit J**

Competition The general market for exercise and fitness studios is established and growing Shred415® Studios will compete with national, regional, and local health clubs, gymnasiums, and other fitness and workout studios and programs, which may offer classes or exercise programs similar to Shred415®

The market for our services is year-round, but it will fluctuate to some degree depending on the time of year The success of your Studio will depend in large measure on the demographics of the residents of your Territory, the competition surrounding your Studio, local labor conditions and wage rates, the local costs of advertising, the availability of suitable facilities in convenient locations and at affordable rents, and your management, marketing, and selling skills and work ethic

Industry-Specific Regulations You will have to comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements) In addition, you will have to comply with laws and regulations applicable to fitness facilities, fitness instructors, health clubs, and child care, which may include, without limitation, laws and regulations requiring training to use and maintain safety equipment such as automated external defibrillators, requiring you to maintain licenses or permits pertaining to food at your Studio, requiring training and certification in cardio pulmonary resuscitation (CPR), requiring disclosures and health warnings for weight loss programs, medical claims related to nutritional products, and other FDA-regulated products, requiring postings concerning steroids and other drug use, requiring certain medical equipment in the facility, requiring registration of the facility, limiting the supplements that facilities can sell, requiring bonds if a facility sells memberships valid for more than a specified time period, requiring facility owners to deposit into escrow certain amounts collected from members before the facility opens (so-called "presale"

memberships), imposing other restrictions on memberships that facilities sell and related fees, requiring specific financial disclosures to customers, and requiring compliance with other consumer protection requirements

Federal, state and local governmental laws, ordinances and regulations periodically change It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements in your jurisdiction We do not assume any responsibility for advising you on these regulatory matters You should consult with your attorney about laws and regulations that may affect your Studio

ITEM 2 BUSINESS EXPERIENCE

Co-Founder and Director of Operations – Bonnie Micheli

Ms Micheli is one of our co-founders and has served as one of our Directors of Operations since our inception in June 2017 Ms Micheli is also a co-founder and has served as the co-Chief Executive Officer of Shred Chicago since its inception in April 2011 Ms Micheli serves in her present capacities in Chicago, Illinois

Co-Founder and Director of Operations – Tracy Roemer

Ms Roemer is one of our co-founders and has served as one of our Directors of Operations since our inception in June 2017 Ms Roemer is also a co-founder and has served as the co-Chief Executive Officer of Shred Chicago since its inception in April 2011 Ms Roemer serves in her present capacities in Chicago, Illinois

Chief Executive Officer – Matt Micheli

Mr Micheli has served as our Chief Executive Officer since our formation in June 2017 Mr Micheli also has served as the Chief Operating Officer of Shred Chicago since January 2014 From May 2006 to December 2016, Mr Micheli was an attorney with Kaye Scholer LLP, a full-service international law firm, in Chicago, Illinois Mr Micheli serves in his present capacities in Chicago, Illinois

Chief Financial Officer – Perl Marwah

Ms Marwah has served as our Chief Financial Officer since February 2018 Ms Marwah has served as the Chief Financial Officer for St Gregory Development Group ("**St Gregory**") in Cincinnati, Ohio since February 2018 Ms Marwah has served as a Co-founder and Owner for JBJ Foods, LLC in Cincinnati, Ohio since December 2017 and as a Cofounder and Owner of Perl Marwah Business Services, LLC in Cincinnati, Ohio since March 2018 From April 2016 to February 2018, Ms Marwah served as GL Manager for the Dover Corporation in Hamilton, Ohio From October 2014 to April 2016, Ms Marwah served as an Accounting Manager for The Nielsen Corporation in Cincinnati, Ohio From March 2010 to September 2014, Ms Marwah served as an Accounting Manager for Zannett Commercial Solutions, Inc in West Chester, Ohio Ms Marwah serves in her current capacities in Cincinnati, Ohio

General Counsel – Drew Chalfant

Mr Chalfant has served as our General Counsel since March 2018 Mr Chalfant has served as General Counsel for Fueled Collective Franchising, LLC ("**FCF**") since January 2018,

for LB Franchising, LLC ("**LBF**") since November 2017, and for St Gregory since January 2019 Mr Chalfant served as Associate General Counsel for St Gregory from November 2017 to December 2018 From April 2015 to November 2017, Mr Chalfant served as a Corporate Law Clerk for us, LBF, St Gregory and CycleBar Franchising, LLC ("**CBF**") From December 2013 to October 2015, Mr Chalfant served as a Hospitality Manager for JJA Restaurants, LLC in Cincinnati, Ohio Mr Chalfant serves in his present capacities in Cincinnati, Ohio

Vice President of Franchise Operations – Emily Brown

Ms Brown has served as our Vice President of Franchise Operations since February 2018 Ms Brown has also served as Vice President of Franchise Operations for St Gregory since February 2018 From July 2010 to January 2018, Ms Brown served as Director of Operations for St Gregory From April 2014 to October 2017, Ms Brown served as Director of Franchise Operations for CBF Ms Brown serves in her present capacities in Cincinnati, Ohio

Director of Communications – Kurt Roemer

Mr Roemer has served as our Director of Communications since our inception in June 2017 Since July 2014, Mr Roemer has been the National Production Manager for Riverbed Technology in Chicago, Illinois From December 2003 to June 2014, he was a Business Development Director for Forsythe Technology, an IT services and computer hardware company headquartered in Skokie, IL Mr Roemer serves in his present capacities in Chicago, Illinois

Director of Fitness Training - Jeremy Walton

Mr Walton has been our Director of Fitness Training since our inception in June 2017 Since August 2013, Mr Walton has also served as Co-Director of Training of Shred Chicago Mr Walton began as an instructor at Shred415 in January 2012 Since April 2010, Mr Walton has owned and operated a personal training business Additionally, since 2016, he has served as a brand ambassador for FitBit, an activity tracking wearable technology company based out of San Francisco, CA Mr Walton serves in his present capacities in Chicago, Illinois

Director of Fitness Training – Mark Beier

Mr Beier has been our Director of Fitness Training since our inception in June 2017 Since February 2014, Mr Beier has served as Co-Director of Training of Shred Chicago Mr Beier began as an instructor at Shred415 in September 2011 From June 2009 to December 2012, he owned and operated MarkBeierFitness, LLC, a personal training company based in Chicago, IL Mr Beier is the owner and chief executive officer of SnackMe, LLC, a quinoa-based snack bar manufacturer headquartered in Chicago, IL Mr Beier serves in his present capacities in Chicago, Illinois

Director of Training - Jennifer Wilkins

Ms Wilkins has been our Director of Training since our inception in June 2017 Since September 2013, Ms Wilkins has served as Regional Manager of Shred Chicago Ms Wilkins serves in her present capacities in Chicago, Illinois

Director of Studio Development – Sean Higgins

Mr Higgins has been our Director of Studio Development since our inception in June 2017 Since January 2017, Mr Higgins has served as Director of Studio Development for Shred Chicago From August 2014 to December 2016, he served as a Manager of an Affiliate-Owned Studio in Chicago Since August 2013, Mr Higgins has taught classes at Affiliate-Owned Studios in the Chicago area From October 2013 to July 2014, Mr Higgins was a lawyer for Sidley Austin LLP in Chicago, Illinois Mr Higgins serves in his present capacities in Chicago, Illinois

Director of Branding & Marketing – Gary De Jesus

Mr De Jesus has served as our Director of Branding & Marketing since our formation in June 2017 and has served in the same role for LBF since November 2015 From April 2014 to September 2017 he served as the Director of Branding & Marketing for CBF Since August 2013, Mr De Jesus has also been a Professor of Brand Marketing at the Northern Kentucky University Haile/US Bank College of Business in Highland Heights, Kentucky Since March 2013, Mr DeJesus has also been a Marketing Consultant for Advengage Marketing in Cincinnati, Ohio Mr De Jesus serves in his present capacities in Cincinnati, Ohio

Director of Technology Development – Jeremy Pastika

Mr Pastika has served as our Director of Technology Development since February 2018 Mr Pastika has served as Director of Software Development for St Gregory since November 2017 From November 2016 to November 2017, Mr Pastika served as a Senior Developer for St Gregory From April 2015 to October 2016, Mr Pastika served as Director of Software Development for Fitmetrix, Inc in Atlanta, Georgia From April 2013 to April 2015 Mr Pastika served as a Software Engineer for Spatial Networks in Clearwater, Florida Mr Pastika serves in his current capacities in Cincinnati, Ohio

Director of Franchising and Training – Jeffrey Herr

Mr Herr has served as our Director of Franchising and Training since our formation in June 2017 He has also served as President and Chief Executive Officer for St Gregory since July 2010 and for J3T Logistics, LLC ("**J3T**") since March 2013 He has also served as Director of Franchise Development for FCF since May 2016 and as Director of Franchising & Training for LBF since November 2015 From April 2014 to September 2017, he served as Director of Franchising & Training for CBF From July 2010 to September 2017, Mr Herr also served as President and Chief Executive Officer of VBS Franchising, LLC ("**VBS**") in Cincinnati, Ohio Mr Herr serves in his present capacities in Cincinnati, Ohio

Director of Franchise Operations – James Jagers

Mr Jagers has served as one of our Directors of Operations since our formation in June 2017, as Director of Operations for LBF since November 2015, as Director of Operations for CBF from April 2014 to September 2017, as Chief Operating Officer and Chief Financial Officer for St Gregory since July 2010 Mr Jagers has also been Chief Operating Officer and Chief Financial Officer for VBS since July 2010 and for J3T since March 2013 in Cincinnati, Ohio Mr Jagers serves in his present capacities in Cincinnati, Ohio

Director of Franchise Development – Todd Kirby

Mr Kirby has served as our Director of Franchise Development since our formation in June 2017 He has also served as Director of Franchise Development for LBF since November 2015, as Vice President of Sales for St Gregory since July 2010, as Vice President of J3T since March 2013, and as Vice President of Sales of VBS since July 2010 From April 2014 to September 2017, he served as Director of Franchise Development for CBF Mr Kirby serves in his present capacities in Cincinnati, Ohio

See Exhibit J for information regarding our Area Representatives

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item

See Exhibit J for any required disclosures relating to our Area Representatives

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

See Exhibit J for any required disclosures relating to our Area Representatives

ITEM 5 INITIAL FEES

The initial franchise fee (the **"Franchise Fee"**) for a single Studio is $50,000 and is due upon execution of the Franchise Agreement If we determine that you are financially and operationally qualified to develop multiple Studios, we may offer you the opportunity to enter into a Development Agreement, in which you will commit to develop a certain number of Studios that you and we determine to be appropriate If you enter into a Development Agreement, the Franchise Fee will vary based on the number of Studios that you commit to develop If you commit to develop between three and five Studios, the Franchise Fee will be $41,666 67 per Studio If you commit to develop between six and nine Studios, the Franchise Fee will be $35,000 per Studio If you commit to develop ten or more Studios, the Franchise Fee will be $30,000 per studio If you are an honorably discharged veteran of the United States military that purchases a Studio through the VetFran program, we will discount your Franchise Fee for your first Studio by $1,500

If you enter into a Development Agreement, you must pay us a development fee equal to the sum of the Franchise Fees due for each Studio that you agree to develop (the **"Development Fee"**) The Development Fee will range between $125,000 to $300,000 if you commit to develop between three to 10 Studios The low range is based on a commitment to develop three Studios (in which case the Franchise Fee under each Franchise Agreement would be $41,666 67 per Studio) and the high range is based on a commitment to develop 10 Studios (in which case the Franchise Fee under each Franchise Agreement would be $30,000 per Studio) The Development Fee will be credited towards the initial Franchise Fee for each Studio developed under the Development Agreement

In addition to the Franchise Fee, you must pay us an initial training fee of $15,000 (the **"Training Fee"**) upon execution of the Franchise Agreement for the cost of providing our initial training program (**"Initial Training"**) to you, your Operating Principal, and your Key Manager

("**Required Trainees**") The Training Fee includes the cost of up to three trainees attending a single session You are responsible for the travel and living expenses of your trainees and for training fees incurred by subsequent trainees, replacement trainees, or trainees that retake the program Our Initial Training is described in greater detail in Item 11 If you enter into a Development Agreement, you must pay us the then-current Training Fee for each Studio that you develop under the Development Agreement at the time each then-current Franchise Agreement is signed

You must to us, or to a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a "**Technology Fee**") The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, any mobile applications we develop, and the System Website Currently, the Technology Fee is (i) $400 per month from the date that you begin receiving the technology services during the pre-sales period to the date you receive your certificate of occupancy (typically, two to three months) and (ii) $700 per month thereafter The first month will be assessed pro rata from the date on which you begin receiving the technology services We reserve the right to increase the fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount

If you request our approval to open your Studio more than 270 days after the effective date of the Franchise Agreement (the "**Opening Deadline**") and we approve your request, you must pay us an opening deadline extension fee equal to $2,500 for each month (or portion of a month) for which the Opening Deadline is extended We may require you to execute a general release as a condition for us agreeing to such an extension

The Franchise Fee, Development Fee, Training Fee, and Technology Fee are not refundable under any circumstances Except as described above, the Franchise Fee, Development Fee, Training Fee, and Technology Fee are uniform for all franchisees and must be paid in a lump sum

ITEM 6 OTHER FEES

OTHER FEES (Note 1)

Type of Fee	Amount	Due Date	Remarks
Royalty Fees (2)	The greater of (i) 8% of your Gross Revenue for the preceding week or (ii) $250 per week (subject to increase annually based on a change to the CPI)	Currently due weekly within five business days after the end of each calendar week	See Note 2 for the definition of Gross Revenue Your first Royalty Fee payment is due in the first full week after the date the Studio opens and shall be paid based on all Gross Revenue accrued prior to the opening date and during your first full or partial week of operations
Marketing Fee	Up to 2% of Gross Revenue, currently, 0% of your Gross Revenue	Currently due weekly within five business days after the end of each calendar week	We may create a Marketing Fund and require you to contribute the Marketing Fee See Note 2 for the definition of Gross Revenue

Type of Fee	Amount	Due Date	Remarks
Local Marketing Spending Requirement	A minimum of $1,500 per quarter	Payable by the end of each quarter As incurred	In addition to your Marketing Fee, beginning in the first full month after the date the Studio opens, you must spend a minimum of $1,500 per quarter on local advertising and promotional activities, which shall be payable directly to third party vendors If you fail to pay the required amount in any quarter, we may require you to pay us the shortfall as an additional Marketing Fee or to pay us the shortfall for us to spend on local marketing for your Studio
Technology Fee	Currently, $400 per month during the pre-sales period to the date a temporary or final certificate of occupancy is issued (typically two to three months) and $700 per month thereafter, but subject to change at any time upon 30 days' written notice to you	Currently due weekly within five business days after the end of each calendar month	The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, any mobile applications we develop, and the System Website We may add, delete, or otherwise modify the products and services that are included in the Technology Fee There is no cap on the amount the Technology Fee may be increased The first month will be assessed pro rata from the date on which you begin receiving services
Successor Fee	$10,000	Upon execution of successor franchise agreement	
Transfer Fee	$10,000 for any transfer resulting in a change of control, $2,500 plus our administrative costs and expenses for non-control transfers and transfers to entities for the convenience of ownership	$3,000 deposit due with written notice of proposed transfer, balance due at closing	No Transfer Fee is due for transfers upon death or incapacity
Payment Processing Fee	A reasonable monthly fee plus a reasonable per transaction charge	Upon demand	We may require you to use us, our affiliate, or a third party processor to process all credit card transactions related to your Studio If we require you to use us or our affiliates, we will disclose to you any required fees that you must pay

Type of Fee	Amount	Due Date	Remarks
Late Fee and Interest	18% per annum or maximum interest rate allowed by law (whichever is less) from due date to date of payment, plus $100 for each week that a payment is paid after the due date for the payment specified	When amount owed becomes past due	Required whenever a payment to us is made after its due date
Relocation Fee	$2,500	Upon demand	Payable if you relocate your Studio from the Site to a new location
Initial Training Fee for Additional or Replacement Trainees	Currently, $1,000 per trainee (subject to change without limitation by written notice to you)	Within 10 days of receipt of an invoice	We will provide Initial Training in the System to three trainees as part of the Training Fee We reserve the right to charge a reasonable fee for training (i) more than three trainees, even if they attend the same training session, (ii) persons who are repeating the course or replacing a person who did not pass, and (iii) subsequent Operating Principals, Key Managers, or employees who attend the course
Additional Training Programs	Varies based on program	Within 10 days of receipt of an invoice	We may charge you a reasonable fee for optional or required training programs that we may provide
In-Person Consulting Services	Currently, $500 per employee or agent for each full or partial day, plus their travel and living expenses	Within 10 days of receipt of an invoice	Payable if we provide requested consulting services in person at a place other than our offices We may change this fee without limitation from time to time upon written notice to you
Temporary Key Manager	Currently, $500 per employee or agent for each full or partial day, plus their travel and living expenses plus our actual costs and expenses	Within 10 days of receipt of an invoice	Payable if we provide a Key Manager to work at your Studio, after the departure of your previous manager, until a new Key Manager is hired and trained
Temporary Management	3% of the Studio's Gross Revenue during the period of management, plus any direct out of pocket costs and expenses	Within 10 days of receipt of an invoice	Payable if we exercise our right to manage your Studio after a default

Type of Fee	Amount	Due Date	Remarks
Mandatory Seminars, Conventions or Programs	Reasonable registration fee for you and any employees who attend The estimated range of costs for each event will be $500-$2,500 per person If you do not attend mandatory seminars, conventions or any other required events, you must pay us the applicable registration fee plus $500, regardless of the cause for non-attendance, unless you receive our advance written approval for such absence	Prior to attending the event	Payable for you and your employees who attend any conventions, meetings, demonstrations, and teleconferences that we host The registration fee may vary from event to event based on the costs and expenses we expect to incur, the vendor contributions we expect to collect, and the number of franchisees we expect to attend You are responsible for the travel and living expenses of you and your employees We do not at this time have mandatory meetings, but we will have an annual convention and may in the future conduct periodic meetings that you must attend
Product, Service, Supplier, and Service Provider Review	Our reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs	Upon demand	Payable if you wish to offer products or use any supplies, equipment, or services that we have not approved or wish to purchase from a supplier or service provider that we have not approved, whether or not we approve the item, service, supplier, or service provider
Insurance	Cost of the premium plus a reasonable fee for our services in procuring the insurance	Upon demand	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you
Grand Opening Advertising	A minimum of $25,000 for grand opening advertising and promotion	Between the four weeks prior to opening the Studio and the four weeks after opening the Studio	In connection with the opening of the Studio, you must submit a grand opening plan to us for our approval We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening
Mystery Shopper Program	A reasonable fee as defined in the Manuals	Upon demand	We have the right to establish a mystery shopper-type program and to set reasonable fees associated with such program Details of any program and fees will be included in the Manuals

Type of Fee	Amount	Due Date	Remarks
Audit	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses	Within 10 days of demand	Payable if audit or review shows an understatement of Gross Sales for the audited or reviewed period of 2% or more
Inspection	Our reasonable expenses incurred in inspecting your business (ourselves, through our employees, Area Representatives, or agents), including travel and living expenses, wages, and other expenses for our employees	Upon demand	Payable if inspection is necessitated by your repeated or continuing failure to comply with any provision of the Franchise Agreement
Remedial Expenses	Our reasonable expenses incurred in correcting your operational deficiencies	Upon demand	Payable if we correct deficiencies that we have identified during a Site inspection and that you failed to correct within a reasonable time after notice from us
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees)	Upon demand	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Studio
Enforcement Expenses	Our reasonable cost of de-identifying your Studio	Upon demand	Payable if your Franchise Agreement expires or is terminated, you fail to de-identify your Studio and we take steps to do so
Equipment Upgrades and Replacement	Approximately $3,500 to $5,000 per year	As incurred	The fitness equipment and accessories must be replaced in accordance with our System Standards, which may require you to purchase replacement items from us, our affiliates, or other approved suppliers

NOTES

1 All of the fees in the table above are imposed by us, payable to us, non-refundable, and are uniformly imposed You must use the payment methods we designate You must furnish us and your bank with any necessary authorizations to make payment by the methods we require

2 **"Gross Revenue"** means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be

added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority You may not deduct payment provider fees (i e , bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (1)	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Franchise Fee (2)	$30,000	$50,000	Lump sum	When sign Franchise Agreement	Us
Training Fee (3)	$15,000	$15,000	Lump sum	When sign Franchise Agreement	Us
Travel Expenses to Training (4)	$500	$2,500	As incurred	As incurred	Airlines, hotels, and restaurants
Real Estate Project Management Fee (5)	$10,000	$10,000	Lump sum	When sign Franchise Agreement	Real Estate Project Manager
Security Deposits for Lease and/or Utilities (6)	$5,000	$30,000	As incurred	As incurred	Landlord, utility company
Rent (7)	$0	$45,000	As incurred	As incurred	Landlord
Construction Due Diligence (8)	$7,200	$8,200	As incurred	As incurred	Construction Project Manager
Design/ Architecture/ Engineering (9)	$15,000	$20,000	As incurred	As incurred	Construction Project Manager
Construction Permits and Permit Management (10)	$5,500	$15,000	As incurred	As incurred	Government agencies, Project Manager, and third party vendors
Construction Project Management (11)	$20,000	$25,000	As incurred	As incurred	Construction Project Manager
Net Leasehold Improvements (12)	$256,200	$427,000	As incurred	As incurred	Third party vendors
Furniture, Fixtures, and Equipment (13)	$75,000	$95,000	As incurred	As incurred	Third party vendors
Signage and Graphics (14)	$10,000	$20,000	As incurred	As incurred	Third party vendors
Supplies and Accessories (15)	$5,000	$10,000	As incurred	As incurred	Third party vendors
Initial Product Purchase (16)	$5,000	$7,000	As incurred	As incurred	Third party vendors
Treadmills Lease for 3 Months (17)	$9,000	$15,000	As incurred	As incurred	Third party vendors

Type of Expenditure (1)	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Studio Management and Technology System (18)	$2,500	$5,000	As incurred	As incurred	Third party vendors
Business Licenses (19)	$500	$1,000	As incurred	As incurred	Government agencies
Technology Fee Through First Three Months (20)	$2,900	$3,300	As incurred	As incurred	Us, third party vendors
Professional Fees (21)	$1,000	$9,000	As incurred	As incurred	Attorneys, bankers, accountants, and other professionals
Insurance Deposit and Initial Premiums (22)	$1,200	$3,000	As incurred	Prior to opening	Insurance agent or carrier
Grand Opening Marketing Budget (23)	$25,000	$32,000	As incurred	As incurred	Third party vendors, us, or our affiliates
Additional Funds, 3 months (24)	$15,000	$25,000	As incurred	As incurred	Employees, utilities, suppliers, us, and other third parties, etc
TOTAL (25)	$516,500	$873,000			

Notes

1 Type of Expenditure The amounts provided in this Item 7 include costs you will incur to start your business These estimates are based upon Shred Chicago's experience developing Affiliate-Owned Studios in Chicago, Illinois and the surrounding suburbs, Carmel, Indiana, and St Louis, Missouri, and based upon data reported to us by our project manager and our real estate brokers relating to those franchisees who had signed leases for Studios prior to the issuance date of this Disclosure Document (the "**Reporting Studios**") All fees and payments are non-refundable, unless otherwise stated or permitted by the payee The low and high ranges in the table do not include optional upgrades to equipment or facility design and are for a 2,100 to 3,500 square foot studio The estimates provided in this Item 7 assume that you will rent the premises in which your Studio will be located from a third party landlord It does not include costs associated with the acquisition of real estate if you decide to operate from a building you purchase The costs for rent, fixtures and improvements will vary and may be significantly higher than projected in this table, based on the square footage, location, economic climate, market conditions, prevailing interest rates, other financing costs, the conditions of the property, and other physical characteristics of your Studio

2 Franchise Fee The standard Franchise Fee for opening a single unit is $50,000 The low estimate would be the initial Franchise Fee for your first unit if you commit to develop ten or more Studios In addition, if you are an honorably discharged veteran of the United States military that purchases a Studio through the VetFran program, we will discount your Franchise Fee for your first Studio by $1,500 See Item 5

3 Training Fee The Training Fee includes the cost of providing our Initial Training to your Required Trainees

4 Travel Expenses to Training This estimate is for the cost of three people to attend Initial Training in Chicago, Illinois You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices

5 Real Estate Project Management Fee The Real Estate Project Management Fee covers the real estate project management, site selection, real estate brokerage and other services that our designated supplier will provide to you, as described in Item 11 You must use a real estate project manager (the "**Real Estate Project Manager**") that we designate to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate, which may include, in the Real Estate Project Manager's sole discretion, on-site evaluations If you enter into a Development Agreement with us, the Real Estate Project Management Fee for the first Studio in your Development Schedule will be $10,000 and the Real Estate Project Management Fee for each additional Studio in your Development Schedule will be $2,500, which must be paid to our designated supplier at the time you execute a Franchise Agreement for each additional Studio in your Development Schedule

6 Security Deposits for Lease and/or Utilities This estimate includes prepaid rent and deposits payable to the landlord and any deposits on utilities required to open the Studio These amounts will vary based on your location and the terms of your lease

7 Rent The figures in the table reflect our estimates for leasing our standard prototype studio, which is a one-story 2,750 square feet space The low estimate assumes that you will be able to negotiate a rent abatement for your initial months of operation The high estimate assumes that you lease a Studio in a high-demand area and do not receive a rent abatement The estimate includes a lease deposit and up to three months of prepaid rent Your rent will depend on the Site's size, condition, visibility, accessibility, and location, local market conditions, and demand for the premises among prospective lessees In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D C and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate We cannot accurately project your costs You should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market

You may choose to purchase, rather than rent, real estate on which a building suitable for the Studio already is constructed or could be constructed Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Studio

8 Construction Due Diligence You must use a construction project manager that we designate (the "**Construction Project Manager**") to manage and lead the design and construction of your Studio This estimate is of the amount that the Construction Project Manager will charge you to provide you with an as-built/conditions survey, site investigation report, space planning LOI review, lease review, and a due diligence summary

9 Design/Architecture/Engineering The Construction Project Manager will engage designers, architects, and engineers to draft standard construction plans for your Studio This estimate includes costs related to the drafting, shipping, and printing of such plans This estimate does not include site-specific structural, seismic, and acoustical engineering designs, plans and drawings Your costs will vary depending upon the location of the Site, its condition, and the need for additional designs, plans, and drawings, if applicable

10 Construction Permits and Permit Management The Construction Project Manager will assist in the filing of construction permits This estimate includes the cost of acquiring construction permits, including permit fees, Construction Project Manager fees, and the cost of hiring, if necessary, a local third party to assist in managing, expediting, and acquiring permits Your costs will vary depending upon your Studio's location In some markets, the costs of required permits may significantly exceed our estimates

11 Construction Project Management This estimate includes fees paid to the Construction Project Manager to provide construction project management services, including management of competitive bidding processes, management and oversight of your general contractor, and management of vendors and orders This estimate also includes any travel costs related to your Construction Project Manager visiting your Studio site for surveying or supervision over local contractors and construction suppliers during any stage of the design and construction process

12 Net Leasehold Improvements This estimate includes the net cost of leasehold improvements to our standard prototype 2,750 square foot studio, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work Our standard prototype Studio is a one-story 2,750 square feet space, but Studios typically range from 2,100 to 3,500 square feet This estimate includes both materials and the cost of labor You may be able to negotiate tenant improvement allowances from your landlord The estimated range reflects the actual budgeted leasehold improvement costs for certain Reporting Studios minus the actual tenant improvement allowances that they will receive in accordance with the terms of their leases

If you are able to negotiate a tenant improvement allowance from your landlord, the landlord typically may require you to provide proof that you have paid for the leasehold improvements before reimbursing you the money Some landlords may require you to receive the tenant improvement allowance in the form of reduced rent over the life of your lease, rather than in the form of a lump sum reimbursement As a result, your actual out-of-pocket costs and the cost of any construction financing that you may need to obtain may be significantly higher than the net leasehold improvement costs presented in this table

Your actual costs will depend on, among other factors, the Studio location, the size of the Studio, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D C , costs could be significantly higher than the estimates provided here due to local market rates for materials and labor As a result, we cannot accurately project your costs

13 Furniture, Fixtures, and Equipment This estimate includes the furniture, fixture, and equipment to be used in the Studio, including cabinetry, retail displays, fitness equipment and accessories (except for treadmills), lockers, benches, audio/visual equipment (except for the Studio Technology and Management System described in Note 18), lighting systems, closed-circuit camera equipment, telephones, office furniture, Kids Corner toys and furnishings, kitchen equipment and appliances for your Studio

14 Signage and Graphics This estimate includes the cost of outdoor identification on the Studio and displays and signage throughout the Studio

15 Supplies and Accessories This estimate also includes the cost of purchasing an initial supply of office supplies and cleaning supplies, a defibrillator, decorative items, bathroom and shower accessories, toiletries, and other ancillary items used in the operation of the Studio

16 Initial Product Purchase This estimate covers the cost of your initial inventory of apparel and other retail merchandise which you must offer for sale to your customers The size of your inventory will depend on the size of your Studio, the number of retail bays that you have, and the products that we require you to stock

17 Treadmills Lease for Three Months This estimate includes the cost of leasing required treadmills for your first three months of operation We strongly recommend that you lease your treadmills As a result, we do not provide an estimate for the cost of purchasing them You must lease or purchase all treadmills in accordance with our specifications from our designated suppliers The cost will vary based on the number of treadmills needed for your Studio (which will typically range from 10 to 15 treadmills), your credit worthiness, and market conditions

18 Studio Management and Technology System This figure includes the cost of acquiring the hardware, software, other equipment, and network connections (including three months of internet service and security system service) that we specify in the Manuals necessary to operate our point of sale system, the customer relationship management system, the online reservation system, and other technology systems that we designate (the **"Studio Management and Technology System"**) You must purchase these components from suppliers that we approve or designate and must execute any related software licenses require by designated vendors

19 Business Licenses This estimate includes the cost of acquiring business licenses and permits Your costs will vary depending upon your Studio's location

20 Technology Fee Through First Three Months This figure includes payment of the Technology Fee to us during the pre-sales period (typically, two to three months prior to obtaining your temporary or final certificate of occupancy) and your first three months of operation The Technology Fee is described in Item 6

21 Professional Fees This estimate includes the cost of professional fees that you may incur in establishing your business Such expenses may include fees payable to attorneys, accountants, and finance originators that you will need to use for the review of this Disclosure Document and its Exhibits, as well as for entity formation and lease negotiation

22 Insurance Deposit and Initial Premiums This estimate is for your insurance premium deposit and your first three months of insurance coverage, which may be paid prior to opening You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of the deductibles and of coverage, and other factors beyond our control You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our required minimums

23 Grand Opening Marketing Budget You must spend a minimum of $25,000 for grand opening advertising and promotions beginning 90 to 120 days before, and ending 30 days after, the opening of your Studio in accordance with a plan that you must submit to us This amount

does not include wages and payroll-related expenses for your employees Your cost may be higher based on the length of time you wish to run opening promotions or any additional marketing spending you may choose to undertake We have the right to modify your grand opening plan, in our sole discretion You must provide us with supporting documentation evidencing these expenditures upon our request This estimate is in addition to the Marketing Fee contributions you will be required to make once we establish a Marketing Fund

24 Additional Funds, Three Months This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your business This estimate includes additional funds you may need to pay employee salaries and wages, utilities, payroll taxes (including payroll to cover the grand opening promotional period and the pre-opening training period for your staff), Royalty Fees, Marketing Fees, legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items The preceding list is by no means intended to be exhaustive of the extent of possible categories of expenses The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, your business experience, and the level of traffic at your location We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate or that you will not need additional funds after your first three months of operation It is best to contact your accountant or financial advisor for further guidance

25 Total This total amount is based upon our affiliate Shred Chicago's experience developing Affiliate-Owned Studios and the experience of the Reporting Studios Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, local market conditions, the size of your Studio, and your skills at operating a business We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area Your actual costs in each category and your actual total costs may be higher or lower than the costs estimated in this chart You should independently investigate the costs of opening a personal fitness studio in the geographic area in which you intend to open a Studio You should also review the figures carefully with a business advisor before making any decision to purchase the Franchise

We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your credit worthiness, collateral which you may make available, or policies of local lending institutions with respect to the nature of the business

YOUR ESTIMATED INITIAL INVESTMENT

(MULTIPLE STUDIOS DEVELOPED UNDER DEVELOPMENT AGREEMENT)

Type of Expenditure	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Development Fee (1)	$125,000	$300,000	Lump sum	When sign Development Agreement	Us
Estimated Initial Investment for First Studio (2)	$486,500	$823,000	As incurred	As incurred	Us and third parties
TOTAL (3)	$611,500	$1,123,000			

Notes

1 Development Fee Upon signing the Development Agreement, you must pay us the Development Fee The Development Fee varies based on the number of Studios you commit to develop The low estimate is based on a commitment to develop three Studios (in which case the Franchise Fee under each Franchise Agreement would be $41,666 67 per studio) and the high estimate is based on a commitment to develop 10 Studios (in which case the Franchise Fee under each Franchise Agreement would be $30,000 per studio) The Development Fee will be credited towards the initial Franchise Fee for each Studio developed under the Development Agreement The Development Fee is not refundable See Item 5

2 Estimated Initial Investment for First Studio For each Studio that you develop under a Development Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Studio as described in the first table of this Item 7 This estimate is based on the expenses described in the first table of this Item 7 The estimate does not include the Franchise Fee, since the Development Fee is credited towards the Franchise Fee for each Studio

3 Total We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Products and Services We have the right to require that furniture, fixtures, signs, and equipment (the **"Operating Assets"**) and products, supplies, and services that you purchase for resale or purchase or lease for use in your Studio (i) meet specifications that we establish from time to time, (ii) be a specific brand, kind, or model, (iii) be purchased or leased only from suppliers or service providers that we have expressly approved, and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates)

You must offer to customers only the products, services, and classes we approve in writing In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing We may change these specifications periodically, and we

may designate specific products or services as optional or mandatory You must offer all products or services that we designate as mandatory You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards)

We may require you to purchase merchant processing services from us, our affiliates or an approved vendor we select You must require your members to pay all Support Fees and other fees through the Studio Management and Technology System When you begin collecting revenue in your Studio, the payment processor may process all credit card payments related to your Studio, and remit payment to you of all monies owed, after withholding any Technology Fees, Royalty Fees, or Marketing Fees payable to us and any payment processing fees payable to such processor

You must conduct all classes in accordance with the System You must offer at the Studio any classes or programs that we deem to be mandatory Any classes that you or your instructors develop must be consistent with the System Standards that we specify from time to time If we disapprove of any class or program that you offer, you must immediately discontinue offering the class or modify the class in accordance with our instructions

Currently, we require you to purchase (i) marketing and operational support services from J3T, (ii) real estate project management services from REMOP Services, LLC ("**REMOP**"), and (iii) your initial product purchase from an approved supplier that we designate We also anticipate requiring you to purchase merchant processing services from us Our affiliates are not currently approved suppliers, though we reserve the right to require you to purchase additional items from us or our affiliates in the future

When you develop and construct your Studio, you must use the Project Manager that we designate who will engage on your behalf architectural and engineering firms that we have approved You also must use only general contractors that we have approved in writing, and we may require you to use only general contractors that we have pre-approved

None of our officers owns any interest in any supplier with whom you are required or recommended to do business, except some of our officers own an interest in J3T and REMOP

Insurance You must obtain before you begin construction and/or development of the Studio and must maintain at all times the types of insurance and the minimum policy limits specified in the Manuals Currently we require (i) comprehensive general liability and professional liability insurance with minimum limits of $2,000,000 per occurrence and $4,000,000 aggregate (including product liability and personal and advertising injury) and (ii) workers' compensation and employer's liability insurance covering all of your employees with minimum limits of $100,000 However, you may be required to acquire additional insurance by the laws in your area All of your insurance carriers must be rated A or higher by A M Best and Company, Inc (or such similar criteria as we periodically specify) These insurance policies must be in effect on or before the deadlines we specify All coverage must be on an "occurrence" basis, except for the employment practices liability insurance coverage, which is on a "claims made" basis All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain We must be named as an additional insured under each policy that we require Upon our request or as specified in the Manuals, you must provide us with certificates of insurance

evidencing the required coverage We may require additional types of coverage or increase the required minimum amount of coverage upon 60 days' notice to you

Studio Management and Technology System You are required to purchase most of the components of the Studio Management and Technology System that we specify from suppliers that we approve or designate, including the software, computer, tablets, equipment required to connect to our technology platform, and credit card scanner If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements

Approval Process If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings Proposed suppliers may be required to come to our offices in Chicago, Illinois or Cincinnati, Ohio in order for us to make an evaluation You agree to pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment We will notify you in writing of our decision as soon as practicable following our evaluation If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other studios

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct

Issuance of Specifications and Standards To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards Such modifications, however, will generally be uniform for all franchisees We will notify you of any changes to our Manuals, specifications, or standards in writing, which we may transmit to you electronically

Proportion of Purchases Subject to Specifications We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 80% to 95% of the total cost to purchase and lease equipment, inventory, and other

items necessary to establish a Studio and 70% to 95% of the total cost to purchase and lease equipment, inventory, and other items to operate a studio

Revenue from Purchases We or our affiliates may receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers We or our affiliates intend to earn revenue from your purchase of apparel and merchandise, project management services, furniture, fixtures, equipment, technology, signage and graphics, audio-visual equipment, services we or they may offer, and other items that we may specify from time to time We or our affiliates may retain any rebates or other payments we receive from suppliers

We have established arrangements with certain suppliers which require the supplier to make rebate payments to us equal to 5% to 10% of your total purchases for certain items In the 2018 fiscal year, we received $18,658 in rebates from the required purchase of products and services by our franchisees

Cooperatives and Purchase Arrangements We are not involved in any purchasing or distribution cooperatives We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees As of the issuance date of this Disclosure Document, we have not negotiated any such arrangements

Material Benefits We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA) and Development Agreement (DA) It will help you find more detailed information about your obligations in the Franchise Agreement, Development Agreement, and in other items of this Disclosure Document

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a	Project management and site acquisition/lease	FA Sections 4 1, 4 2, and 4 4	Item 11
b	Pre-opening purchases/leases	FA Sections 4 4, 6 7, and 6 10	Items 6,7, 8 and 11
c	Site development and other pre-opening requirements	FA Sections 4 4 and 4 5	Items 7, 8 and 11
d	Initial and ongoing training	FA Section 5	Items 6, 7 and 11
e	Opening	FA Section 4 6 DA Section 3	Items 6 and 11
f	Fees	FA Sections 3, 4 6, 4 7, 5 1, 5 3, 5 4, 5 6, 6 2, 6 9(b), 6 10(a), 6 14, 7 2(a), 7 3, 8 4, 8 5, 8 6, 13 4, 13 5, 13 6, 13 8, 14 2(b)(viii), 15 1, 15 2, and 16 9 DA Section 2	Items 5, 6, 7 and 11

	Obligation	Section in Franchise Agreement	Disclosure Document Item
g	Compliance with standards and policies/Operations Manual	FA Sections 5 4, 5 5, 6 1, 6 2, 6 3, 6 4, 6 5, 6 6, 6 7, 6 10, 6 12, 7 3, 8 4, 8 6, 10 3, and 13 4	Items 7, 8, 11, 13, 14, 15 and 16
h	Trademarks and proprietary information	FA Sections 9 and 10 DA Section 9	Items 13, 14 and 17
i	Restrictions on products/services offered	FA Sections 6 6, 6 7, and 6 8	Items 8 and 16
j	Warranty and customer service requirements	FA Section 6 12 and 8 6	Items 8 and 16
k	Territorial development and sales quotas	FA Section 6 4 DA Section 3	Item 12
l	Ongoing product/service purchases	FA Sections 6 7 and 6 8	Items 8 and 16
m	Maintenance, appearance and remodeling requirements	Sections 4 5, 6 3, and 6 5	Items 7, 8 and 11
n	Insurance	FA Section 6 14	Items 7 and 8
o	Advertising	FA Sections 3 3 and 7	Items 6, 7, 8 and 11
p	Indemnification	FA Section 11	Item 6
q	Owner's participation/ management/staffing	FA Sections 1 4, 1 5, and 6 2	Items 11 and 15
r	Records and reports	FA Section 8 1, 8 2, and 8 3	Items 6 and 17
s	Inspections and audits	FA Sections 8 4, 8 5, and 8 6	Items 6 and 11
t	Transfer	FA Section 13 DA Section 7	Items 6 and 17
u	Renewal	FA Section 2 2	Item 17
v	Post-termination obligations	FA Section 15 DA Section 8 2	Item 17
w	Non-competition covenants	FA Section 12 and 15 9 DA Section 8	Item 17
x	Dispute resolution	FA Section 16 DA Section 9	Item 17

ITEM 10 FINANCING

We and our affiliates do not offer direct or indirect financing arrangements for any purpose in establishing or operating your Studio We and our affiliates do not guarantee your promissory note, lease, or any other obligation you may make to others

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

If we have appointed, or appoint in the future, an Area Representative to operate an Area Business in the area in which your Studio is located, such Area Representative may provide the training, support, marketing, and other services described in this Item 11 to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement

Our Pre-Opening Obligations

For all Franchise Agreements, whether executed pursuant to a Development Agreement or otherwise, before you begin operating your Studio

1 **Designate Areas** We will designate your Site Selection Area (Franchise Agreement - Section 1 1)

2 **Real Estate Project Management Services** We will designate a Real Estate Project Manager that you must contract with to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate, which may include, in the Real Estate Project Manager's sole discretion, on-site evaluations The Real Estate Project Manager may engage third-party real estate brokers to work on your behalf to identify sites for your Studio in the Site Selection Area We do not intend to own and lease sites to you You may not engage other real estate brokers without our written approval If you identify a site in the Site Selection Area on your own that is reasonably suited for the conduct of the Studio and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require

a **Site Selection** We will review each site that the Real Estate Project Manager, broker or you identify and determine whether to accept it using our proprietary site selection assistance criteria, which may include evaluations of the proposed site by third-party site selection assistance software We will conduct such on-site evaluation as we consider necessary and appropriate as part of our evaluation We are not required to complete our review within a certain period of time In addition to certain demographic characteristics, we also consider the following factors in accepting a Studio location site visibility, zoning, parking, competition, neighboring tenants, accessibility, population density, and adjusted gross income

While we will provide assistance and guidance, it is solely your responsibility to select a suitable site for the Studio Our acceptance of a proposed site is not a warranty or representation of any kind as to the potential success or profitability of your Studio

You must secure a site that we have accepted by signing a site lease or purchase agreement within 90 days after the effective date of your Franchise Agreement (the "**Site Acquisition Deadline**") We may extend this Site Acquisition Deadline by up to 90 days in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension If we have accepted a site for your Studio and you are unable or unwilling to acquire such site or an alternative site that we accept by the Site Acquisition Deadline or you are unable to identify a site for your Studio that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement (Franchise Agreement - Sections 4 1, 4 2, and 4 4)

b **Approval of Site Lease** Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor If you lease the site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Rider in the form that is attached as Appendix D to the Franchise Agreement in Exhibit A of this Disclosure Document We may require you to engage an attorney to review your lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that

the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor We will not provide you with any legal advice with respect to your lease or purchase of the site Our review of the lease is for our benefit and is not intended to supplement or replace any review by a real estate attorney engaged on your behalf You are strongly encouraged to engage competent legal counsel to assist in the review and negotiation of your site lease (Franchise Agreement - Section 4 4)

3 **Construction Project Management Services** We will designate a Construction Project Manager that you must contract with to provide construction project management services, including architectural, engineering, and design services We will make available to the Construction Project Manager a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout The Construction Project Manager will engage designers, architects, and engineers to adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Studio We will review the plans developed by the Construction Project Manager, which we must approve prior to their submission to permitting You may not engage any project managers, architects, engineers, or designers other than the Construction Project Manager and those selected by the Construction Project Manager without our prior written consent (Franchise Agreement - Section 4 5(a))

4 **Approval of Contractors** You must provide us with written notice identifying your general contractor, and you must ensure that the contractor is duly licensed in your jurisdiction and adequately insured You may not begin construction until we have given you written approval of the plans and we or the Project Manager has approved in writing your choice of general contractor We may require you to use only general contractors that we have pre-approved, provided that one is available in your Site Selection Area (Franchise Agreement - Sections 4 5(c))

5 **Initial Training** We will provide Initial Training in the System and our policies and procedures to your Required Trainees See "Training", below in this Item (Franchise Agreement - Section 5 1)

6 **Manuals** We will provide you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect As of the date of this Disclosure Document, the Manuals are still under development and have not been completed (Franchise Agreement - Section 6 1(a))

7 **Initial Product Purchases** We, or an approved third party supplier, will deliver to you your initial supply of equipment, apparel and other retail items which you must offer for sale to your customers (Franchise Agreement - Section 3 5)

8 **Advice** We will advise you as to development of class schedules and local marketing and networking efforts We will provide you with templates for customer agreements, membership agreements, and/or related waivers for use in your Studio, which you must adapt to comply with applicable laws and regulations We must approve any modified forms of such agreements or waivers (Franchise Agreement – Sections 5 2 and 6 11)

9 **Opening Approval** We will approve your Studio opening, provided that you have met all of our requirements for opening, including, but not limited to, providing us with a certificate of occupancy and building the Studio in compliance with the plans that we approved (Franchise Agreement - Section 4 6) We estimate that the typical length of time between signing a Franchise Agreement and opening your Studio is approximately 180 to 240 days Factors affecting this

length of time include, among others ability to select a site and negotiate a satisfactory lease, hiring of the requisite employees, successful completion of Initial Training, local ordinances or community requirements, delivery of fixtures, equipment, and signs, issuance of all necessary licenses, permits and approvals, and procuring required insurance You must open the Studio no later than 270 days after the effective date of the Franchise Agreement and within 180 days after possession of the Site is delivered to you by your landlord We may extend this deadline, in our sole discretion, which we may condition on you agreeing to pay an extension fee of $2,500 for each month (or portion of a month) for which the deadline is extended and you executing a general release

Ongoing Assistance

During the operation of your Franchise

1 **Review Advertising** We will review any advertising or promotional programs or materials that you develop (Franchise Agreement - Sections 7 3(b))

2 **Marketing Fund Management** We will manage the Marketing Fund as described below in this Item, if we establish one We will prepare an unaudited statement of contributions and expenditures for the Marketing Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy (Franchise Agreement - Section 7 2(a))

3 **Requested Consulting Services** We will provide to you additional consulting services with respect to the operation of the Studio upon your reasonable request and subject to the availability of our personnel or the personnel of any Area Representative at a mutually convenient time We will make available to you information about new developments, techniques, and improvements in the areas of merchandising, advertising, management, operations, and Studio design We may provide such additional consulting services through the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person If such services are rendered in person other than at our offices, you must pay us a fee and our expenses (Franchise Agreement - Section 5 6)

4 **Relocation Review** We will evaluate sites to which you propose to relocate your Studio in accordance with our then-current real estate project management requirements (Franchise Agreement - Section 4 7)

5 **Pricing** If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time We currently require you to charge rates equal to or in excess of a minimum pricing schedule, which we will provide and may revise from time to time Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request

Advertising

Our Marketing We may from time to time formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine

to be most effective We may make available for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc that we have prepared

We have not conducted media advertising for the Shred415® concept If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope We may produce the marketing materials in-house or employ a local, regional, or national advertising agency We are not obligated to conduct any advertising or marketing programs within your market

Local Marketing You must use your best efforts to promote the use of the Mark in your market area You must spend at least $1,500 per calendar quarter on local advertising and promotional activities (the **"Marketing Spending Requirement"**) Your Marketing Spending Requirement is in addition to your Marketing Fee We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Marketing Fee or to pay us the shortfall for us to spend on local marketing for your Studio

You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we and franchisees in neighboring territories agree otherwise You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Studio is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify Moreover, you must conduct all advertising in a dignified manner and in conformance with the standards and requirements we specify in the Manuals

You must submit to us in writing for our prior approval all sales promotion materials and advertising that have not been prepared by or previously approved by us If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved We will have the final decision on all creative development of advertising and promotional messages We reserve the right to require you to discontinue the use of any advertising or marketing materials

Grand Opening Advertising In connection with the opening of the Studio, you must spend a minimum of $25,000 for grand opening advertising and promotion in the four weeks prior to opening the Studio and the four weeks after opening the Studio in accordance with a plan that you must submit to us We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening No amount paid by you for your grand opening will be credited toward the Marketing Spending Requirement You must provide us with supporting documentation evidencing these expenditures upon request

Marketing Fund We may, but are not obligated to, establish the Shred415® Marketing Fund, a segregated or independent fund into which all Marketing Fees will be paid (the **"Marketing Fund"**) While currently we do not collect the Marketing Fee, we may collect a Marketing Fee of up to 2% of your Gross Revenue from you for contribution to the Marketing

Fund We may use monies in the Marketing Fund and any earnings on the Marketing Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the Shred415® brand or the Studios generally, including advertising campaigns in various media, creation, maintenance, and optimization of the System Website or other websites, keyword or adword purchasing programs, conducting and managing social media activities, direct mail advertising, market research, including, without limitation, secret shoppers and customer satisfaction surveys, branding studies, employing advertising and/or public relations agencies, purchasing promotional items, conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities, and providing promotional and other marketing materials and services to our franchisees We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement We do not guarantee that you will benefit from the Marketing Fund in proportion to your contributions to the Marketing Fund

We will make any sales and other materials produced with Marketing Fund monies available to you without charge or at a reasonable cost, and we will deposit the proceeds of such sales into the Marketing Fund

We will not use the Marketing Fund for anything whose sole purpose is the marketing of franchises, however, the Shred415® website, public relations activities, community involvement activities, and other activities supported by the Marketing Fund may contain information about franchising opportunities

We will not use any contributions to the Marketing Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies) We may use monies in the Marketing Fund to pay for an independent audit of the Marketing Fund, if we elect to have it audited

In no event will we be deemed a fiduciary with respect to any Marketing Fees we receive or administer We are not required to have an independent audit of the Marketing Fund completed We will prepare an unaudited statement of contributions and expenditures for the Marketing Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy

All franchisees and Studios operated by us or our affiliates will contribute to the Marketing Fund a uniform percentage of their Gross Sales

As of the date of this Disclosure Document, we have not created a Marketing Fund and, accordingly, there were no Marketing Fund expenditures Any sums in the Marketing Fund at the end of any year shall be applied toward the following years' expenditures

Digital Marketing We may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, your Studio, and the entire network of

studios We will have the sole right to control all aspects of any Digital Marketing, including those related to your Studio

As part of our Digital Marketing, we or our affiliates have the right, but not the obligation to, offer daily deals or other discounted class promotions, coupons, vouchers, or gift certificates on third party websites or apps, such as, without limitation, Groupon and Living Social, or other similar promotions designed to drive new customers to Studios (**"Deals"**) If we or our affiliates offer any Deals, we and our affiliates have the right to collect and retain any revenue from such Deals, including any customer payments to such third parties, and to use all such amounts we and they receive without restriction for any purposes You must provide classes or other products or services to any customers redeeming any vouchers, gift certificates, or coupons related to such Deals in accordance with the standards and other terms that we periodically specify You will not be entitled to receive any payment or reimbursement from us, our affiliates, customers who purchase Deals, or third parties for any classes, products, or services that you provide to customers who purchase Deals

Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the network If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements If we permit your or your employees to conduct Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time

You are not authorized to have a website for your Studio or to have a webpage related to your Studio in any third-party website, including, without limitation, social networking sites As part of our Digital Marketing, we or one of our designees will operate and maintain the Shred415® website, which will include basic information related to the Studio, the ability for customers to purchase classes at your Studio, and access to the Studio's reservation system

Promotional Programs You must participate in all in-Studio promotional programs that we offer to franchisees You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing You will not allow use of gift certificates, gift cards, or coupons (including Groupons and similar discounts) unless approved or offered by us

Advertising Cooperatives We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple studios, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to mandate or approve if and when we form such cooperative If we form an advertising cooperative, we will have the right to determine how membership will be defined, whether Company-owned Studios will participate in the cooperative, and whether we, an affiliate, a franchisee, or a third party will administer the cooperative If you

join an advertising cooperative, we or the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which may be in addition to your Marketing Fee or the Marketing Spending Requirement There is no cap on this potential spending obligation If we form an advertising cooperative, we will make any governing documents available to you for your review

Advertising Councils We currently do not have an advertising council composed of franchisees to advise us on our advertising policies We may decide to implement an advertising council in the future, at which point we will set policies related to such council If we form an advertising council, we may appoint members, allow franchisees to elect members, or have a mix of appointed and elected positions The advertising council may consist of both franchisees and our representatives Any advertising council will be advisory and will not have any decision-making authority We will have the right to modify or dissolve any advertising council that we create

Computer System You must obtain, maintain, and use the Studio Management and Technology System that we specify periodically in the Manuals to (i) enter and track purchase orders and receipts, classes and attendance, and customer information, (ii) update inventory, (iii) enter and manage your customer's contact information, (iv) generate sales reports and analysis relating to the Studio, and (iv) provide other services relating to the operation of the Studio

The Studio Management and Technology System typically includes one server, one computer, three tablets, one printer, equipment required to connect to our technology platform, one media box required to operate our digital marketing system, one credit card scanner, and related equipment Components of the Studio Management and Technology System must be connected to the Internet via a high-speed Internet connection The Studio Management and Technology System will use third-party software from our approved vendors For any proprietary software or third party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require

We estimate that the Studio Management and Technology System will cost between $2,500 and $5,000, which includes the cost of the hardware, software licenses, related equipment, and network connections, including related installation costs We, or our approved suppliers, will act as vendors or suppliers of some or all of the components of the Studio Management and Technology System

You must maintain the Studio Management and Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require You must replace, upgrade, or update the Studio Management and Technology System as we may require from time to time We will establish reasonable deadlines for implementation of any changes to our Studio Management and Technology System requirements, but there are no contractual limitations on our right to require changes to the Studio Management and Technology System

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Studio Management and Technology System We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between $200 to $400 per year

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Studio Management and Technology System for the purposes of obtaining the information relating to the Studio You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis There are no contractual limitations on our right to access data stored in the Studio Management and Technology System

You must dedicate your computer system for use as the Studio Management and Technology System only and use the Studio Management and Technology System in accordance with our policies and operational procedures Your employees must complete any and all training programs we reasonably require for the proper operation and use of the Studio Management and Technology System You may not use any other cash registers or computer systems in your Studio

Manuals

As of the date of this Disclosure Document, the Manuals are still under development and have not been completed The current Table of Contents of the Manuals is attached as **Exhibit E** to this Disclosure Document The Manuals currently consist of 155 pages We may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System You must comply with revised standards and procedures within 30 days after we transmit the updates

Training

Initial Training Your Required Trainees must personally attend and satisfactorily complete our Initial Training before you open your Studio Initial Training currently consists of (i) Shred University (**"ShredU"**) which includes up to five consecutive days of training to be held at our offices and our Affiliate-Owned Studio in Chicago, Illinois at least 60 days prior to your opening, (ii) five consecutive days of operations and sales training to be held on-site in your Studio at least one week prior to your opening, (iii) master instructor training, which includes up to four consecutive days of training for you and your class instructors related to our fitness programs and brand standards at least one week prior to your opening, and (iv) on-site follow-up training, as we, in our sole discretion, deem necessary, to be conducted four to six weeks after your Studio opens for business We will conduct Initial Training each month We reserve the right to modify the length, location, and timing of Initial Training We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training Initial Training will be provided as soon as practicable after you sign your Franchise Agreement

We will provide instructors, facilities, and materials for Initial Training for up to three of your representatives (including your Required Trainees) for the Training Fee provided that all of your trainees are trained during the same training session If space is available, you may bring more than three representatives to Initial Training We reserve the right to charge a training fee of $1,000, which we may increase upon 60 days' written notice to you, for (i) each person in excess of three trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent Operating Principal, Key Manager, or employee who attend the course You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training or any other training programs

If we have appointed an Area Representative for the area in which your Studio is located, they may provide the on-the-job portions of the first week of Initial Training at their Studio and may perform the second week of Initial Training at your Studio

Our Initial Training currently consists of the following

TRAINING PROGRAM

FIRST WEEK
"ShredU"

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Brand Standards	1	1	Classroom Training in Chicago, Illinois On-the-job training at our Affiliate-Owned Studio in Chicago, Illinois or your Area Representative's studio
Studio Operations	1	4	
Customer Database	0 5	1	
Music System	0 5	1	
Staff Training	1	1	
Technology/ IT/ A/V	2	2	
Grand Opening	2	0	
Unit Economics/Finance	2	0	
Marketing, Branding & Promotion	2	0	
Real Estate	1	0	
Construction Management	1	0	
Guest Support	2	1	
Reporting & Metrics	2	0	
Mission & Vision	1	0	
Human Resources	2	0	
User Experience	0	6	
Atmosphere, Mood & Experience	1	1	
TOTALS	**22**	**18**	

SECOND WEEK
"Operations and Sales Training"

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction	0	0 5	Your Studio
Mission and Vision for the Brand	0 5	0	
Manager and Staff Training	4	12	
Customer Database	0	1	
Music System	0	1	
Setting Up Your Location	0	1	
Grand Opening & Sales	0	1	
Human Resources	1	0	
Studio Operations	1	5	
Business Management Software & Technology	1	1 5	
Guest Relations	0	1	
Scheduling	0	0 5	
Cleaning and Maintenance	0	1	
Safety	0 5	0 5	
Reporting and Metrics	0 5	0 5	
Brand Standards	0 5	0 5	
Retail	0	1	
TOTALS	**9**	**28**	

THIRD WEEK
"Master Instructor Training"

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introductions	0 5	0	Your Studio
Mission and Vision for the Brand	0 5	0	
Mock Class Taught By Master Trainer	0 5	0	
Pre-Class Routine	0 5	2	
Start Class - Warm Up	0	3	

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Start Class - Warm up - First Treadmill Segment and Floor Block and Verbal Feedback	0	4	
Complete First 15 Minutes Of Class	0	6	
Transition Coaching	0 5	0	
Master Trainer Mock Class	0 5	0	
Coaching and Cueing Floor Exercises	1 5	0	
Coaching and Cueing Special Populations	1 5	0	
First 30 Minutes of Program and Verbal Feedback	5	0	
Second Half of Program and Feedback	0	9	
Shred Instructor Etiquette	1	0	
Totals	**12**	**26**	

We use manuals and Power Point presentations as instructional materials in our training programs The instructors for our initial training program all have experience working with us or similar facilities or multipurpose Studio spaces The following individuals will lead our training programs Bonnie Micheli, our Co-Founder and Director of Operations since our inception in 2017, who has operated several of our Affiliate-Owned Studios since 2011, and Tracy Roemer, our Co-Founder and Director of Operations since our inception in 2017, who has operated several of our Affiliate-Owned Studios since 2011 Other individuals identified in Item 2 will also participate in portions of Initial Training See Exhibit J for the training experience of our Area Representatives

Your Required Trainees must successfully complete Initial Training at least ten days before the Opening Deadline We will determine, in our discretion, what constitutes successful completion of the program If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training If your Required Trainees have not, in our sole discretion, successfully completed Initial Training ten days before the Opening Deadline, we may terminate the Franchise Agreement, in which case we will not refund any initial fees paid by you

Additional Training We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that we designate There will be no charge for training programs that we require you or your employees to attend, but we may charge you a reasonable fee for optional training programs We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify We may require your Required Trainees to participate in refresher or advanced training each year

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Studio to retrain Studio employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate We may charge a reasonable fee for each trainer assigned to your Studio and any remedial training

If your Key Manager ceases to be employed by you at the Studio and you are unable to immediately appoint and train a new manager, we may, in our sole discretion and for a reasonable fee, provide a Key Manager to work at your Studio temporarily until a new Key Manager is appointed and trained

Training by You You and/or your Operating Principal and your Key Managers are responsible for training all of your other employees (and subsequent Key Managers) in accordance with our standards and training programs If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or pay for our costs and expenses to send one of our representatives to train them at your Studio

Delegation We may delegate the performance of any or all of our obligations under the Franchise Agreement to an Area Representative, affiliate, agent, independent contractor, or other third party As described in Item 1, if we appoint an Area Representative in the area that includes your Studio, the Area Representative will provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement

ITEM 12 TERRITORY

Franchise Program

Site Your franchise is for the specific Site that we approve You must select a site that we have accepted within the non-exclusive Site Selection Area that we specify The site will be added to the Franchise Agreement once we accept it and you secure it, usually within 14 days after signing the Franchise Agreement Your Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the Site for the Studio

Relocation of the Studio If you would like to relocate your Studio, you must receive our written consent Our approval will not be unreasonably withheld, provided (i) the new location for the Studio is satisfactory to us and within your Site Selection Area, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other studio, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three years prior to, and as of, the date we consent to such relocation (the **"Relocation Request Date"**), (vi) you are not in default, and no event exists which with the giving of notice and/or passage of time would constitute a default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements If you lose your lease, you must secure our approval of another site and enter into a lease for the new approved site within 90 days after you lose your site lease You must pay us a relocation fee as specified in Item 6

Territory Once you have secured the Site, we will provide you an area in which you will have protected rights (the **"Territory"**) Your Territory will typically be a two-mile radius around your Studio, unless your Studio is located in a major metropolitan downtown area or similarly-situated/populated central business district (a **"Central Business District"**) If your Studio is located in a Central Business District, your Territory may be limited to a geographic area comprised of anywhere from a radius of two blocks to two miles around your Studio, as we deem appropriate in our discretion The size of your Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Studio

The boundaries of your Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map The sources we use to determine the population within your Territory will be publicly available population information (such as data published by the U S Census Bureau or other governmental agencies and commercial sources)

The Territory is an exclusive territory This means that during the term of the Franchise Agreement, provided you are not in default under the Franchise Agreement, we will not operate, or license others to operate, a Studio using the System and the Marks inside the Territory

As long as you are in compliance with the Franchise Agreement, your exclusive rights in the Territory will not be modified for any reason, except by mutual written agreement signed by both parties During the Term, you must meet the following minimum performance levels (the **"Minimum Performance Levels"**) (i) in your second full calendar year of operation, the Gross Revenue for your Studio must be greater than or equal to 50% of the average Gross Revenue for all Studios that have been open for at least one full calendar year (**"Mature Studios"**) during such calendar year, and (ii) in your third or subsequent full year of operation, the Gross Revenue for your Studio must be greater than or equal to 70% of the average Gross Revenue for all Mature Studios during such calendar year If you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing and you must diligently implement the business plan during the next calendar year If you fail to meet the Minimum Performance Levels for two consecutive years, we may reduce the size of your Territory, terminate the Franchise Agreement, or exercise other remedies outlined in the Franchise Agreement

Reserved Rights Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned fitness studios, or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory, (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory, (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory, and (d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, (i) convert the other businesses to the Shred415® name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name

We will not compensate you for any of our activities in your Territory, even if they have an impact on your Studio

Restriction on Rights You do not have the right to open additional Studios nor do you have any rights of first refusal on any other location You do not have the right to use the Marks or the System at any location other than the Site or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Studio at the Site Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise There are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement additional rules and restrictions regarding soliciting such customers in the future in our Manuals

We reserve the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one Studio and redeemed at another studio We do not have these policies or procedures in place, however, as of the date of this Disclosure Document

Development Program

Development Area If you enter into a Development Agreement, you will have the right to develop a mutually agreed upon number of Studios in the Development Area in accordance with the Development Schedule The total number of Studios to be opened in your Development Area, as well as the size of the Development Area, will be dependent upon a number of factors such as (i) the number of Studios we grant you the right to open and operate, and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement

You must execute our then-current Franchise Agreement for each Studio that you develop under a Development Agreement You must select a site, and obtain our acceptance of such site, as described above in this Item, at which point we will designate a Territory for the Studio We will use our then-current standards for accepting sites and designating Territories

The Development Area is an exclusive territory This means that while the Development Agreement is in effect, provided that you open and operate the Studios in accordance with the Development Schedule and the minimum number of Studios that you have open and operating in the Development Area at any given time is not less than the minimum required under the Development Schedule, we will not operate, or license any person other than you to operate, a Studio under the Marks and the System within the Development Area

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive right to develop Studios within the Development Area If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties

If a Studio is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business (**"Destruction Event"**), you must diligently work to repair and restore the Studio to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area Under such circumstances, the Studio will continue to be deemed a "Studio in operation" for the purpose of this Agreement for up to 180 days after the occurrence If a Studio (i) is closed in a manner other than those described in the Development Agreement or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may terminate the Development Agreement and all of your exclusive territorial rights, if any, will be eliminated

The Development Agreement and your exclusive right to develop Studios in the Development Area will expire on the last development deadline in the Development Schedule, unless the Development Agreement is terminated sooner Upon the expiration or termination of the Development Agreement, your right to develop Studios within the Development Area will be terminated However, Studios that you have opened will continue to operate under the terms of the applicable Franchise Agreements

Reserved Rights Among other things, we reserve the right to (a) establish or license franchises and/or company-owned fitness studios or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area, (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area, (c) advertise, or authorize others to advertise anywhere, using the Marks, (d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Shred415® name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name, and (e) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Development Agreement We will not compensate you for any actions we take in your Development Area

Additional Disclosures

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that offer fitness studios or similar products or services under a different trade name or trademark, but we reserve the right to do so in the future without your consent

ITEM 13 TRADEMARKS

We grant you the right to operate a business specializing in the operation of personal fitness studios under the Shred415® mark, and other trademarks, service marks, associated designs, artwork, and logos that we specify from time to time We may require you to use the Marks in conjunction with other words or symbols or in an abbreviated form

All of the Marks are owned by Shred415 IP and licensed to us under a License Agreement, dated as of June 16, 2017 (the **"License Agreement"**) In the License Agreement, Shred415 IP authorized us to use the Marks in connection with the offer, sale, and support of franchised Studios The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement Upon termination of the License Agreement, we must immediately discontinue the use of the Marks and assign to Shred415 IP all of our franchise agreements licensing the use of the Marks, and Shred415 IP has agreed to assume all obligations under such agreements arising from and after their assignment

Shred415 IP has registered the following Marks with the Principal Register of the United States Patent and Trademark Office (**"USPTO"**) and has filed all required affidavits with respect to each of the Marks

Mark	Registration No	Registration Date
SHRED415	4,327,976	4/30/13
SHRED415 REACH YOUR MAX	4,735,683	5/12/15

Shred415 IP has filed an application to register the following design on the Principal Register of the USPTO

Mark	Application No	Application Date
SHRED415	87,875,927	04/13/18

This logo will be the primary mark used to identify your Studio At this time, we do not have a registration for this trademark Therefore, this trademark does not have many of the legal benefits and rights as a federally-registered trademark If your right to use this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving any of the Marks We do not know of any superior prior rights or infringing uses that could materially affect your use of any of the Marks There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the franchise

You may also use certain other Marks owned by or licensed to us in the operation of your Studio You must use the Marks only in strict accordance with the Franchise Agreement and Operations Manual You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing You must display the Marks in a manner that we specify on signage at the Studio and on all written materials, forms, advertising,

promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate Upon receipt of notice from us, you must discontinue, alter or substitute any of the Marks as we direct

You must display in a conspicuous location in or upon the Studio, or in a manner that we specify, a sign containing the following notice (or an alternative notice that we specify) "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark "Shred415®", which is a trademark owned by Shred415 Franchising IP, LLC " You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate

You must promptly notify us if any other person or Entity attempts to use any of the Marks or any colorable imitation of any of the Marks You must immediately notify us of any infringement of or challenge to your use of any of the Marks We will have the right to take any action that we deem appropriate, but the Franchise Agreement does not require us to take any action to protect your right to use any of the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks We will have the right to control any administrative proceeding or litigation related to the Marks We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks

If we decide that you should modify or discontinue using any of the Marks, or use one or more additional or substitute service marks or trademarks, you must comply with our directions in the time that we reasonably specify, and neither we nor any of its affiliates will have any obligation to reimburse you for the cost of complying with our directions

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no rights in, or licenses to, any patents or patent applications

Except as provided below, we own no rights in, or licenses to, any copyrights We have not registered any copyrights with the United States Copyright Office However, we claim copyrights with respect to our advertising materials and Operations Manual, as well as other materials we may periodically develop There are no determinations of the Copyright Office or any court regarding any of our copyrights There are no agreements limiting the use of any copyrights by us

Any copyrights used by you in the Studio belong solely to us or our affiliates You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you We have no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Studio

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Studio (collectively, **"Proprietary Information"**) You may not, nor may you permit any person or Entity to, use or disclose any Proprietary Information (including any portion of the Operations Manual) to any other person, except to the extent necessary for your employees to perform their functions in the operation of your Studio You must take reasonable precautions necessary to protect Proprietary Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of your obligation to protect Proprietary Information and their related responsibilities and obligations If we or our affiliates so request, you must obtain from your officers, directors, Owners, Key Managers, and employees confidentiality agreements in a form satisfactory to us or our affiliates You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Proprietary Information

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

At all times that your Studio is open for business, it must be under the personal, on-premises supervision of either you, your Operating Principal, your Key Manager, or a trained attendant Your Key Manager or another trained manager must be available at all times the Studio is open for business You or your Operating Principal and your Key Manager must successfully complete our training program and any other training programs that we may require You may not permit your Studio to be operated, managed, directed, or controlled by any other person without our prior written consent

Your Operating Principal must have at least a 10% ownership interest in your Entity and must have authority over all business decisions related to your Studio and must have the power to bind you in all dealings with us In addition, you must appoint a Key Manager to manage the day-to-day business of your Studio, who may also be the Operating Principal The Key Manager is not required to have an ownership interest in your Entity You must provide us with written notice of your Operating Principal and Key Manager at least 60 days prior to opening and may not change your Operating Principal and Key Manager without our prior approval

We may also require you to obtain from your officers, directors, Key Managers, instructors, your Owner's spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants in a form acceptable to us, such as the form attached as **Exhibit H**, which specifically identify us as having the independent right to enforce them

Each Owner, including the Operating Principal, must sign the Payment and Performance Guarantee (the **"Guarantee"**) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement If you are a party to a Development Agreement, each individual with a direct or indirect ownership interest in your Entity must sign the Guarantee attached to the Development Agreement

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer for sale in the Studio only the products and services that we have approved in writing In addition, you must offer the specific products and services that we require in the Manuals or otherwise in writing We may designate specific products or services as optional or mandatory You must offer all products or services that we designate as mandatory You may sell products only in the varieties, forms, and packages that we have approved You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards)

We may, without limitation, change the types, amounts, or specifications of the goods or services that you may offer We may, without limitation and in our sole discretion, revoke approval of a previously-approved product or service that you have been selling, in which case, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct

We impose no restriction on the retail customers that you may serve at your Studio, but you may not make any sales of products or services outside of the Studio, conduct classes outside of the Studio, or use vendor relationships that you establish through your association with us or the Shred415® brand for any other purpose besides the operation of the Studio, unless we consent in writing You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other Shred415® franchisees You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise While there are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory if these customers contact you, we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing

You must ensure that all customers participating in classes register and reserve spaces through the Studio Management and Technology, make payments through the Studio Management and Technology System, and sign a waiver in a form that we prescribe or approve

You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The table below lists certain important provisions of the Franchise Agreement You should read these provisions in the form of Franchise Agreement attached to this Disclosure Document as Exhibit A.

	Provision	Section in Franchise Agreement	Summary
a	Length of the franchise term	Section 2 1	Begins on the Effective Date of your Franchise Agreement and continues for ten years from the date you open your Studio for business
b	Renewal or extension of the term	Section 2 2	If you meet the conditions, you may enter into two successor ten-year terms
c	Requirements for franchisee to renew or extend	Section 2 2	You have notified us of your intent to renew at least six months in advance but no more than 12 months in advance, you have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement, you have refurbished the Studio to our then-current specifications, you have executed a general release in favor of us and our affiliates, you, your Operating Principal, and Key Manager have completed our then-current training requirements, you have secured from your landlord the right to continue operating at the Site, you have substantially complied with the Franchise Agreement during the term, no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both, would become an Event of Default, exists, and you have paid us the Successor Fee
d	Termination by franchisee	Section 14 3	If we commit a material breach of the Franchise Agreement and we fail to cure the breach or take reasonable steps to begin curing the breach within 60 days after receiving notice from you, you may terminate the Franchise Agreement
e	Termination by us without cause	Not applicable	None
f	Termination by us with cause	Section 14 2	We can terminate only if you default under the Franchise Agreement (see (g) and (h) below)
g	"Cause" defined – curable defaults	Section 14 1	You have 10 days to cure the non-payment of any amounts owed to us or our affiliates or your failure to make sufficient funds available to us, 24 hours to cure non-compliance with any law, regulation or ordinance which results in a threat to the public's health or safety, and 30 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below
h	"Cause" defined – non-curable defaults	Section 14 1	You make a material misrepresentation to us, your Required Trainees fail to satisfactorily complete initial training, you fail to secure a site by the Site Acquisition Deadline, you fail to open on time, you fail to timely refurbish your Studio, you fail to rebuild your Studio after its destruction, you suspend operations of the Studio for more than five days without our consent, you fail to communicate with us, you fail to meet Minimum Performance Levels for two consecutive calendar years, you miss two or more required meetings, you or any of your Owners or officers or directors is convicted or pleads nolo contendere to a crime involving moral turpitude or

	Provision	Section in Franchise Agreement	Summary
			consumer fraud or any other crime or offense or engages in any activities which impairs the goodwill associated with the Marks, you misuse the Marks, you disclose Proprietary Information, you or your Owners make an improper transfer, you or your Owners violate the noncompete covenants of the Franchise Agreement, you become insolvent or bankrupt, you fail to pay suppliers and trade creditors an amount exceeding $2,000 for more than 60 days, you fail to pay your taxes, you underreport Gross Sales by more than 2% twice in a two-year period or by 5% in any period, you fail to permit us to inspect or audit your books and records, you fail to timely file reports three times in 12 months, you default under any other agreement with us or our affiliates if such default would permit the termination of that agreement, or you are in default three or more times within any 18-month period
i	Franchisee's obligations on termination/non-renewal	Section 15	Pay all amounts due to us or our affiliates, discontinue use of the Marks and the System, return Proprietary Information, customer data, and Manuals, close vendor accounts, cancel assumed name registration, cancel or transfer telephone number, post office boxes, domain names, social media accounts, and directory listings, complete de-identification of the Site, reimburse customers, refrain from disclosing Proprietary Information, and comply with noncompete covenants (also see (o) and (r) below)
j	Assignment of contract by us	Section 13 1	No restriction on our right to assign
k	"Transfer" by franchisee – definition	Section 13 2	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Marks, the Studio or substantially all of the assets of the Studio, or an interest in the ownership of the Studio (if you are an Entity)

	Provision	Section in Franchise Agreement	Summary
l	Our approval of transfer by franchisee	Section 13 3	We have the right to approve all transfers
m	Conditions for our approval of transfer	Section 13 4	You pay us a non-refundable deposit to review the transfer, you pay us the Transfer Fee, all of your monetary obligations are satisfied, you are not in default, you and your Owners sign a general release, you and your Owners remain liable for obligations incurred or arising prior to transfer, you comply with noncompetition and confidentiality provisions, your landlord consents to the transfer of your lease, new franchisee agrees to discharge all of your obligations, new franchisee qualifies, meets training requirements, and signs then-current franchise agreement, new franchisee upgrades the Studio to our then-current specifications, new franchisee covenants to continue to operate the Studio under the Marks, new franchisee's owners execute our then-current form of personal guarantee, and we determine purchase price acceptable and financing arrangements are subordinate to our interests
n	Our right of first refusal to acquire franchisee's business	Section 13 9	We can match any offer for your Studio, the Studio's assets, or any ownership interest, except for certain transfers to spouses, children, or existing Owners
o	Our option to purchase your business	Section 15 5	For 15 days after the Franchise Agreement terminates or expires, we can purchase any or all of the inventory, supplies, Operating Assets, and other assets related to the operation of your Studio for the fair market value of the assets, less any amounts then owing to us We also may assume your lease or sublease or equipment leases
p	Death or disability of franchisee	Section 13 8	Executor or representative must transfer your interest to a third party approved by us within 120 days
q	Non-competition covenants during the term	Section 12 1	You and your Owners may not own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any gymnasium, studio, athletic or fitness center, health club, exercise, aerobics facility, or similar facility or business, (ii) any entity that grants franchises or licenses for any of these types of businesses (a **"Competitive Business"**) in the United States, divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Business, by direct or indirect inducement or otherwise, perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System, use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio, or directly or indirectly solicit for employment any person who at any time within the immediate past 12 months

	Provision	Section in Franchise Agreement	Summary
			has been employed by us, or our affiliates, or by any of our franchisees
r	Non-competition covenants after the Franchise Agreement is terminated or expires	Section 12 2	For two years after the expiration of termination of your Franchise Agreement, you and your Owners may not be involved in any Competitive Business that is (or is intended to be) located within a 10-mile radius of your former Studio or any other Studio that is operating or under development at that time and may not solicit for employment individuals employed during the past 12 months by us, our affiliates, or our franchisees
s	Modification of the agreement	Section 17 2	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties
t	Integration/merger clause	Section 17 1	Only the terms of the Franchise Agreement are binding (subject to state law) Any other promises made outside of this Disclosure Document and the Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 16 1	Prior to filing most proceedings, a party must submit the dispute to non-binding mediation
v	Choice of forum	Section 16 2	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Cincinnati, Ohio (or the city in which our principal place of business is then located, if we no longer have an office in Cincinnati)
w	Choice of law	Section 16 3	Subject to applicable state laws, Ohio law applies, without regard to Ohio conflict-of-laws rules

DEVELOPMENT AGREEMENT

The table below lists certain important provisions of the Development Agreement You should read these provisions in the form of Development Agreement attached to this Disclosure Document as Exhibit B

	Provision	Section in Development Agreement	Summary
a	Length of the franchise term	Section 5	The term expires upon the deadline to open the last Studio to be opened under the Development Schedule
b	Renewal or extension of the term	Not applicable	Not applicable
c	Requirements for franchisee to renew or extend	Not applicable	Not applicable
d	Termination by franchisee	Not applicable	Not applicable

	Provision	Section in Development Agreement	Summary
e	Termination by us without cause	Not applicable	Not applicable
f	Termination by us with cause	Section 6 1	We can terminate only if you default (see (g) and (h) below) under the Development Agreement or any Franchise Agreement
g	"Cause" defined – curable defaults	None	Not applicable
h	"Cause" defined – non-curable defaults	Section 6 1	You fail to timely execute a Franchise Agreement or fail to pay any initial franchise fee owed thereunder, you fail to have open and operating the minimum number of Studios specified in the Development Schedule at any deadline, any Franchise Agreement is in default, or you breach or otherwise fail to comply fully with any provision of the Development Agreement
i	Your obligations on termination/non-renewal	Section 6 2	You will lose your right to develop additional studios
j	Assignment of contract by us	Section 7	No restriction on our right to assign
k	"Transfer" by you – definition	Section 7	Includes transfer of the Development Agreement, any interest in the Development Agreement, or, if you are an Entity, any interest in the Entity
l	Our approval of transfer by franchisee	Section 7	We have the right to approve or not approve all transfers in our sole discretion
m	Conditions for our approval of transfer	Section 7	We have sole discretion in setting conditions for our approval of a transfer
n	Our right of first refusal to acquire franchisee's business	Section 7	We have the first right of refusal on all transfers, exercisable within 30 days of receiving all documentation that we require
o	Our option to purchase your business	Not applicable	Not applicable
p	Death or disability of franchisee	Not applicable	We have the right to approve or disapprove any transfer in our sole discretion
q	Non-competition covenants during the term	Section 8 1	You and your Owners may not be involved in any Competitive Business in the United States, divert customers or potential customers to any Competitive Business, do acts injurious to our goodwill, use vendor relationships established through your associations with us for any other purpose besides the operation of your Studio, or solicit for employment individuals employed during the past 12 months by us, our affiliates, or our franchisees
r	Non-competition covenants after the Development Agreement is terminated or expires	Section 8 2	For two years after the expiration of termination of your Franchise Agreement, you and your Owners may not be involved in any Competitive Business that is (or is intended to be) located within a 10-mile radius of your former Development Area or any

	Provision	Section in Development Agreement	Summary
			other Studio that is operating or under development at that time and may not solicit for employment individuals employed during the past 12 months by us, our affiliates, or our franchisees
s	Modification of the agreement	Section 10	No modifications unless agreed to in writing by both parties
t	Integration/merger clause	Section 10	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law) Any other promises outside this Disclosure Document, the Development Agreement, and the Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 9	Prior to filing most proceedings, each party has the right to demand non-binding mediation
v	Choice of forum	Section 9	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in Cincinnati, Ohio (or the city in which our principal place of business is then located, if we no longer have an office in Cincinnati)
w	Choice of law	Section 9	Subject to applicable state laws, Ohio law applies, without regard to Ohio conflict-of-laws rules

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchises, but may do so in the future

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

As of the end of our 2018 fiscal year, there were nine Affiliate-Owned Studios owned and operated by Shred Chicago that had operated for more than 12 months (the **"Covered Studios"**) The Covered Studios include (i) four Studios in Chicago, Illinois (Lincoln Park, Old Town, South Loop, and Wicker Park), (ii) one Studio in St Louis, Missouri, (iii) one Studio in Northfield, Illinois, (iv) one Studio in Hinsdale, Illinois, (v) one Studio in Indianapolis, Indiana, and (vi) one Studio in Deerfield, Illinois

The following tables present the Gross Revenue for the Covered Studios in the fiscal year ending December 31, 2018

Table 1 Gross Revenue of Covered Studios in Fiscal Year Ending December 31, 2018

Covered Studios By Rank	Gross Revenue
#1	$1,562,221
#2	$1,092,665
#3	$999,791
#4	$973,606
#5	$882,754
#6	$791,787
#7	$786,952
#8	$661,597
#9	$660,062

Average Gross Revenue of All Covered Studios	$934,604
# and % Above Average Gross Revenue	4 / 44%
Median Gross Revenue of All Covered Studios	$882,754

Table 2 Gross Revenue of Covered Studios in Fiscal Year Ending December 31, 2018 Based on Number of Years in Operation

Number of Years in Operation	Number of Covered Studios	Average Gross Revenue	# and % Above Average Gross Revenue	Median Gross Revenue	Lowest Gross Revenue	Highest Gross Revenue
One Full Year But Less Than Three Years	2	$726,692	1 / 50%	$726,692	$661,596	$791,787
Three Full Years But Less Than Five Years	4	$855,608	2 /50%	$834,853	$660,062	$1,092,665
Five Full Years But Less Than Eight Years	3	$1,178,540	1 /33%	$999,791	$973,606	$1,562,221
All Covered Studios	**9**	**$934,604**	**4 / 50%**	**$882,754**	**$660,062**	**$1,562,221**

Notes to Item 19

1 We calculated the figures in the tables above using the historical information that Shred Chicago provided You should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form, nor have we sought to independently verify their accuracy Upon your reasonable request, we will provide written substantiation for this financial performance representation

2 The Covered Studios are substantially similar to the franchised Studios being offered in this FDD Your franchised Studio will operate using a different logo than is currently

used in some of the Covered Studios and different trade dress than is currently used in some of the Covered Studios The Covered Studios that are using a different logo and trade dress will gradually convert to the new logo and trade dress that you will use All of the Covered Studios operate in high-income areas within large metropolitan DMAs, which is where we expect the first new Studios will operate

3 "Gross Revenue" is defined in Note 2 of Item 6 of this Disclosure Document

4 Your results will depend on many factors, some of which include your (and your employees') experience, local competition, overall economic conditions, your local market, your marketing activities, your skill in managing a business, your capital and financing (including working capital), and how hard you are willing to work Your results also may be affected by your real estate location, including, among other things, traffic count, local household income, residential and/or daytime populations, ease of ingress and egress, parking, visibility of your signage, physical condition of the premises, the number and type of other businesses around your location, and seasonal conditions

5 **Some outlets have earned this amount Your individual results may differ There is no assurance that you'll earn as much**

Other than the preceding financial performance representation, we do not make any financial performance representations We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Drew Chalfant, 3825 Edwards Road, Suite 103, Cincinnati, Ohio 45209, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Our fiscal year ends on December 31st of each year

Table No 1
Systemwide Studio Summary
For years 2016 to 2018

Studio Type	Year	Studios at the Start of the Year	Studios at the End of the Year	Net Change
Franchised	**2016**	0	0	0
	2017	0	0	0
	2018	0	6	+6
Affiliate-Owned	**2016**	7	8	+1
	2017	8	9	+1
	2018	9	10	+1

Studio Type	Year	Studios at the Start of the Year	Studios at the End of the Year	Net Change
Total Studios	2016	7	8	+1
	2017	8	9	+1
	2018	9	16	+7

Table No 2
Transfers of Studios from Franchisees to New Owners (other than to us)
For years 2016 to 2018

State	Year	Number of Transfers
Total	2016	0
	2017	0
	2018	0

Table No. 3
Status of Franchised Studios
For years 2016 to 2018

State	Year	Studios at Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Studios at End of the Year
CA	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
CO	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
OH	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
TN	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
WI	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
Total	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	6	0	0	0	0	6

Table No 4
Status of Affiliate-Owned Studios
For years 2016 to 2018

State	Year	Studios at Start of Year	Studios Opened	Studios Reacquired From Franchisee	Studios Closed	Studios Sold to Franchisee	Studios at End of the Year
IL	2016	6	0	0	0	0	6
	2017	6	1	0	0	0	7
	2018	7	0	0	0	0	7
IN	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
MO	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	1	0	0	0	2
Totals	2016	7	1	0	0	0	7
	2017	8	1	0	0	0	9
	2018	9	1	0	0	0	10

Table No 5
Projected Openings as of December 31, 2018
For following 12-month Period

State	Franchise Agreements Signed But Studio Not Opened	Projected New Franchised Studios in the Next Fiscal Year	Projected New Affiliate-Owned Studios in the Next Fiscal Year
Colorado	4	3	0
Florida	2	2	0
Georgia	1	1	0
Kentucky	1	1	0
Michigan	1	1	0
North Carolina	1	1	0
Ohio	2	2	0
South Carolina	1	1	0
Utah	1	1	0
Virginia	1	1	0
Washington	1	1	0
Wisconsin	1	1	0
Total	17	16	0

Current and Former Franchisees Set forth on **Exhibit F** are (i) the names of all current franchisees and the address and telephone number of each of their studios, and (ii) the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Studio terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date

If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system

Confidentiality Agreements During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Shred415 system You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

Trademark–Specific Franchisee Organizations As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system

ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit C** to this Disclosure Document is our audited financial statements as of December 31, 2018 and December 31, 2017 The audited financial statements have been prepared in accordance with generally accepted United States accounting principles As we were formed in June 2017 and began offering franchises in July 2017, we have not been in business for three years or more and cannot include all of the financial statements required by the FTC Rule for our last three fiscal years Our fiscal year ends on December 31

Also attached as **Exhibit C** to this Disclosure Document is our unaudited balance sheet and income statement as of March 31, 2019 These financial statements are unaudited and include, in the opinion of our management, normal recurring adjustments necessary to fairly state our financial condition as of that date These financial statements have not been reviewed by an accountant and are incomplete, as they do not contain any financial statement notes

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document

Franchise Agreement	Exhibit A
Payment and Performance Guarantee	Appendix C to the Franchise Agreement
Lease Rider	Appendix D to the Franchise Agreement
Development Agreement	Exhibit B
General Release	Exhibit G
Nondisclosure and Noncompete Agreement	Exhibit H
State-Required Franchise Agreement Riders	Exhibit I
State-Required Development Agreement Riders	Exhibit I

ITEM 23 RECEIPT

Attached as the last two pages of this Disclosure Statement are copies of the Receipt which you will be required to sign One signed copy of the Receipt must be returned to us, as provided on the Receipt

EXHIBIT A
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement

(attached)

SHRED415®
FRANCHISE AGREEMENT

between

SHRED415 FRANCHISING, LLC
and

_____

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Appendix A – Franchisee-Specific Terms
Appendix B – Marks
Appendix C – Payment and Performance Guarantee
Appendix D – Lease Rider

SHRED415® FRANCHISE AGREEMENT

THIS AGREEMENT (this **"Agreement"**) is made and entered into as of the date set forth on Appendix A of this Agreement (the **"Effective Date"**) (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between Shred415 Franchising, LLC, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Shred415 Franchising"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Agreement, **"we," "us,"** and **"our"** refers to Shred415 Franchising **"You"** and **"your"** refers to Franchisee

RECITALS

A We and our affiliates have accumulated knowledge and experience in the personal fitness industry on the basis of which we have developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the **"System"**) for the operation of premium boutique studios that operate under the Shred415® mark and feature interval training classes alternating between cardio work on premium treadmills and strength training on the floor in a state-of-the-art studio, which offers child care services for customers

B The distinguishing characteristics of the System include, but are not limited to, our Studio (as defined in Recital F) designs, layouts, and identification schemes (collectively, the **"Trade Dress"**), our specifications for equipment, inventory, and accessories, our website or series of websites for the Studios (the **"System Website"**), our relationships with vendors, our software and computer programs, our online booking system, our reservation procedures, any fitness programs and classes that we have developed or may develop, the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques, and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (**"System Standards"**) set out in our operations manuals (**"Manuals"**) and otherwise in writing We may change, improve, add to, and further develop the elements of the System from time to time

C We identify the Studios operating under the System by means of the Shred415® mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos set forth on Appendix B (collectively, the **"Marks"**) We may designate for your use other trade names, service marks, and trademarks as Marks from time to time These marks which will also be included in the term the "Marks "

D We may have engaged an area representative to provide certain services to you under this Agreement pursuant to an Area Representative Agreement If an area representative will be providing you with services as of the Effective Date, the area representative will be listed on Appendix A (the **"Area Representative"**) We may, without your consent, appoint an Area Representative or a substitute for the Area Representative at any time

E If you are a corporation, limited liability company, partnership, or other entity (collectively, an **"Entity"**), all of your owners of a legal and/or beneficial interest in the Entity (the **"Owners"**) are listed on Appendix A If you are an Entity, the individual owner who you must appoint to have authority over all business decisions related to your business and to have the power to bind you in all dealings with us will be referred to as your **"Operating Principal "**

F You desire to open and operate a Shred415® studio using the Marks and the System (a **"Studio"**), and we are willing to grant to you a license to open and operate a Studio on the terms and conditions of this Agreement

NOW, THEREFORE, for and in consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows

Section 1 Rights Granted

1 1 Grant of Franchise Upon the terms and conditions of this Agreement, we grant to you a non-exclusive license (the **"License"**) to operate one Studio using the Marks and the System The Studio will be located at a site to be mutually agreed upon subsequent to the execution of this Agreement, pursuant to Section 4 2 (Site Selection) (the **"Site"**), within the area set forth on Appendix A (the **"Site Selection Area"**) You have no right to (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Site, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Studio at the Site

1 2 Acceptance of License You hereby accept the License and agree to operate the Studio according to the provisions of this Agreement for the entire Term, as defined in Section 2 2 (Successor Term)

1 3 Limited Territorial Protection Once you have selected and we have accepted a Site in the Site Selection Area in accordance with Section 4 2 (Site Selection), we will designate an area within the confines of the Site Selection Area as your protected territory (the **"Territory"**) You do not have any territorial protection in your Site Selection Area, unless and until we identify your Territory, as explained in Section 4 3 (Definition of the Territory) Except as provided in this Section 1 3, we and our affiliates will not open, or license a third party to open, a Studio within your Territory Except for the foregoing sentence, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Studio For example, without limitation, we have the right to

(a) establish or license franchises and/or company-owned fitness studios or businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory,

(b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory,

(c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory, and

(d) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Territory)

and, even if such businesses are located in the Territory, (i) convert the other businesses to the Shred415® name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name

1 4 Operating Principal and Key Manager If you are an Entity, you must appoint an individual owner as your Operating Principal who must have authority over all business decisions related to your Studio and must have the power to bind you in all dealings with us In addition, you must appoint a manager to manage the day-to-day business of your Studio (the **"Key Manager"**) Your Operating Principal may serve as your Key Manager, unless we believe that he or she does not have sufficient experience or qualifications Your Operating Principal must have at least a 10% ownership interest in your Entity, but your Key Manager is not required to have an ownership interest in your Entity Your Operating Principal and Key Manager (if known at the time of signing) shall be listed on Appendix A You must provide us with written notice of your Operating Principal and Key Manager(s) at least 60 days prior to opening and may not change your Operating Principal and Key Manager without our prior written approval

1 5 Ownership and Guarantee

(a) Owners of Equity If you are an Entity, each of your Owners must execute the "Payment and Performance Guarantee" that is attached in Appendix C (the **"Guarantee"**) By executing the Guarantee, each Owner will be bound by the provisions contained in this Agreement, including without limitation the restrictions set forth in Section 12 (Your Covenant Not to Compete) Further, a violation of any of the provisions of this Agreement, including the covenants contained in Section 12, by any Owner will also constitute a violation by you of your obligations under this Agreement You represent that the individuals executing this Agreement under the Guarantee represent that they are your sole owners

(b) Governing Documents If you are (or Transfer this Agreement to) an Entity, upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with Section 13 (Transfer and Assignment) of this Agreement Any securities that you issue must bear a conspicuous printed legend to that effect

Section 2 Initial Term and Successor Term

2 1 Initial Term The initial term (the **"Initial Term"**) of the License begins on the Effective Date and ends ten years from the date that your Studio opens for business (the **"Opening Date"**), unless this Agreement is terminated sooner as provided in other sections of this Agreement

2 2 Successor Term Upon the expiration of the Initial Term, if you (i) are not in default under this Agreement, (ii) have substantially complied with this Agreement throughout the Term, (iii) have timely paid all monies due to us or our affiliates, and (iv) comply with this Section 2 2, you may, at your option, obtain two additional consecutive successor terms of ten

years each (each, a **"Successor Term"**) The Initial Term and Successor Terms are referred collectively in this Agreement as the **"Term "** You may only exercise this right to obtain a Successor Term by

(a) giving us written notice of your desire to obtain a successor License at least six, but no more than 12, months before the expiration of the then-current Initial Term or Successor Term,

(b) delivering to us a fully executed franchise agreement on our then-current form of franchise agreement, which you acknowledge may contain terms materially different than those contained in this Agreement, including, but not limited to, (i) higher rates of Royalty Fees and Marketing Fees (as herein defined) and other fees and charges and (ii) a modified Territory,

(c) refurbishing or renovating the Studio, at your expense, to conform the decor, color schemes, storefront, signage, and presentation of the Marks to our then-current image and, if necessary, in our sole opinion, to update and replace the equipment, furniture, signage, and fixtures to meet our then-current specifications,

(d) executing a general release, in a form we prescribe, of any and all claims against us, our Area Representatives, our affiliates, and our and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, your Studio,

(e) completing, and having your Operating Principal and Key Manager complete, all of our then-current training requirements, including any additional training that we may require,

(f) securing the right from your landlord to continue operating at the Site for the remainder of such Successor Term,

(g) substantially and timely complying with each provision of this Agreement or any other agreement with us, our affiliates, or your landlord throughout the Initial Term and having no Event of Default (as defined in Section 14 1 (Events of Default)), or event which with the giving of notice and/or passage of time would constitute an Event of Default, in existence as of the expiration of the Initial Term, and

(h) paying to us the Successor Fee (as defined in Section 3 6 (Successor Fee))

Section 3 Fees

3 1 Franchise Fee You must pay us an initial franchise fee as set forth on Appendix A (the **"Franchise Fee"**) upon execution of this Agreement The initial Franchise Fee is paid in consideration of the rights granted in Section 1 (Rights Granted) and will be deemed fully earned at the time paid You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason

3 2 Royalty Fee

(a) Amount of Royalty Fee You must pay us a weekly royalty fee (the **"Royalty Fee"**) equal to the greater of (i) 8% of your Gross Revenue (as defined in Section

3 2(b)) for the previous week or (ii) the Minimum Royalty The **"Minimum Royalty"** is currently $250 per week, but it may be increased at the start of any year by no greater than the CPI Increase (as defined in Section 3 2(c)) The Royalty Fee is non-refundable and is paid in consideration of the ongoing right to use the Marks and the System in accordance with this Agreement and not in exchange for services rendered by us

(b) Gross Revenue **"Gross Revenue"** means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority You may not deduct payment provider fees (i e , bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation

(c) CPI Increase To calculate the **"CPI Increase"** on any amount, multiply that amount by a fraction, the numerator of which is the Inflation Index on the first day of the year for which the increase is to apply, and the denominator for which is the Inflation Index on January 1 of the year of the Effective Date or the effective date of the most recent CPI Increase, whichever is more recent The **"Inflation Index"** means the U S City Average Price Index for All Urban Consumers for All Items (Base Year 1982-84), as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index is discontinued or unavailable, such other comparable index for calculating changes in the cost of living or purchasing power for consumers in the United States that we reasonably designate

3 3 Marketing Fee You must contribute an amount up to 2% of your Gross Revenue (the **"Marketing Fee"**) to the Shred415® Marketing Fund (the **"Marketing Fund"**)

3 4 Technology Fee You must pay to us, or a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a **"Technology Fee"**) Currently, the Technology Fee is (i) $400 per month from the date that you begin receiving the technology services during the pre-sales period to the date you receive your temporary or final certificate of occupancy and (ii) $700 per month thereafter The first month will be assessed pro rata from the date on which you begin receiving the technology services We reserve the right to increase the fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, any mobile applications we develop, and the System Website We may add, delete, or otherwise modify the products and services that are included in the Technology Fee

3 5 Successor Fee Upon your execution of a successor franchise agreement pursuant to Section 2 2 (Successor Term), you will pay to us a successor fee equal to $10,000 (the **"Successor Fee"**)

3 6 Transfer Fee If you Transfer (as defined in Section 13 2 (Definition of Transfer)) your Studio or this Agreement, you must pay us a Transfer Fee as specified in Sections 13 4(b), 13 5, and 13 6

3 7 Relocation Fee If you relocate your Studio from the Site to a new location, you will pay to us a relocation fee equal to $2,500 (the **"Relocation Fee"**)

3 8 Training Fee Upon your execution of this Agreement, you must pay us a training fee of $15,000 (the **"Training Fee"**) for up to three of your representatives to attend our Initial Training You acknowledge that we have no obligation to refund the Training Fee, in whole or in part, for any reason

3 9 Real Estate Project Management Fee Upon your execution of this Agreement, you must pay our designated supplier a real estate fee of $10,000 (the **"Real Estate Project Management Fee"**) for real estate project management, site selection, and brokerage services that they will provide to you However, if you are developing a Studio to satisfy a development schedule in a Development Agreement that you have executed with us, the Real Estate Project Management Fee for the second and each additional Studio that you develop pursuant to such agreement will be $2,500 The applicable amount shall be specified on Appendix A

3 10 Payments of Fees Your Royalty Fees, Marketing Fees, and Technology Fees (the **"Operating Fees"**) are due to us and must be reported to us at the times and in the manner that we specify from time to time in the Manuals or otherwise Currently, you must pay us your Royalty Fees and Marketing Fees weekly within five business days after the end of each calendar week, based on your Gross Revenue for the preceding week, and must pay us your Technology Fee within five business days after the end of each month All other fees and payments due to us must be paid to us within ten days of your receipt of an invoice from us

3 11 Methods of Payment You must make all payments to us by the method or methods that we specify from time to time in the Manuals, which may include payment via wire transfer or electronic debit to your bank account You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify We currently require you to make payment by electronic debit from your specified checking or savings account, and you must complete and sign an Authorization Agreement for Preauthorized Payments for this purpose You must deliver a copy of the Authorization to us within five business days of our request You must maintain sufficient funds in your account to permit us to withdraw the Operating Fees due from time to time You may not, under any circumstances, set off, deduct or otherwise withhold any Operating Fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations or for any other reason We may require you to purchase merchant processing services from us, our affiliates, or a vendor that we have approved or designated, each of who may charge a reasonable monthly fee and reasonable per transaction fee The payment processor may process all credit card payments related to your Studio, and remit payment to you of all monies owed, after withholding any Operating Fees payable to us and any payment processing fees payable to such processor If you fail to timely report your Gross Revenue, or we are otherwise unable to access your Gross Revenue, we may estimate the amount of fees due and make a corresponding withdrawal from your bank account based on our estimate, plus 20% of our estimate If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which, if we institute an automatic debit program, we may debit from your account automatically If we overestimate any fees due, we will credit the fees paid (without interest)

against fees due in the next payment period after we receive accurate records regarding your Gross Revenue

3 12 Interest, Late Fee If any payment due to us is not received in full by the due date, you agree to pay us daily interest on the amount owed, calculated from the due date until paid, at the rate of 18% per annum (or the maximum rate permitted by law, if less than 18%) You also agree to pay us a late fee in the amount of $100 for each week that a payment is paid after the applicable due date This late fee is subject to increase upon 60 days' prior written notice, but will not be increased more than once in any 12-month period You acknowledge that this Section 3 13 is not our agreement to accept any payments after they are due and that any late payments are a default under this Agreement

3 13 Taxes You are responsible for all taxes, assessments, and government charges levied or assessed on you in connection with your business activities under this Agreement In addition, as part of the Royalty Fee, Marketing Fee, Training Fee, Technology Fee, or any other fees that we charge, you will pay to us the amount of any taxes imposed on us or our affiliates (and any taxes imposed on us or our affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of our receipt of any such fees, not including any tax measured on our income

Section 4 Project Management, Site Selection, Development, and Opening of Studio

4 1 Real Estate Project Management You must use a real estate project manager (the "**Real Estate Project Manager**") that we designate to manage and lead real estate brokerage services, site selection counseling, and other assistance that the Real Estate Project Manager considers necessary and appropriate, which may include, in the Real Estate Project Manager's sole discretion, on-site evaluations We or the Real Estate Project Manager may engage third-party real estate brokers to work on your behalf to identify sites for your Studio You must engage the Real Estate Project Manager that we designate, and pay the Real Estate Project Management Fee for such services, even if you locate and propose a site on your own You may not engage real estate brokers other than any broker that we may provide without our written approval

4 2 Site Selection If you identify a site in the Site Selection Area on your own that is reasonably suited for the conduct of the Studio and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require We will review each site that we, the Real Estate Project Manager, our designated broker, or you identify and determine whether to accept it using our proprietary site selection assistance criteria You acknowledge that we may refuse to accept a proposed site for any reason If we accept the proposed site and you obtain it, we will insert a description of the specific location on Schedule 1 to Appendix A **YOU ACKNOWLEDGE AND AGREE THAT OUR ACCEPTANCE OR PROPOSAL OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF YOUR STUDIO WHILE WE MAY PROVIDE ASSISTANCE AND GUIDANCE, IT IS SOLELY YOUR RESPONSIBILITY TO SELECT A SUITABLE SITE FOR THE STUDIO** The address listed on Schedule 1, if completed and signed by us, will be the **"Site"** referred to in this Agreement A site is not accepted until you have received our acceptance in writing, as indicated by our delivery of the completed and signed Schedule 1

4 3 Definition of the Territory Once the Site has been accepted, we will identify your Territory in Schedule 1 to Appendix A based on the factors that we deem relevant, in our sole discretion, which might include demographics, the character and location of the Site, and nearby businesses and residences Once we have defined the Territory, you will have no territorial or other rights in those portions of the Site Selection Area that are outside the Territory You must return to us upon our request a signed copy of Schedule 1 to Appendix A acknowledging the Territory we have designated

4 4 Site Acquisition Before you or an affiliate make a binding commitment to purchase, lease, or sublease a site, we must accept the location in writing and approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor If you or your affiliate leases the Site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Addendum in the form of Appendix D by you and your landlord in connection with any lease or sublease for your Site (**"Site Lease"**) and any other provisions that we may reasonably require Our review of the Site Lease is for our own benefit only and is not intended to supplement or replace a review by your attorney We may require you to engage an attorney to review your Site Lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor You must secure a Site that we have approved by signing a Site Lease or purchase agreement within 90 days after the Effective Date (the **"Site Acquisition Deadline"**) We may extend the Site Acquisition Deadline by 90 days in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension If we have accepted a site for your Studio and you are unable or unwilling to acquire such site or an alternative site that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement You must deliver to us the completely executed purchase agreement or Site Lease and Lease Addendum within 10 days after execution of the Site Lease or purchase agreement, and you may not amend or renew any Site Lease without our written consent You must comply with the terms and conditions of your Site Lease We are not obligated to execute your lease or guarantee a lease for you

4 5 Site Construction

(a) Construction Project Manager You must use a construction project manager that we designate (the **"Construction Project Manager"**) to manage and lead the design and construction of your Studio We will make available to the Construction Project Manager a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout The Construction Project Manager will engage designers, architects, and engineers to adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, and equipment for the Studio We will review the architectural drawings and specifications for the construction of the Studio showing all leasehold improvements, interior designs, and elevations developed by the Construction Project Manager and its designees (collectively **"Plans"**), which we must approve prior to their submission for permitting After we have accepted the final Plans, you may not modify the Plans without our prior written consent You may not engage any project managers, architects, engineers, or designers other than the Construction Project Manager and those selected by the Construction Project Manager without our prior written consent

(b) Permit, Licenses, and Compliance Before beginning any construction, you, at your expense, must obtain all necessary government permits and licenses for the lawful construction and operation of your Studio You must abide by your landlord's rules and guidelines It is your responsibility to ensure that all Plans comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions Our review of your Plans is limited to ensuring your compliance with our design requirements and is not designed to assess compliance with applicable federal, state, and local laws, rules, regulations, and ordinances in your Territory ("**Applicable Laws**") or your Lease

(c) Construction Phase You must provide us with written notice identifying your proposed general contractor, and you must ensure that the contractor is duly licensed in your jurisdiction and adequately insured You may not begin construction until we have given you written approval of the Plans and we or the Construction Project Manager has approved in writing your choice of general contractor We may require you to use only general contractors that we have pre-approved, provided that we have pre-approved one in your Site Selection Area You must notify us in writing promptly when construction begins and must maintain continuous construction until the Studio is completed You agree to complete the construction of your Studio in accordance with the approved Plans at your expense We, the Construction Project Manager, our and their employees, and our and their agents may inspect the construction at all reasonable times After completion of construction, you must promptly obtain a certificate of occupancy and provide a copy of the certificate to us

4 6 Opening Deadline You must complete construction of and open your Studio for business no later than 180 days after possession of the Site is delivered to you by your landlord and no later than 270 days after the Effective Date (the **"Opening Deadline"**), unless we grant you an extension in writing We may, in our sole discretion, extend the Opening Deadline, which we may condition on you agreeing to pay an extension fee of $2,500 for each month (or portion of a month) for which the Opening Deadline is extended and you executing a general release You may not open the Studio until you have received our written approval, which we will not provide until (i) we have viewed the certificate of occupancy, (ii) confirmed that you have complied with the Plans, and (iii) confirmed that you have complied with the pre-opening marketing obligations set forth in this Agreement and have done so in accordance with our System Standards as set forth in the Manuals You must open the Studio for business to the public within ten days from the date we give our written approval Time is of the essence in constructing the premises for and opening the Studio

4 7 Relocation You may not relocate the Studio without our prior written consent Such approval will not be unreasonably withheld, provided that (i) the new location for the Studio premises is satisfactory to us and you comply with our then-current real estate project management requirements, (ii) your lease, if any, for the new location complies with our then-current requirements and you and your landlord execute the Lease Addendum, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Studio, (v) you have fully performed and complied with each provision of this Agreement within the last three years prior to, and as of, the date we consent to such relocation (the **"Relocation Request Date"**), (vi) no Event of Default (as herein defined), or event which with the giving of notice and/or passage of time would constitute an Event of Default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements If your Site Lease expires or is otherwise terminated, you must secure

our approval of another site and enter into a Site Lease for the new approved site within 90 days You agree to pay us the Relocation Fee upon notifying us of your intent to relocate the Studio to a new Site, whether or not the new Site is approved We reserve the right to terminate this Agreement if you fail to secure a new approved site within 90 days after you lose the Site Lease

Section 5 Training and Assistance

5 1 Initial Training Prior to opening the Studio, you (or your Operating Principal, if you are an Entity) and your Key Manager (collectively, **"Required Trainees"**) must personally attend and satisfactorily complete our initial training program (**"Initial Training"**) We will provide Initial Training as soon as practicable after the execution and delivery of this Agreement at our offices, currently in Chicago, Illinois, or at any other location that we designate Currently, Initial Training includes (i) four consecutive days of training at our offices and a Studio in Chicago, Illinois at least 60 days prior to the opening of your Studio, (ii) five consecutive days of on-site operations and sales training at your Studio at least one week prior to the opening of your Studio, (iii) up to four consecutive days of on-site instructor training for you and your Studio instructors related to our fitness programs and brand standards at least one week prior to the opening of your Studio, and (iv) on-site follow-up training, as we, in our sole discretion, deem necessary approximately four to six weeks after the opening of your Studio We reserve the right to modify the length and location of Initial Training We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training or have previously been trained at one of our Studios Each subsequent Operating Principal and Key Manager must attend our Initial Training unless we otherwise agree in writing, but we may permit them to attend Initial Training remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine

(a) Cost We will provide instructors, facilities, and materials for the up to three of your representatives (including your Required Trainees) for the Training Fee, provided that all of your trainees are trained during the same training session If space is available, you may bring more than three representatives to Initial Training We reserve the right to charge a training fee of $1,000, which we may increase upon 60 days' written notice to you, for (i) each person in excess of three trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent Operating Principal, Key Manager, or employee who attend the course

(b) Completion of Initial Training If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training Your Required Trainees must successfully complete Initial Training at least ten days before the Opening Deadline We will not refund any initial franchise fees paid by you If you and your personnel satisfactorily complete our Initial Training and you do not expressly inform us at the end of Initial Training that you feel that you or they have not been adequately trained, then you and they will be deemed to have been trained sufficiently to operate a Studio

5 2 Opening Advice Prior to opening your Studio, we will advise you as to development of class schedules and local marketing and networking efforts

5 3 Additional Training We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that we designate There will be no charge for training programs that we require you or your employees to attend, but we may charge you a reasonable fee for optional training programs We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify We may require your Required Trainees to participate in refresher or advanced training in each year of the Term

5 4 Remedial Training If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Studio to retrain Studio employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate We may charge a reasonable fee (currently, $500 per day) for each trainer assigned to your Studio and any remedial training We may increase the amount to be charged for each trainer upon 60 days' prior written notice

5 5 Training by You You and/or your Operating Principal and your Key Managers are responsible for training all of your other employees, including subsequent Key Managers, in accordance with our standards and training programs If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters (for the fee described in Section 5 1(a) (Initial Training)) or pay for our costs and expenses to send one of our representatives to train them at your Studio

5 6 Requested Consulting Services We will provide to you additional consulting services with respect to the operation of the Studio upon your reasonable request and subject to the availability of our personnel or the personnel of any Area Representative We will make available to you information about new developments, techniques, and improvements in the areas of merchandising, advertising, management, operations, and Studio design We may provide such additional consulting services through the distribution of printed or filmed material, an intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person If such services are rendered in person other than at our offices, you must pay us a consulting fee of $500 for each of such employees or agents for each day or partial day services are rendered We may increase the amount to be charged for such requested consulting services upon 60 days' prior written notice Such additional consulting services will be rendered at a mutually convenient time

5 7 Travel and Living Expenses You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your trainees You are responsible for reimbursing us for any travel and living expenses incurred by our employees or agents related to providing any additional training, remedial training, or consulting services at your Studio

Section 6 Studio Operation and System Standards

6 1 Manuals

(a) Compliance with the Manuals We will furnish you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise

agreement remains in effect We reserve the right to furnish all or part of the Manuals to you in electronic form and to establish terms of use for access to any restricted portion of our website You must comply with and abide by each required System Standard contained in the Manuals, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted System Standards that we may issue periodically You acknowledge that we may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System You must comply with revised mandatory System Standards within 30 days after we transmit the updates, unless otherwise specified

(b) Use of the Manuals You agree to keep your copy of the Manuals up-to-date If there is any dispute as to the current contents of the Manuals, the terms of our master copy maintained at our headquarters will control You acknowledge that we own the copyright in the Manuals and that your copy of the Manuals remains our property and will be returned to us immediately upon expiration or termination of this Agreement You will treat the Manuals, and the information contained therein, as confidential and will maintain the confidentiality of such information You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manuals, in whole or in part, or otherwise make their contents available to any unauthorized person, except as provided in Section 10 (Proprietary Information)

6 2 Management and Personnel

(a) Studio Management Unless otherwise specified in the Manuals, at all times that your Studio is open for business, including during Studio Events, it must be under the personal, on-premises supervision of either you, your Operating Principal, your Key Manager, or a trained attendant Your Key Manager or another trained manager must be available at all times the Studio is open for business You may not permit your Studio to be operated, managed, directed, or controlled by any other person or entity without our prior written consent

(b) Employment Decisions and Policies You are solely responsible for all labor and employment-related matters and decisions related to your Studio, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees You must ensure that your employees are qualified to perform their duties in accordance with our System Standards and successfully pass a background check We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manuals or otherwise for your optional use You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Studio

(c) Replacement Key Manager If your Key Manager ceases to be employed by you at the Studio, you must hire a new Key Manager, and have them successfully complete Initial Training, within 30 days after your former Key Manager's employment at the Studio ends If you are unable to immediately appoint and train a Key Manager, we may, in our sole discretion, provide a Key Manager to work at your Studio temporarily until a new Key Manager is appointed and trained In such instances you will pay to us our actual costs and expenses for such temporary Key Manager so assigned to the Studio, including, without limitation, such Key Manager's salary and travel and living expenses In addition, we may charge you a reasonable fee for this service

6 3 Operation of the Studio You will not use the Site for any purpose other than the operation of the Studio in compliance with the System and the Manuals You will not lease, sublease, or assign the Site Lease for all or any portion of the Site, without our prior written consent You may not offer or allow others to offer classes at the Studio other than Shred415® classes taught by Shred415® instructors

(a) Restricted Uses You, your Owners, and your affiliates may not provide tanning services, personal training services, massage services, or any other health-related services to your Studio's customers (whether those services are provided at the Studio or any other location) without our prior written approval, which we may withhold in our sole discretion You, your Owners, and your affiliates may not operate any retail location providing any products or services that are ancillary to the Studio's business to customers (such as, for example, a juice or smoothie bar) from a location at or near the Site

(b) Child Care You may offer child care services to customers during their workouts within a portion of your Studio dedicated to children If you offer child care services, you must comply with all Applicable Laws and System Standards related to child care services, including collecting waivers in a form that we have approved from all customers using the service and requirements related to minimum staffing ratios

(c) Operating Hours You must keep the Studio open for business to the public at least during the hours we prescribe from time to time in the Manuals or otherwise approve, unless prohibited by Applicable Laws or by the Site Lease (if any) for the Studio premises

(d) Notice of Independent Contractor During the Term, you agree to hold yourself out to the public as an independent contractor operating your Studio under license from us, and you must display in a conspicuous location in or upon the Studio, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark Shred415®, which is a trademark owned by Shred415 Franchising IP, LLC " You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate

(e) Memberships You may offer customers the chance to become members (a "**Member**") by signing a membership agreement in a form that we have prescribed or approved in writing (the "**Membership Agreement**"), unless we specify otherwise in writing We will specify in the Manuals or otherwise in writing the types of memberships and passes you may offer to customers and the benefits you must provide to Members who purchase certain memberships or passes You must follow any rules and polices that we include in the Manuals with respective to your Members

(f) Membership Agreements and Studio Waivers We will provide you with templates for Membership Agreements, certain other agreements and related waivers for use in your Studio You will be responsible for (i) modifying Membership Agreements and waivers to comply with Applicable Laws, and (ii) providing the appropriate agreements to customers You must obtain our written consent before you use a modified or different form of such agreements or waivers Our review of any agreement or waiver that you propose to use is limited to ensuring your compliance with our content requirements Our acceptance of a form of an agreement or waiver is not a warranty or representation of any kind as to the compliance of

such agreement or waiver with Applicable Laws It is solely your responsibility to ensure that any agreements or waivers that you use in your Studio comply with Applicable Laws

(g) Upkeep of the Studio You must keep the exterior (including parking lot) and interior of your Studio and all fixtures, furnishings, signs, and equipment (the **"Operating Assets"**) in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with the Manuals You must place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we periodically require or authorize You may not make any material alteration, addition, replacement, or improvement to your Studio, including its Operating Assets, without our prior written consent

6 4 Minimum Performance Levels During the Term, you must meet the following minimum performance levels (the "**Minimum Performance Levels**")

(a) In your second full calendar year of operation, the Gross Revenue for your Studio must be greater than or equal to 50% of the average Gross Revenue for all Studios that have been open for at least one full calendar year ("**Mature Studios**") during such calendar year, and

(b) In your third or subsequent full year of operation, the Gross Revenue for your Studio must be greater than or equal to 70% of the average Gross Revenue for all Mature Studios during such calendar year

If you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing and you must diligently implement the business plan during the next calendar year If you fail to meet the Minimum Performance Levels for two consecutive years, such failure shall be an Event of Default (as defined in Section 14 1 (Events of Default))

6 5 Refurbishing and Renovations You agree to take, without limitation, the following actions during the Term at your expense (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Studio at intervals that we may periodically designate and at our direction, (ii) interior and exterior repair of the Studio as needed, and (iii) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may periodically specify (or, if we do not specify an interval for replacing any item, as that item needs to be repaired or replaced) Upon our written request, you must refurbish the Studio at your expense to conform the decor, Trade Dress, color schemes, signage, and presentation of the Marks to our then-current image Such refurbishing may include, as we deem necessary, remodeling, redecoration, and other modifications to existing improvements and updating or replacing any Operating Assets You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Studio, and/or in your spending substantial amounts for new Operating Assets, and you agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term) Within 60 days after receiving written notice from us, you must have plans prepared according to the System Standards we prescribe and, if we require, using architects and contractors we approve, and you must submit those plans to us for our approval You must complete all work according to the plans we approve within the time period that we reasonably specify

6 6 Classes You must conduct all classes in accordance with the System You must offer at the Studio any classes or programs that we deem to be mandatory Any classes that you or your instructors develop must be consistent with the System Standards that we specify from time to time If we disapprove of any class or program that you offer, you must immediately discontinue offering the class or modify the class in accordance with our instructions

6 7 Pricing If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time Currently, we require you to charge Members and customers rates equal to or in excess of our minimum pricing schedule, as set forth in the Manuals, which we may change from time to time in writing Otherwise, you are solely responsible for determining the prices that you will charge Members and customers You must provide us with your current price list upon our request

6 8 Products, Supplies, Operating Assets, and Services

(a) Purchases We have the right to require that products, supplies, Operating Assets, and services that you purchase for resale or purchase or lease for use in your Studio (i) meet specifications that we establish from time to time, (ii) be a specific brand, kind, or model, (iii) be purchased or leased only from suppliers or service providers that we have expressly approved, and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates) To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals

(b) Products and Services You May Offer You may offer in the Studio to customers only the products, services, and classes that we have approved in writing In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing We may change these specifications periodically, and we may designate specific products or services as optional or mandatory You must offer all products, services, or classes that we designate as mandatory You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards)

(c) Revenue from Purchases You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate If you derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Revenue

(d) Approval Process If you would like to offer products, services, or classes or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings We may require the proposed supplier or service provider to visit our headquarters, currently in Chicago, Illinois, to evaluate the proposed supplier or service provider in person You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment We will notify you in writing of our decision as soon as practicable following our evaluation If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other Studios

(e) Revocation of Approval We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly-approved item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct

6 9 Distribution You may not make any sales of products or services outside of the Studio, conduct classes or programs outside of the Studio, or use vendor relationships that you establish through your association with us or the Shred415® brand for any other purpose besides the operation of the Studio, unless we consent in writing You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other Shred415® franchisees You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing-

6 10 Participation in System-wide Programs, Conferences, and Councils

(a) Promotional Programs You must participate in all in-Studio promotional programs that we offer to franchisees You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing You will not allow use of gift certificates, gift cards, or coupons (including Groupons and similar discounts) unless approved or offered by us or our affiliates

(b) Conferences You, your Operating Principal, your Key Managers, or any of your representatives that we designate must attend franchise conventions, meetings, product shows or demonstrations, and teleconferences that we or our Area Representative may require periodically in the Manuals or otherwise in writing We or our Area Representative, in our or their sole discretion, will designate the time and place of any meetings, which may be held in-person or remotely via teleconference or web seminar In each year, you and your employees shall not be required to attend in person more than three days of franchisee conventions and meetings that we organize, which shall count towards the five days of additional training programs that we may require your Required Trainees to attend annually We or your Area Representative will be responsible for arranging meetings and providing meeting materials You are responsible for arranging and paying for travel and living expenses that you and/or your representatives incur We or our Area Representative may require you to pay us or our Area Representative a reasonable registration fee for you and each of your representatives If you or any of your representatives fail to attend any events that we require you and/or they to attend, regardless of the reason for the absence, you must pay us the registration fee that each absent required attendee would have incurred plus $500 for each absent required attendee, unless we have previously excused them in writing in our sole discretion

(c) Franchisee Advisory Council We may establish an advisory council of franchisees (**"Franchisee Advisory Council"**) using a form and process set forth in the Manuals to advise us on various issues and strategies The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power We may change the structure and process of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time If we establish a Franchisee Advisory Council, you must participate in all council-related activities and meetings and must pay any dues related to the administration of the Franchisee Advisory Council

6 11 Studio Management and Technology System

(a) Acquisition and Updates You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our point of sale system, the customer relationship management system, the online reservation system, and other technology systems that we designate (collectively, the **"Studio Management and Technology System"**) You must use the Studio Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers' contact information, (iv) generate sales reports and analysis relating to the Studio, and (iv) provide other services relating to the operation of the Studio If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require You must replace, upgrade, or update at your expense the Studio Management and Technology System as we may require periodically without limitation We will establish reasonable deadlines for implementation of any changes to our Studio Management and Technology System requirements

(b) Use of the Studio Management and Technology System You agree (i) that your Studio Management and Technology System will be dedicated for business uses relating to the operation of the Studio, (ii) to use the Studio Management and Technology System in accordance with our policies and operational procedures, (iii) to transmit financial and

operating data to us as required by the Manuals, (iv) to do all things necessary to give us unrestricted access to the Studio Management and Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify, (v) to maintain the Studio Management and Technology System in good working order at your own expense, (vi) to ensure that your employees are adequately trained in the use of the Studio Management and Technology System and our related policies and procedures, and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Studio Management and Technology System You also must comply with all laws and payment card provider standards relating to the security of the Studio Management and Technology System, including, without limitation, the Payment Card Industry Data Security Standards You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Studio Management and Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect

6 12 Compliance with Laws and Good Business Practices You must comply with all Applicable Laws You will obtain and maintain in good standing any and all licenses, permits, and consents necessary for you to lawfully operate the Studio You have sole responsibility for such compliance despite any information or advice that we or our Area Representatives may provide You must in all dealings with your customers, prospective customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Studios

6 13 Notice of Proceedings You will notify us in writing within five days after the commencement of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of the Studio, including without limitation any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed

6 14 Insurance During the Term you must maintain in force at your sole expense the insurance coverage for the Studio in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in the Manuals for all similarly situated Studios All of your insurance carriers must be rated A or higher by A M Best and Company, Inc (or such similar criteria as we periodically specify) These insurance policies must be in effect on or before the deadlines we specify All coverage must be on an "occurrence" basis, except for the employment practices liability insurance coverage, which is on a "claims made" basis All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain All general liability and workers' compensation coverage must provide for waiver of subrogation in favor of us and our affiliates We may, upon at least 60 days' notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances All insurance policies must name us, our Area Representative, and any affiliates we designate as an additional insured and provide for 30 days' prior written notice to us of a policy's material modification or cancellation You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify,

in addition to our other remedies, we may (but need not) obtain such insurance for you and the Studio on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service

6 15 Taxes You will pay when due all taxes, assessments, and governmental charges upon or against you or your real or personal properties, income, and revenue, provided that no such tax, assessment, or governmental charge need be paid so long as the validity, applicability, or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained to pay the disputed amount, if necessary

Section 7 Marketing

7 1 Our Advertising Materials We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective We may make available to you for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc that we have prepared We or our affiliates will retain all copyrights relating to such advertising materials

7 2 Marketing Fund

(a) Fund Management We may, but are not obligated to, establish the Marketing Fund, a segregated or independent fund into which all Marketing Fees will be paid In no event will we be deemed a fiduciary with respect to any Marketing Fees we receive or administer We are not required to have an independent audit of the Marketing Fund completed We will prepare an unaudited statement of contributions and expenditures for the Marketing Fund and make it available within 60 days after the close of our fiscal year to franchisees that make a written request for a copy If any monies in the Marketing Fund remain at the end of a fiscal year, they will carry-over in the Marketing Fund into the next fiscal year We or one of our affiliates may make or otherwise arrange loans to the Marketing Fund in any year in which the balance of the Marketing Fund is negative and charge a reasonable rate of interest The amounts loaned to the Marketing Fund will be repaid from future contributions to the Marketing Fund in the year the loan is made or in subsequent years

(b) Use of Marketing Fund We may use monies in the Marketing Fund and any earnings on the Marketing Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the Shred415® brand or the Studios generally, including advertising campaigns in various media, creation, maintenance, and optimization of the System Website or other websites, keyword or adword purchasing programs, conducting and managing social media activities, direct mail advertising, market research, including, without limitation, secret shoppers and customer satisfaction surveys, branding studies, employing advertising and/or public relations agencies, purchasing promotional items, conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities, and providing promotional and other marketing materials and services to our franchisees We will not use the Marketing Fund for anything whose sole purpose is the marketing of franchises, however, you acknowledge that the System Website, public relations activities, community involvement activities, and other activities supported by the Marketing Fund may contain information about franchising opportunities We will not use any contributions to the Marketing Fund to defray our general operating expenses, except for

reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies) We may use monies in the Marketing Fund to pay for an independent audit of the Marketing Fund, if we elect to have it audited We do not guarantee that you will benefit from the Marketing Fund in proportion to your contributions to the Marketing Fund

(c) Control Over Marketing Fund We may consult with, in our sole discretion, a franchisee advisory council selected by franchisees or a committee of franchisees that we appoint regarding marketing programs However, we have the right to direct all marketing programs and uses of the Marketing Fund, with the final decision over creative concepts, materials, and media used in the programs and their placement

(d) Materials Produced Any sales and other materials produced with Marketing Fund monies will be made available to you without charge or at a reasonable cost The proceeds of such sales will also be deposited into the Marketing Fund

(e) Other Contributions If we or our affiliates operate any Studios, we or our affiliates will contribute to the Marketing Fund a percentage of the receipts of those Studios, on the same basis as required for franchisees If we reduce the Marketing Fund contribution rate for franchisees, we will reduce the contribution rate for company or affiliate-owned Studios by the same amount You acknowledge that our other franchisees may not be required to contribute to the Marketing Fund, may be required to contribute to the Marketing Fund at a different rate than you, or may be required to contribute to a different marketing fund

7 3 Local Marketing

(a) Local Marketing Requirements You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense You must use your best efforts to promote the use of the Marks in your Territory You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Studio is completely clear, factual and not misleading, complies with all Applicable Laws, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise There are no territorial restrictions from accepting business from retail customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing

(b) Approval of Advertising Materials You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manuals We will have the final decision on all creative development of advertising and promotional messages If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved We reserve the right to require you to discontinue the use of any advertising or marketing materials

(c) Minimum Marketing Expenditure You must spend at least $1,500 per calendar quarter on local advertising and promotional activities (the **"Marketing Spending Requirement"**) Your Marketing Spending Requirement is in addition to your Marketing Fee We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any calendar quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Marketing Fee or to pay us the shortfall for us to spend on local marketing for your Studio

(d) Grand Opening Advertising In connection with the opening of the Studio, you must spend a minimum of $25,000 for grand opening advertising and promotion beginning 90 to 120 days before, and ending 30 days after, the opening of your Studio in accordance with a plan that you must submit to us We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening The wages and other payroll-related expenses of your employees shall not be credited towards this spending requirement No amount paid by you for your grand opening will be credited toward the Marketing Spending Requirement You must provide us with supporting documentation evidencing these expenditures upon request

7 4 Advertising Cooperatives You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or approve for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Studios (**"Advertising Cooperatives"**) and to abide by the bylaws, rules, and regulations duly required by the Advertising Cooperative, which we have the right to mandate or approve If you join an Advertising Cooperative, the Advertising Cooperative may require you to spend additional funds on marketing programs conducted by the Advertising Cooperative, which may be in addition to your Marketing Fee or Marketing Spending Requirement We shall have the right to approve any marketing materials or marketing programs developed by any Advertising Cooperative in the same manner as specified in Section 7 3(b) (Approval of Advertising Materials)

7 5 Digital Marketing

(a) Restrictions We or our affiliates may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, your Studio, and the entire network of Studios We will have the sole right to control all aspects of any Digital Marketing, including those related to your Studio Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the network If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means

of digital advertising that we have permitted you to use We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time

(b) System Website As part of our Digital Marketing, we or one of our designees will operate and maintain a System Website, which will include basic information related to the Studio, the ability for customers to purchase classes at your Studio, and access to the Studio's reservation system You must promptly provide us with any information that we request regarding your Studio for inclusion on the System Website

(c) Daily Deals As part of our Digital Marketing, we or our affiliates have the right, but not the obligation to, offer daily deals or other discounted class promotions, coupons, vouchers, or gift certificates on third party websites or apps, such as, without limitation, Groupon and Living Social, or other similar promotions designed to drive new customers to Studios (**"Deals"**) If we or our affiliates offer any Deals, we and our affiliates have the right to collect and retain any revenue from such Deals, including any customer payments to such third parties, and to use all such amounts we and they receive without restriction for any purposes You must provide classes or other products or services to any customers redeeming any vouchers, gift certificates, or coupons related to such Deals in accordance with the standards and other terms that we periodically specify Except as we otherwise approve, you must treat customers who purchase Deals in the same manner as any other customer and must not limit their access to your Studio or classes You will not be entitled to receive any payment or reimbursement from us, our affiliates, customers who purchase Deals, or third parties for any classes, products, or services that you provide to customers who purchase Deals

Section 8 Records, Reports, Audits, and Inspections

8 1 Bookkeeping and Records You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles You must preserve all of your books and records in hard copy or in a format from which hard copies can be readily generated for at least five years from the date of preparation or such longer period as may be required by law You must maintain such information and records on the Studio Management and Technology System as we may require from time to time in the Manuals and you acknowledge and agree that we will have access to that data remotely via a network connection that we will specify At our request, you must retain and use, at your expense, the services of an accountant or accounting firm that we approve

8 2 Reports and Financial Statements You agree to submit financial and operational reports and records to us at the times and in the manner specified in the Manuals Upon our written request, by April 15 of each year, you must submit your balance sheet and income statement for the previous calendar year With respect to your year-end income statement and balance sheet, you or the Operating Principal must certify that the income statement and balance sheet are correct and complete and that they have been prepared in accordance with generally accepted accounting principles We have the right to demand audited financial statements if an Event of Default has occurred within the last calendar year In addition, you must provide us within 15 days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports and other information that we periodically require relating to the Studio or you

8 3 Additional Information You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement We may from time to time require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing our prospective franchisees with information concerning actual or potential earnings or to comply with Applicable Laws governing the sale of franchises You will provide such information promptly upon our request, and you will certify that such information is true and complete in all material respects

8 4 Inspection We have the right, through our employees, an Area Representative, and any agents we designate, at any time during business hours and without prior notice to you to (i) inspect the Site and Studio for compliance with the Manuals, (ii) videotape, photograph or otherwise record the operation of the Studio, (iii) interview your employees, landlord, and customers, (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Studio, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Studio We may require you to install and maintain, at your expense, a video surveillance system that we designate which we may access remotely through a connection that we specify to ensure compliance with our standards and the Manuals Our right to inspect your business records includes records maintained electronically or off-site You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them If you fail to correct any deficiencies within a reasonable time, not to exceed 30 days, we have the right to correct such deficiencies and charge you a reasonable fee plus our costs and expenses incurred in such inspection Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the wages and cost of travel and living expenses for our representatives

8 5 Auditing Without limiting the foregoing, we may audit or cause to be audited any statement you are required to submit pursuant to Section 8 2 (Reports and Financial Statements) and we may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by you in connection with the Studio If any such audit or review discloses an understatement of the Gross Revenue for any period or periods, you will pay to us, within 10 days after demand for payment is made, all additional Royalty Fees, Marketing Fees, or other amounts required to be paid based upon the results of such audit or review In addition, if such understatement for any period or periods is 2% or more of the Gross Revenue for such period or periods, you will reimburse us for the cost of such audit or review, including without limitation the charges of any independent accountant and any related attorneys' fees and the cost of travel and living expenses and wages for such accountant and employees or other agents of us You will pay to us, upon demand, on any delinquent fees interest at the lesser of 18% per annum or the maximum rate allowed by law calculated from the date when the fees should have been paid to the date of actual payment These remedies are in addition to our other remedies and rights under this Agreement and Applicable Laws

8 6 Mystery Shopper Program We may require you to participate in a mystery shopper service in order to ensure your compliance with the System and our customer service standards We may specify mystery shopper services that you must engage at your expense, or we may engage the mystery shopper service on your behalf If we engage the

mystery shopper service on your behalf, you must pay us a reasonable fee or a third-party managing such service that we will specify in the Manuals upon demand You must share the results of any mystery shopper program with us and must promptly address any deficiencies identified in any such report You must follow any evaluation process, and use such evaluation forms, as we may from time to time require

Section 9 Intellectual Property

9 1 Marks and Trade Dress

(a) Acknowledgements You acknowledge that we or our affiliates are the owner of the Marks and the Trade Dress, that you have no interest in the Marks and the Trade Dress beyond the nonexclusive License granted herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement

(b) Rights Your right to use the Marks and the Trade Dress applies only to the Studio operated at the Site as expressly provided in this Agreement, including advertising related to the Studio You may only use in your Studio the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing No materials on which any of the Marks or the Trade Dress appears will be used by you without our prior written approval, which may be revoked at any time upon reasonable notice to you You must display the Marks in a manner that we specify on signage at the Studio and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate

9 2 Copyrights You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the Shred415® concept, including, but not limited to, the Manuals and marketing materials, (collectively, the **"Copyrights"**) belong solely and exclusively to us You have no interest in the Copyrights beyond the non-exclusive License granted in this Agreement

9 3 No Contesting Our Rights During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly contest our ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the **"Intellectual Property"**), or contest our sole right to register, use, or license others to use the Intellectual Property

9 4 Changes to the Intellectual Property We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you,

in our sole discretion You agree to implement any such change at your own expense within the time we reasonably specify

9 5 Third-Party Challenges You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including, but not limited to, any settlement We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property

9 6 Post-Termination or Expiration Upon the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically revert to us without cost and without the execution or delivery of any document Upon our request, you will execute all documents that we require to confirm such reversion

9 7 Innovations All ideas, concepts, techniques or materials relating to a Studio or the System (collectively, **"Innovations"**), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations You may not use any Innovation in operating the Studio or otherwise without our prior approval

Section 10 Proprietary Information

10 1 Receipt of Proprietary Information You acknowledge that prior to or during the Term, we may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Studio (collectively, **"Proprietary Information"**), including (i) site selection criteria and methodologies, (ii) methods, formats, systems, System Standards, sales and marketing techniques, knowledge and experience used in developing and operating Studios, including information in the Manuals, (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Studios, (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Studios use and/or sell, (v) knowledge of the operating results and financial performance of other Studios, (vi) customer communication and retention programs, along with data used or generated in connection with those programs, and (vii) any other information we reasonably designate from time to time as confidential or proprietary "Proprietary Information" does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information

that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise

10 2 Nondisclosure of Proprietary Information We and our affiliates own all right, title, and interest in and to the Proprietary Information You will not, nor will you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Studio You acknowledge that your use of the Proprietary Information in any other business would constitute an unfair method of competition with us and our franchisees You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any employee or other person to whom you disclose Propriety Information You will take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that we require At our request, you will require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third party beneficiary of such covenants with the independent right to enforce the agreement

10 3 Customer Information

(a) Protection of Customer Information You must comply with our System Standards, other directions from us, and all Applicable Laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Information on your Studio Management and Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Information **"Customer Information"** means names, contact information, financial information and other personal information of or relating to the Studio's customers and prospective customers If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Information was compromised or disclosed You are responsible for any financial losses you incur or remedial actions that you must take as a result of a breach of security or unauthorized access to Customer Information in your control or possession

(b) Ownership of Customer Information You agree that all Customer Information that you collect in connection with your Studio is deemed to be owned by us, and must be furnished to us at any time that we request it In addition, we and our affiliates may, through the Studio Management and Technology System or otherwise, have independent access to Customer Information

(c) Use of Customer Information You have the right to use Customer Information while this Agreement or a successor franchise agreement is in effect, but only to market Shred415® products and services to customers in accordance with the policies that we establish periodically and Applicable Laws You may not sell, transfer, or use Customer Information for any purpose other than marketing Shred415® products and services We and our affiliates may use Customer Information in any manner or for any purpose You must secure from your actual and prospective customers and others all consents and authorizations, and provide them all disclosures, that Applicable Law requires to transmit Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that this Agreement contemplates

Section 11 Indemnification

11 1 Indemnification By You You agree to indemnify and hold harmless us, our Area Representative, and our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to (i) the Studio's operation, (ii) the business you conduct under this Agreement, (iii) your breach of this Agreement, or (iv) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Studio's construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced

11 2 Indemnification Procedure You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 11 1(i) through (iv) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 11 (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible, subject to Section 11 3 An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 11 Your obligations in this Section 11 will survive the expiration or termination of this Agreement

11 3 Willful Misconduct or Gross Negligence Despite Section 11 1, you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 11 2) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment) or our failure to compel you to comply with this Agreement However, nothing in this Section 11 3 limits your obligation to defend us and the other Indemnified Parties under Section 11 2

Section 12 Your Covenant Not to Compete

12 1 During Term You acknowledge that you will receive valuable, specialized training and confidential information regarding the manufacturing, operational, sales, promotional, and marketing methods of the Shred415® concept During the Term, you and your

Owners will not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any gymnasium, studio, athletic or fitness center, health club, exercise, aerobics facility, or similar facility or business, or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a **"Competitive Business"**) at any location in the United States,

(b) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Business, by direct or indirect inducement or otherwise,

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System,

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio, or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by us, or our affiliates, or by any of our franchisees

12 2 After Termination, Expiration, or Transfer For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners may not, without our prior written consent, (i) directly or indirectly own, manage, engage in, be employed in a managerial position by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a ten-mile radius of your former Studio or any other Studio that is operating or under development at the time of such expiration, termination, or Transfer, or (ii) solicit for employment any person who at any time within the immediate past 12 months has been employed by us, or our affiliates, or by any of our franchisees With respect to the Owners, the time period in this Section 12 2 will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first

12 3 Publicly Traded Corporations Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 12

12 4 Covenants of Owners and Employees The Owners personally bind themselves to this Section 12 by signing this Agreement or the attached Guarantee We may, in our sole discretion, require you to obtain from your officers, directors, Key Managers, Owners' spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants similar in substance to those contained in this Section 12 as we prescribe in the Manuals and otherwise The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them

12 5 Enforcement of Covenants You acknowledge and agree that (i) the time, territory, and scope of the covenants provided in this Section 12 are reasonable and necessary for the protection of our legitimate business interests, (ii) you have received sufficient and valid

consideration in exchange for those covenants, (iii) enforcement of the same would not impose undue hardship, and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants To the extent that this Section 12 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 12 You acknowledge that any breach or threatened breach of this Section 12 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 12 Such injunctive relief will be in addition to any other remedies that we may have

Section 13 Transfer and Assignment

13 1 Transfer by Us We may assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person or Entity that we choose in our sole discretion Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations

13 2 Definition of Transfer For purposes of this Agreement, **"Transfer"** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Studio, substantially all the assets of the Studio, or in the ownership of the franchisee (if you are an Entity) **"Transfer"** as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance A **"Control Transfer"** means any Transfer of (i) this Agreement or any interest in this Agreement, (ii) the Studio or all or substantially all of the Studio's assets, or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place References to a **"Controlling Ownership Interest"** in you mean either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Studio to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition

13 3 No Transfer Without Our Consent This Agreement and the License are personal to you, and we have granted the License in reliance on your (and, if you are an Entity, your Owners') business skill, financial capacity, and personal character Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in Section 13 7 (Permitted Transfers) If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice Any purported Transfer, without our prior written consent, will be null and void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure We have sole and absolute discretion to withhold our consent, except as otherwise provided in Sections 13 4 through 13 8 We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer You

agree to provide any information and documentation relating to the proposed Transfer that we reasonably require No Transfer that requires our consent may be completed until at least 60 days after we receive written notice of the proposed Transfer Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement If your Studio is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so

13 4 Control Transfer For a proposed Control Transfer, the following conditions apply (unless waived by us)

(a) When you provide written notice of the proposed Transfer, you must pay to us a non-refundable deposit of $3,000 to cover our administrative costs incurred in reviewing the proposal The deposit will be applied towards your Transfer Fee in the event that the Transfer is completed

(b) You or your transferee must pay to us a Transfer Fee equal to $10,000 You must make such payment by wire transfer from the proceeds of the sale at the closing if we so request

(c) You must satisfy all of your accrued monetary obligations to us and must be in compliance with all obligations to us under this Agreement and any other agreement that you have with us and our affiliates as of the date of the request for our approval of the Transfer or you must make arrangements satisfactorily to us to come into compliance by the date of the Transfer

(d) You and your Owners must execute a general release, in a form that we prescribe, in favor of us, our Area Representatives, our affiliates, and our and their affiliates' past, present, and future officers, directors, mangers, members, equity holders, agents, and employees, releasing them from all claims, including claims arising under federal, state, and local laws, rules, and regulations

(e) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Studio arising before the effective date of the Transfer, and execute any and all instruments that we reasonably request to evidence such liability

(f) You and your Owners must continue to be bound by the provisions of Sections 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), and 12 (Your Covenant Not to Compete) as if they were the Franchisee and this Agreement had expired or terminated as of the effective date of the Transfer

(g) You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the Site Lease to your transferee

(h) Your proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a Shred415® franchisee, including not having any involvement with a Competing Business, or if he or she is already a Shred415® franchisee, he or she must not be in default under any of their agreements with us and must have a good record of customer service and compliance with our System Standards

(i) Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense

(j) Your proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee

(k) Your proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must execute, for a term ending on the last day of the Term and with such Successor Term as is provided by this Agreement, our then-current franchise agreement for new franchisees and such other agreements as we may require, which agreements will supersede this Agreement in all respects The terms of the new franchise agreement may differ significantly from the terms of this Agreement The prospective transferee will not be required to pay any initial Franchise Fee

(l) Your proposed transferee must make arrangements to modernize, renovate, or upgrade the Studio, at its expense, to conform to our then-current System Standards for new Shred415® Studios

(m) Your proposed transferee must covenant that it will continue to operate the Studio under the Marks and using the System

(n) We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Studio, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Studio are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement

13 5 Non-Control Transfers For any Transfer that does not result in a Control Transfer, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request We will have the right to require you to pay a Transfer Fee that is equal to $2,500 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur We will have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer You and/or your transferee must satisfy, in addition to others that we may specify, the conditions in Sections 13 4(c) (comply with obligations), 13 4(d) (sign general release), 13 4(e) (remain liable for pre-Transfer obligations), 13 4(f) (remain bound to certain provisions), 13 4(h) (transferee meets qualifications), and 13 4(j) (sign assignment and guaranty) You and your Owners must sign the form of agreement and related documents that we then specify to reflect your new ownership structure We may withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions

13 6 Transfer To An Entity We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that (i) the Entity has and will have no other business besides operating Shred415® Studios, (ii) you satisfy the conditions in Sections 13 4(c) (comply with obligations), 13 4(d) (sign general release), 13 4(e) (remain liable for pre-Transfer obligations), 13 4(f) (remain bound to certain provisions),

and 13 4(j) (sign assignment and guaranty), (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Appendix A, and (iv) you pay a Transfer Fee that is equal to $2,500 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur

13 7 Permitted Transfers The other provisions in this Section do not apply, including our right of first refusal and right of approval, to the following Transfers

(a) Security Interests You may grant a security interest in the Site (if you own the Site), the Studio, any Operating Assets, this Agreement, or any direct or indirect legal and/or beneficial interest in you to a financial institution or other party that provided or provides any financing your acquisition, development, and/or operation of the Studio, but only if that party signs our then current form of lender consent to protect our rights under this Agreement Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section 13

(b) Transfer to a Trust Any Owner who is an individual may Transfer his or her ownership interest in you (or any of your Owners that is an Entity) to a trust that he or she establishes for estate planning purposes, as long as he or she is a trustee of the trust and otherwise controls the exercise of the rights in you (or your Owner) held by the trust and you notify us in writing of the Transfer at least ten days before its anticipated effective date Dissolution of or transfers from any trust described in this Section 13 7(b) are subject to all applicable terms and conditions of this Section 13

13 8 Transfer Upon Death Or Incapacity If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest The Transfer will be subject to the provisions of this Section 13, as applicable, except there shall be no Transfer Fee due In addition, if the deceased or incapacitated person is you or the Operating Principal, we will have the right (but not the obligation) to take over operation of the Studio until the Transfer is completed and to charge a reasonable management fee for our services For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 13 4(h) (transferee meets qualifications), the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement If an interest is not disposed of under this Section 13 8 within 120 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 14 2 (Our Remedies After An Event of Default)

13 9 Our Right Of First Refusal

(a) Our Right We have the right, exercisable within 30 days after receipt of the notice of your intent to Transfer and such documentation and information that we require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at our option, the cash equivalent thereof If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an

independent appraiser to determine the fair market value of the interest proposed to be transferred We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase Closing on our purchase must occur within 90 days after the date of our notice to the seller electing to purchase the interest We may assign our right of first refusal to another Entity or person either before or after we exercise it However, our right of first refusal will not apply with regard to Transfers to an Entity under Section 13 7 (Permitted Transfers) or 13 8 (Transfer Upon Death or Incapacity) or Transfers to your spouse, son, or daughter

(b) Declining Our Right If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in Section 13 Closing of the Transfer must occur within 90 days of our election (or such longer period as Applicable Laws may require), otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal Any material change in the terms of the offer from a third-party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer The Transfer is conditional upon our determination that the Transfer was on terms substantially the same as those offered to us

Section 14 Termination and Default

14 1 Events of Default Any one or more of the following constitutes an **"Event of Default"** under this Agreement

(a) You or any Owner make any material misrepresentations or omissions in connection with your application to us for the franchise, this Agreement, or any related documents, or you submit to us any report or statement that you know or should know to be false or misleading,

(b) Your Required Trainees fail to successfully complete initial training to our satisfaction at least ten days before the Opening Deadline,

(c) You fail to sign a Site Lease or purchase agreement that we have approved for a site that we have accepted by the Site Acquisition Deadline,

(d) You fail to open for business by the Opening Deadline,

(e) You fail to make changes to the Site and the Studio as required in Section 6 5 (Refurbishing and Renovations) within the applicable time periods,

(f) You fail to maintain possession of the Site and fail to secure our approval of and enter into a lease for a new, accepted Site within 90 days after the expiration or termination of the Site Lease,

(g) You voluntarily suspend operation of the Studio without our prior written consent for five or more consecutive business days on which you were required to operate, unless we determine, in our sole discretion, that the failure was beyond your control,

(h) After multiple attempts to reach you via telephone, e-mail, or other written correspondence, you fail to communicate with us within seven days after we send you a written communication in accordance with Section 17 11 (Notices) notifying you of our attempts to reach you and our need to receive a response from you

(i) You fail to meet Minimum Performance Levels for two consecutive calendar years,

(j) You, your Operating Principal, your Key Managers, or any of your representatives that we designate fail to attend or participate in two or more required franchise conventions, meetings, and teleconferences during any 12-month period, without our prior written consent,

(k) You, any Owner, or any of your officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on our franchise system, the Marks and any associated goodwill, or the Shred415® concept (an **"Adverse Effect"**) or you, any Owner, or any of your officers or directors has engaged in or engages in activities that, in our reasonable opinion, have an Adverse Effect,

(l) You use any of the Marks or any other identifying characteristic of us other than in the operation or promotion of the Studio,

(m) You or any of your Owners, directors, or officers disclose or divulge the contents of the Manuals or other Proprietary Information contrary to Section 10 (Proprietary Information),

(n) Any Transfer occurs that does not comply with Section 13 (Transfer and Assignment), including a failure to transfer to a qualified successor after death or disability within the time allowed by Section 13 8 (Transfer Upon Death or Incapacity),

(o) You or any Owner violates the noncompete covenants in Section 12 (Your Covenant Not to Compete),

(p) You breach or fail to comply with any law, regulation, or ordinance which results in a threat to the public's health or safety and fail to cure the non-compliance within 24 hours following receipt of notice thereof from us or applicable public officials, whichever occurs first,

(q) You become insolvent or make an assignment for the benefit of your creditors, execution is levied against your business assets, or a suit to foreclose any lien or mortgage is instituted against you and not dismissed within 30 days,

(r) (i) You fail, refuse, or neglect to pay any monies owing to us or our affiliates or fail to make sufficient funds available to us as provided in Section 3 12 (Methods of Payment) within ten days after receiving written notice of your default or 30 days after due date of the payment, whichever is the shorter period, or (ii) you have previously been given at

least two notices of nonpayment for any reason within the last 24 months and you subsequently fail to timely pay when due any monies, or (iii) you fail to do all things necessary to give us access to the information contained in your Studio Management and Technology System pursuant to Section 6 11 (Studio Management and Technology System) within 10 days after receiving notice,

(s) You are more than 60 days past due on your obligations to suppliers and trade creditors in an amount exceeding $2,000, unless you have given us prior notice that the failure to pay is a result of a bona fide dispute with such supplier or trade creditor that you are diligently trying to resolve in good faith,

(t) You fail to pay when due any federal, state or local income, service, sales or other taxes due on the Studio's operation, unless you are in good faith contesting your liability for these taxes,

(u) You underreport Gross Revenue by more than 2% two times or more in any two-year period or by 5% or more for any period of one week or greater,

(v) You refuse to permit, or try to hinder, an examination, inspection, or audit of your books and records, the Studio, or the Site as required by this Agreement,

(w) You fail to timely file any periodic report required in this Agreement or the Manuals three or more times in a 12-month period, whether or not you subsequently cure the default,

(x) You default under any other franchise agreement or other agreement between you and us or our affiliates, provided that the default would permit us or our affiliate to terminate that agreement,

(y) You breach or fail to comply with any other covenant, agreement, standard, procedure, practice, or rule prescribed by us, whether contained in this Agreement, in the Manuals, or otherwise in writing and fail to cure such breach or failure to our satisfaction within 30 days (or such longer period as Applicable Laws may require) after we provide you with written notice of the default, or

(z) You are in default three or more times within any 18-month period, whether or not the defaults are similar and whether or not they are cured

14 2 Our Remedies After An Event of Default

(a) Right to Terminate If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect Upon termination, you will not be relieved of any of your obligations, debts, or liabilities under this Agreement, including without limitation any debts, obligations, or liabilities that you accrued prior to such termination

(b) Other Remedies If an Event of Default occurs, we may, at our sole election and upon delivery of written notice to you, take any or all of the following actions without terminating this Agreement

(i) temporarily or permanently reduce the size of the Territory, in which event the restrictions on us and our affiliates under Section 1 3 (Limited Territorial Protection) will not apply in the geographic area that was removed from the Territory,

(ii) temporarily remove information concerning the Studio from the System Website and/or stop your or the Studio's participation in any other programs or benefits offered on or through the System Website,

(iii) suspend your right to participate in one or more programs or benefits that the Marketing Fund provides,

(iv) suspend any other services that we or our affiliate provides to you under this Agreement or any other agreement, including any services relating to the Studio Management and Technology System,

(v) suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise),

(vi) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements,

(vii) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty, and/or

(viii) enter the Studio's premises and assume the management of the Studio ourselves or appoint a third party (who may be our affiliate) to manage the Studio All funds from the operation of the Studio while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Studio will be charged to that account We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to 3% of the Studio's Gross Revenue during the period of management, plus any direct out-of-pocket costs and expenses We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Studio incurs, or to any of your creditors for any products or services the Studio purchases, while managing it You shall not take any action or fail to take any action that would interfere with our or our appointee's exclusive right to manage the Studio and may, in our sole discretion, be prohibited from visiting the Studio so as to not interfere with its operations Our (or our appointee's) management of the Studio will continue for intervals lasting up to 90 days each (and, in any event, for no more than a total of one year), and we will during each interval periodically evaluate whether you are capable of resuming the Studio's operation and periodically discuss the Studio's status with you

(c) Exercise of Other Remedies Our exercise of our rights under Section 14 2(b) (Other Remedies) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement (except as set forth in Section 14 2(viii) (our assumption of management)) following our exercise of any of these rights

If we exercise any of our rights under Section 14 2(b), we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction

14 3 Termination By You You may terminate this Agreement only if (i) we commit a material breach of this Agreement, (ii) you give us written notice of the breach, (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within 60 days after receipt of your notice, and (iv) you are in full compliance with your obligations under this Agreement If we cannot reasonably correct the breach within this 60-day period but provide you, within this 60-day period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period Any attempt to terminate this Agreement without complying with this Section 14 3 (including by taking steps to de-identify the Studio or otherwise cease operations under this Agreement) will constitute an Event of Default by you

Section 15 Your Obligations Upon Expiration or Termination

You covenant and agree that upon expiration or termination of this Agreement for any reason, unless we direct you otherwise

15 1 Payment of Costs and Amounts Due You will pay upon demand all sums owing to us and our affiliates If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default These payment obligations will give rise to and remain, until paid in full, a lien in favor of us against the Studio premises and any and all of the personal property, fixtures, equipment, and inventory that you own at the time of the occurrence of the Event of Default We are hereby authorized at any time after the Effective Date to make any filings and to execute such documents on your behalf of to perfect the lien created hereby You also will pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 15 (Your Obligations Upon Expiration or Termination)

15 2 Discontinue Use of the System and the Intellectual Property You must immediately cease using, by advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress

15 3 Return of Proprietary Information You must immediately return to us, at your expense, all copies of the Manuals, all of your Customer Information, and all other Proprietary Information (and all copies thereof) You may not use any Proprietary Information or sell, trade or otherwise profit in any way from any Proprietary Information at any time following the expiration or termination of this Agreement

15 4 Cease Identification with Us You must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the

Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Studio or the Marks (collectively, **"Identifiers"**) You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers If you fail to comply with this Section 15 4, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer

15 5 Our Right to Purchase Studio Assets

(a) Exercise of Option Upon termination of this Agreement for any reason (other than your termination in accordance with Section 14 3 (Termination By You)) or expiration of this Agreement without our and your signing a successor franchise agreement, we have the option, exercisable by giving you written notice within fifteen (15) days after the date of termination or expiration (the **"Exercise Notice"**), to purchase the inventory, supplies, Operating Assets, and other assets used in the operation of the Studio that we designate (the **"Purchased Assets"**) We have the unrestricted right to exclude any assets we specify relating to the Studio from the Purchased Assets and not acquire them You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Studio and its assets, to determine whether to exercise our option under this Section 15 5 If you or one of your affiliates owns the Site, we may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at our option, lease the Site from you or that affiliate for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms You (and your Owners) agree to cause your affiliate to comply with these requirements If you lease the Site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease

(b) Operations Pending Purchase While we are deciding whether to exercise our option under this Section 15 5 (Our Right to Purchase Studio Assets), and, if we do exercise that option, during the period beginning with our delivery of the Exercise Notice and continuing through the closing of our purchase or our decision not to complete the purchase, you must continue to operate the Studio in accordance with this Agreement However, we may, at any time during that period, assume the management of the Studio ourselves or appoint a third party (who may be our affiliate or our Area Representative) to manage the Studio pursuant to the terms of Section 14 2(b)(viii)

(c) Purchase Price The purchase price for the Purchased Assets will be their fair market value for use in the operation of a Competitive Business (but not a Shred415® Studio) However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Proprietary Information or our other intellectual property rights, or participation in the network of Studios For purposes of determining the fair market value of all equipment (including the exercise equipment and Studio Management and Technology System) used in operating the Studio, the equipment's useful life shall be determined to be no more than three years If we and you cannot agree on fair market value for the Purchased Assets, we will select an independent

appraiser after consultation with you, and his or her determination of fair market value will be the final and binding purchase price

(d) Closing We will pay the purchase price at the closing, which will take place within 60 days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates We are entitled to all customary representations, warranties and indemnities in our asset purchase, including 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 indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase At the closing, you agree to deliver instruments transferring to us (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you, and (b) all of the Studio's licenses and permits which may be assigned or transferred If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us, our Area Representatives, and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns

(e) Assignment We may assign our rights under this Section 15 5 (Our Right to Purchase Studio Assets) to any Entity (who may be our affiliate), and that Entity will have all of the rights and obligations under this Section 15 5

15 6 De-identification of the Site If we do not exercise our option to acquire the Site Lease or the Site, you will make such modifications or alterations to the Site immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the appearance of the Site from a Shred415® Studio, including, but not limited to, removing the signs, the Marks, and any Trade Dress so as to indicate to the public that you are no longer associated with us If you do not comply with the requirements of this Section 15 6, we may enter the Studio without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes You agree to reimburse us on demand for our expenses in making such changes

15 7 Reimbursement of Unused Classes In addition to any procedures that Applicable Laws require, we may require you to notify all of the Studio's customers of the termination or expiration of this Agreement and offer each of them the option to receive a refund of all unused prepaid class credits, which you are solely responsible for refunding to them in a manner that we may specify We must approve in writing the content of any such notice, prior to you contacting any of the Studio's customers, or may elect to send the notice on your behalf

15 8 Promote Separate Identity You will not, directly or indirectly, in any manner, identify yourself, or any individual connected with you, as a former Shred415® franchisee or as otherwise having been associated with us, or use in any manner or for any purpose any of the Marks

15 9 Comply with Noncompete You and your Owners must comply with the covenant not to compete in Section 12 (Your Covenant Not to Compete)

15 10 Injunctive and Other Relief You acknowledge that your failure to abide by the provisions of this Section 15 (Your Obligations Upon Expiration or Termination) will result in irreparable harm to us, and that our remedy at law for damages will be inadequate Accordingly, you agree that if you breach any provisions of this Section 15, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity

Section 16 Dispute Resolution and Governing Law

16 1 Mandatory Pre-Litigation Mediation Except as otherwise provided in this Section, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with this Agreement, a party must submit the dispute for mediation The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association (**"AAA"**) All parties must attend and participate in the mediation The mediation shall not last more than one day and shall be held in Cincinnati, Ohio, unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of this Agreement The mediation shall be governed by the rules of the AAA It is the intent of the parties that mediation shall be held not later than 14 days after a written request for mediation shall have been served on the other parties The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under this Agreement, the noncompetition covenants, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute

16 2 Forum for Litigation You and the Owners must file any suit against us, and we may file any suit against you, in federal or state courts located in Cincinnati, Ohio, unless we no longer have an office there, in which case, you must file any suit against us, and we may file against you, in federal or state courts located in the metropolitan area of our then-current principal place of business The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision

16 3 Governing Law This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Ohio In the event of any conflict-of-law question, the laws of Ohio shall prevail, without regard to the application of Ohio conflict-of-law rules

16 4 Mutual Waiver of Jury Trial You and we each irrevocably waive trial by jury in any litigation

16 5 Mutual Waiver of Punitive Damages Each of us waives any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained

16 6 Remedies Not Exclusive Except as provided in Section 16 5 (Mutual Waiver of Punitive Damages), no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws Each

and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise

16 7 Limitations of Claims Except for

(a) claims against you by us concerning the underreporting of Gross Revenue and corresponding underpayment of any fees specified in Section 3 (Fees),

(b) claims against you by us relating to third-party claims or suits brought against us as a result of your operation of the Studio,

(c) claims against you by us for injunctive relief to enforce the provisions of this Agreement relating to your use of the Marks,

(d) claims against you by us relating to your financial obligations upon the termination or expiration of the Agreement,

(e) claims against you by us or concerning your obligations under Section 10 (Proprietary Information) or Section 12 (Your Covenant Not to Compete) of this Agreement, and

(f) claims against you by us regarding an assignment of this Agreement or any ownership interest therein,

any and all claims arising out of or relating to this agreement or our relationship with you will be barred unless a judicial proceeding is commenced in the proper forum within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim

16 8 Our Right to Injunctive Relief Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage You agree that we will not be required to prove actual damages or post a bond in excess of $1,000 or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement

16 9 Attorneys' Fees and Costs You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees) (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding), and (ii) in the defense of any claim you and/or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees) (i) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding), and (ii) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings

Section 17 Miscellaneous

17 1 Entire Agreement This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Studio and supersede

all prior discussions, understandings, representations, and agreements concerning the same subject matter Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the **"FDD"**) that we delivered to you or your representatives This Agreement includes the terms and conditions on Appendix A, which are incorporated into this Agreement by this reference

17 2 Amendments and Modifications This Agreement may be amended or modified only by a written document signed by each party to this Agreement The Manuals and any policies that we adopt and implement may be changed by us from time to time

17 3 Waiver Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement We have no obligation to deal with similarly situated franchisees in the same manner Our acceptance of any payments due from you does not waive any prior defaults

17 4 Importance of Timely Performance Time is of the essence in this Agreement

17 5 Construction The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions Unless otherwise specified, all references to a number of days shall mean calendar days and not business days The words **"include,"** **"including,"** and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter

17 6 Severability Each provision of this Agreement is severable from the others If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document The remaining provisions will continue to be given full force and effect and bind us and you

17 7 Applicable State Law Controlling If the termination, renewal, or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of us and franchisees, the provisions of such statute will apply to this Agreement, but only to the extent of such inconsistency

17 8 Survival Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer, including, but not limited to, Sections 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), 12 (Your Covenant Not to Compete), and 15 (Your Obligations Upon Expiration or Termination)

17 9 Consent Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent Our approval or consent must be in writing and signed by an authorized officer to be effective

17 10 Independent Contractor Relationship This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf You are, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Studio and its business, including any personal property, Operating Assets, or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Studio Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances We have no relationship with your employees and you have no relationship with our employees

17 11 Notices All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery (i) personally, (ii) by certified or registered mail, postage prepaid, (iii) by overnight delivery service, or (iv) by facsimile (if the sender receives machine confirmation of successful transmission) Notices to you will be sent to the address set forth on Appendix A Notices to us must be sent to

Shred415 Franchising, LLC
2105 N Southport Ave , Unit 203
Chicago, IL 60614
Attn Corporate Counsel
Fax (513) 297-9212

Either party may change its mailing address or facsimile number by giving notice to the other party Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile

17 12 Execution This Agreement shall not be binding on either party until it is executed by both parties This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument

17 13 Successors and Assigns Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns

17 14 No Third Party Beneficiaries Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement

17 15 Additional Terms, Inconsistent Terms The parties may provide additional terms by including the terms on Appendix A To the extent that any provisions of Appendix A

are in direct conflict with the provisions of this Agreement, the provisions of Appendix A shall control

17 16 Area Representative and Delegation We may delegate the performance of any or all of our obligations under this Agreement to an Area Representative, affiliate, agent, independent contractor, or other third party You acknowledge that if we appoint an Area Representative in the area that includes your Territory, the Area Representative will provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under this Agreement We may, without your consent, appoint an Area Representative or a substitute for the Area Representative at any time

Section 18 Your Representations and Acknowledgments

You (on behalf of yourself and your Owners) represent, warrant, and acknowledge as follows

18 1 Truth of Information The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made

18 2 Due Authority This Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally

18 3 Terrorist Acts You acknowledge that under applicable U S law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the **"Order"**), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you (i) do not, and hereafter will not, engage in any terrorist activity, (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity, and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity

18 4 Independent Investigation You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability You have been accorded ample time to consult with your own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so

18 5 Timely Receipt and Review of Agreement and Disclosure Document You have received an execution ready copy of this Agreement at least seven calendar days

before you executed this Agreement or any related agreements or paid any consideration to us You have also received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents You have no knowledge of any representations made about the Shred415® franchise opportunity by us, our affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement You have read this Agreement and our FDD and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Studio, and to protect and preserve the goodwill of the Marks

18 6 Financial Performance Representations Except as may be stated in the FDD, neither we, nor any of our affiliates, nor any of our or our affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Shred415® Studio or the anticipated revenues, earnings, or profitability of the business subject to the License or any other business operated by us, our licensees, our franchisees, or our affiliates In entering into this Agreement, you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD Any information you have acquired from other Shred415® franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy

[Signature page follows]

IN WITNESS WHEREOF, upon signing below, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

APPENDIX A
TO THE
FRANCHISE AGREEMENT

FRANCHISEE-SPECIFIC TERMS

1 Effective Date _____

2 Franchisee's Name _____

3 Franchisee's State of Organization *(if applicable)* _____

4 Ownership of Franchisee (Recital C)

If the franchisee is an Entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee

Name	Percentage Ownership
_____	_____%
_____	_____%
_____	_____%

5 Area Representative (Recital C) _____

6 Site Selection Area (Section 1 1) _____

_____

_____

7 Operating Principal (Section 1 4) _____

8 Key Manager (Section 1 4) _____

9 Franchise Fee (Section 3 1) [Fifty Thousand U S Dollars ($50,000)]

10 Real Estate Project Management Fee (Section 3 9) $10,000 $2,500

11 Franchisee's Address, Phone, and Fax Number for Notices (Section 17 11) _____

_____

_____

12 Additional Terms, Inconsistent Terms ***(if any)*** **(Section 17 15)** _____

_____

Signature Page for Appendix A (Franchisee-Specific Terms)

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

Schedule 1 to Appendix A of the Franchise Agreement

Franchisee-Specific Terms

(to be completed after site selection and acceptance)

1 Site (Section 4.2) _____

_____

_____

2 Territory (Section 4.3) _____

_____

_____

Shred415 Franchising, LLC agrees that, effective on the date specified below, **(i)** the address listed above is hereby accepted by us as the Site pursuant to Section 4.2 (Site Selection) of this Agreement, and **(ii)** the area listed above shall be the Territory of this Agreement pursuant to Section 4.3 (Definition of the Territory) of this Agreement

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

Acknowledged and Agreed

[Franchisee]

By _____

Name _____

Title _____

Date _____

APPENDIX B
TO THE
FRANCHISE AGREEMENT

Marks

Registered Marks

Registered on the Principal Register of the United States Patent and Trademark Office

Mark	Registration No	Registration Date
SHRED415	4,327,976	4/30/13
	4,735,683	5/12/15

We have filed applications to register the following Marks on the Principal Register of the United States Patent and Trademark Office

Mark	Application No.	Application Date
	87,875,927	04/13/18

APPENDIX C
TO THE
FRANCHISE AGREEMENT

SHRED415 FRANCHISING, LLC
PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Shred415 Franchising, LLC (**"Franchisor"**) to enter into a Shred415® Franchise Agreement (the **"Franchise Agreement"**) by and between Franchisor and the Franchisee named in the Franchise Agreement dated _____ to which this Payment and Performance Guarantee (the **"Guarantee"**) is attached (**"Franchisee"**), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree as follows

1 **Guarantee of Payment and Performance** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**) The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee

2 **Waivers by Guarantors** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee

3 **Term No Waiver** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full, or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy

4 **Other Covenants** Each of the Guarantors agrees to comply with the provisions of Sections 8 (Records, Reports, Audits, and Inspections), 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), and 12 (Your Covenant Not to Compete) of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the

Franchise Agreement and agrees that the undersigned will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement

5 Dispute Resolution Section 16 (Dispute Resolution and Governing Law) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement

6 Miscellaneous This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written

_____

Print Name _____

_____

Print Name _____

_____

Print Name _____

_____

Print Name _____

APPENDIX D
TO THE
FRANCHISE AGREEMENT

LEASE RIDER

THIS LEASE RIDER is entered into this _____ day of _____, 20_____ by and between Shred415 Franchising, LLC (**"Company"**), _____ (**"Franchisee"**), and _____ (**"Landlord"**)

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated _____, 20_____ (the **"Franchise Agreement"**), and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Shred415® Studio (**"Studio"**) at a location that Franchisee selects and Company accepts, and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the **"Lease"**), pursuant to which Franchisee will occupy premises located at _____

_____

_____

(the **"Premises"**) for the purpose of constructing and operating the Studio in accordance with the Franchise Agreement, and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider,

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows

1 During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Studio and for no other purpose

2 Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Shred415® system as Company may from time to time prescribe for the Studio

3 Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee Notice shall be sent to Company by the method(s) as stated in the lease to

Shred415 Franchising, LLC
ATTN Corporate Counsel
3825 Edwards Road, Suite 103
Cincinnati, Ohio 45209
Tel (859) 443-9799
Email legal@shred415franchising com

4 Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Shred415® system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Shred415® trade dress upon the Franchise Agreement's expiration or termination Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises

5 Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement Landlord consents to such an assignment and agrees not to impose any assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment

6 If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment

7 Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting

8 Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent

9 The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease

10 Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written

COMPANY

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

FRANCHISEE

By _____

Name _____

Title _____

LANDLORD

By _____

Name _____

Title _____

EXHIBIT B
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Development Agreement

(attached)

SHRED415®
DEVELOPMENT AGREEMENT

between

SHRED415 FRANCHISING, LLC
and

_____

Developer _____

Area _____

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Appendix A – Franchisee-Specific Terms
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Appendix C – Payment and Performance Guarantee

SHRED415®
DEVELOPMENT AGREEMENT

THIS AGREEMENT (this **"Agreement"**) is made and entered into as of the date set forth on Appendix A of this Agreement (the **"Effective Date"**) (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between SHRED415 FRANCHISING, LLC, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Shred415"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Agreement, **"we," "us,"** and **"our"** refers to Shred415 **"You"** and **"your"** refers to Franchisee

RECITALS

A We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the **"Initial Franchise Agreement"**), in which we have granted you the right to establish and operate one SHRED415® studio (a **"Studio"**)

B We desire to grant to you the exclusive right to establish and operate a specified number of Studios within a specified geographical area in accordance with a development schedule

C If you are a corporation, limited liability company, partnership, or other entity (collectively, an **"Entity"**), all of your owners of a legal and/or beneficial interest in the Entity (the **"Owners"**) are listed on Appendix A of this Agreement (Appendix A and all other appendices hereto being hereby incorporated herein by reference)

D You desire to establish and operate additional Studios upon the terms and conditions contained in our then-current standard franchise agreements (a **"Franchise Agreement,"** the current form of which is attached hereto as Appendix B)

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows

1 Grant of Development Rights and Development Area

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated on Appendix A to this Agreement (the **"Development Area"**) the number of Studios specified in the development schedule in Appendix A (the **"Schedule"**) This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement) Rights to use the Marks and the System are granted only by the Franchise Agreements

2 Fees

Upon execution of this Agreement, you must pay us a development fee in the amount specified on Appendix A (the **"Development Fee"**), which is based on the initial franchise fee you must pay for each Studio that you develop (the **"Franchise Fee,"** which is also specified on

Appendix A) The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Studio that you develop pursuant to this Agreement The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Schedule Upon the earlier of (i) the Fee Deadline (as defined herein) for each Studio contemplated in your Development Schedule, or (ii) the execution of a Franchise Agreement for each Studio contemplated in your Development Schedule, for each Studio that you develop, you must pay us the initial training fee that is specified in our then-current Franchise Agreement (the **"Training Fee"**) and the real estate project management fee in the amount specified in the next sentence (the **"Real Estate Project Management Fee"**) The Real Estate Project Management Fee that will be inserted into the Franchise Agreement for the first Studio that you develop will be $10,000 and for the second and each additional Studio that you develop will be $2,500

3 Development Schedule

3 1 Deadlines You must enter into Franchise Agreements and open and operate Studios in accordance with the deadlines set forth in the Schedule By each **"Fee Deadline"** specified in the Schedule, you must have delivered to us the Training Fee, the Real Estate Project Management Fee, and a signed copy of our then-current standard form of Franchise Agreement for the number of Studios specified on the Schedule By each **"Opening Deadline"** specified in the Schedule, you must have the specified number of Studios open and operating You must locate the Studios only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement

3 2 Damaged Studios If a Studio is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business, you must immediately give us notice of such destruction or damage (**"Destruction Event"**) You must diligently work to repair and restore the Studio to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area If a Studio is closed due to a Destruction Event, the Studio will continue to be deemed a "Studio in operation" for the purpose of this Agreement for up to 180 days after the Destruction Event occurs If a Studio (i) is closed in a manner other than those described in this Section 3 2 or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may exercise our rights under Section 6 2 (Our Remedies)

4 Development Area

4 1 Development Area Except as provided in this Section 4 1, while this Agreement is in effect, provided that you open and operate the Studios in accordance with the Schedule and the minimum number of Studios that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Schedule, we will not operate, or license any person other than you to operate, a Studio under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area

4 2 No Other Restriction On Us Except as expressly provided in Section 4 1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Studios For example, we and our affiliates have the right to

(a) Establish or license franchises and/or company-owned fitness studios or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area,

(b) Sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area,

(c) Advertise, or authorize others to advertise anywhere, using the Marks,

(d) Acquire, be acquired by, or merge with other companies with existing fitness facilities, fitness businesses, and/or studios anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the SHRED415® name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name, and

(e) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement

5 Term

This Agreement expires at midnight on the last Opening Deadline date listed on the Schedule, unless this Agreement is terminated sooner as provided in other sections of this Agreement

6 Termination

6 1 Events of Default Any one or more of the following constitutes an **"Event of Default"** under this Agreement

(a) You fail to pay any Franchise Fee or execute any Franchise Agreement by any Fee Deadline specified in the Schedule,

(b) You fail to have open and operating the minimum number of Studios specified in the Schedule by any Opening Deadline specified in the Schedule,

(c) An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement, or

(d) You breach or otherwise fail to comply fully with any other provision contained in this Agreement, including Section 8 (Franchisee's Covenant Not to Compete)

6 2 Our Remedies If any Event of Default occurs under Section 6 1, we may, at our sole election, declare this Agreement and any and all other rights granted to you under this

Agreement to be immediately terminated and of no further force or effect Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination Your failure to open and thereafter operate Studios in accordance with the Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement

7 Assignment

This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason If you or your Owners intend to transfer any interest in you or this Agreement, we shall have a right of first refusal in accordance with the procedure set forth in Section 13 9 (Our Right of First Refusal) of the Initial Franchise Agreement We may assign this Agreement or any ownership interests in us without restriction

8 Franchisee's Covenant Not to Compete

8 1 In-Term Covenants You acknowledge that you will receive valuable, specialized training and confidential information regarding the manufacturing, operational, sales, promotional, and marketing methods of the SHRED415® concept During the Term, you and your Owners will not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any gymnasium, studio, athletic or fitness center, health club, exercise, aerobics facility, or similar facility or business, or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a **"Competitive Business"**) at any location in the United States,

(b) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Business, by direct or indirect inducement or otherwise,

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System,

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studios, or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by us, or our affiliates, or by any of our franchisees

8 2 Post-Term Covenants For two years after the expiration or termination of this Agreement or an approved transfer to a new franchisee, you and your Owners may not, without

our prior written consent, (i) directly or indirectly own, manage, engage in, be employed in a managerial position by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a ten-mile radius of the Development Area or any other Studio that is operating or under development at the time of such expiration, termination, or transfer, or (ii) solicit for employment any person who at any time within the immediate past 12 months has been employed by us, or our affiliates, or by any of our franchisees With respect to the Owners, the time period in this Section 12 2 will run from the expiration, termination, or transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first

8 3 Publicly Traded Corporations Ownership of less than 5% of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 8

8 4 Covenants of Others The Owners personally bind themselves to this Section 8 by signing the Guarantee that is attached as Appendix C to this Agreement You must also obtain from your officers, directors, managers, instructors, Owners' spouses, and other individuals that we may designate executed agreements containing nondisclosure and non-compete covenants similar in substance to those contained in this Section 8 as we prescribe in the Manuals and otherwise The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them

8 5 Enforcement of Covenants You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section 8 are reasonable and necessary for the protection of our legitimate business interests, (ii) you have received sufficient and valid consideration in exchange for those covenants, (iii) enforcement of the same would not impose undue hardship, and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 8 You acknowledge that any breach or threatened breach of this Section 8 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 8 Such injunctive relief will be in addition to any other remedies that we may have

9 Incorporation of Other Terms

Section 10 (Proprietary Information), Section 16 (Dispute Resolution and Governing Law), Section 17 (Miscellaneous), and Section 18 (Your Representations and Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement

10 Miscellaneous Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings,

whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives This Agreement shall not be binding on either party until it is executed by both parties This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____
Name _____
Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____
Name _____
Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

APPENDIX A
TO THE
DEVELOPMENT AGREEMENT

FRANCHISEE-SPECIFIC TERMS

1 **Effective Date (First Paragraph)** _____

2 **Franchisee's Name** _____

3 **Franchisee's State of Organization** *(if applicable)* _____

4 **Development Area (Section 1)** [attach map if necessary]

5 **Total Development Fee (Section 2)** $_____

6 **Franchise Fee for each Studio developed pursuant to this Development Agreement (Section 2)** $_____

7 **Training Fee for the Studio developed pursuant to the Initial Franchise Agreement (Section 2)** $_____

8 **Development Schedule (Section 3)** You agree to establish and operate a total of ___ Studios within the Development Area during the term of this Agreement The Studios must be open and operating in accordance with the following Schedule

MINIMUM NUMBER OF STUDIOS The Minimum Number of Studios for Which Training Fees Have Been Paid and Franchise Agreements Executed by Each Fee Deadline	**FEE DEADLINE** Deadline for Paying Training Fee and Executing Franchise Agreement for The Minimum Number of Studios Paid and Signed	**MINIMUM NUMBER OF STUDIOS** The Minimum Number of Studios Open and Operating by Each Opening Deadline	**OPENING DEADLINE** Deadline for Having the Minimum Number of Studios Open and Operating
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___
	_____, 20___		_____, 20___ (the Expiration Date of the Agreement)

9 Ownership of Franchisee (Recital C) If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee

Name	Percentage Ownership
	_____%
	_____%
	_____%

10 Other Terms

Signature Page for Appendix A (Franchisee-Specific Terms)

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

APPENDIX B
TO THE
DEVELOPMENT AGREEMENT

Form of Franchise Agreement

[See Exhibit A to Franchise Disclosure Document]

APPENDIX C
TO THE
DEVELOPMENT AGREEMENT

SHRED415 FRANCHISING, LLC
PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Shred415 Franchising, LLC (**"Franchisor"**) to enter into a SHRED415® Development Agreement (the **"Development Agreement"**) by and between Franchisor and the Franchisee named in the Development Agreement dated _____ to which this Payment and Performance Guarantee (the **"Guarantee"**) is attached (**"Franchisee"**), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree as follows

1 Guarantee of Payment and Performance The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Development Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**) The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities The Guarantors represent and agree that they have each reviewed a copy of the Development Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Development Agreement and this Guarantee

2 Waivers by Guarantors The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee

3 Term No Waiver This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy

4 Other Covenants Each of the Guarantors agrees to comply with the provisions of Section 8 of the Development Agreement as though each such Guarantor were the "Franchisee" named in the Development Agreement and agrees that he or she will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the

Development Agreement and will not take any action that would cause Franchisee to be in breach of the Development Agreement

5 Dispute Resolution Section 16 (Dispute Resolution and Governing Law) of the Initial Franchise Agreement (as defined in the Development Agreement) is hereby incorporated herein by reference and will be applicable to any disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Development Agreement

6 Miscellaneous This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written

_____

Print Name _____

_____

Print Name _____

_____

Print Name _____

_____

Print Name _____

EXHIBIT D
TO THE
FRANCHISE DISCLOSURE DOCUMENT

State Administrators and Agents for Service of Process

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

CALIFORNIA

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677

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

1350 Front Street
San Diego, CA 92101
(619) 525-4233

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

CONNECTICUT

State of Connecticut
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Agent Banking Commissioner

HAWAII
(state administrator)

Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(agent for service of process)

Commissioner of Securities
State of Hawaii
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

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

MARYLAND
(state administrator)

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

(for service of process)
Maryland Securities Commissioner
200 St Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN
(state administrator)

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

(for service of process)
Corporations Division
Bureau of Commercial Services
Department of Labor and Economic Growth
P O Box 30054
Lansing, Michigan 48909

MINNESOTA
(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St Paul, Minnesota 55101-2198
(651) 539-1500

(for service of process)
Minnesota Commissioner of Commerce

NEW YORK
(state administrator)

NYS Department of Law
Bureau of Investor Protection and Securities
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

(for service of process)
Attention New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Division of Securities
Rhode Island Dept of Business Regulation
John O Pastore Complex – Bldg 69-1
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid Avenue, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON
(state administrator)

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

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

WISCONSIN
(state administrator)

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

(for service of process)
Administrator, Division of Securities
Department of Financial Institutions
345 W Washington Ave , 4th Floor
Madison, Wisconsin 53703

EXHIBIT E
TO THE
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT F
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Current and Former Franchisees

Franchisees Who Have Opened Studios (as of December 31, 2018)

Franchisee	Telephone	Address	City	State	Zip
California					
Giovanni De Choudens & Lilliam Cordero	925-380-6247	3151 Crow Canyon Place, Suite E	San Ramon	CA	94583
Colorado					
Jane & Todd Fletcher	720-524-3017	6305 East Hampden Ave Suite 102	Denver	CO	80222
Ohio					
Katie & Scott Blickhan, Sara Wortman and Chad Hemminger	614-309-6285	6610 Sawmill Rd	Columbus	OH	43235
Tennessee					
Jeff Hall & Nicole Eason	901-703-7473	6450 Poplar Ave Suite 115	Memphis	TN	38119
Wisconsin					
Margaux & Willie Chandler	414-837-6380	2165 N Prospect Ave	Milwaukee	WI	53202
Domenic Poeta, Corey & Sara Goldberg, Sarah & David Teplinsky	262-606-1091	12910 West Bluemound Rd	Elm Grove	WI	53122

Franchisees Who Have Signed Agreements But Not Yet Opened Studios (as of December 31, 2018)

Franchise Owners	Telephone	Address	City	State	Zip
Colorado					
Meghan & Timothy Lawler	708-334-7108	2837 Valley St Unit 105	Denver	CO	80211
Craig & Marta Brummell	574-286-9026	9370 South Colorado Blvd Suite A14	Highlands Ranch	CO	80126
Christopher Ellefsen & Lisle Ventura	678-231-1720	5050 Factory Shops Blvd Suite 1045	Castle Rock	CO	80108
Jennifer & Michael Saddoris	773-537-8241	1895 28th Street	Boulder	CO	80301
Florida					
Jorge Betancourt & Melisa Mercia	305-318-4491	7890 SW 104th St	Miami	FL	33156
Salles Calvo Mandia & Jose Antonio Da Rosa		8300 NW 36th Ave Suite 125A	Doral	FL	33166
Georgia					
Ronald & Melissa Cole	813-787-0609	5215 Windward Pkwy Suite B-2	Alpharetta	GA	3009

Kentucky					
Kathleen & David Jones	865-567-1163	642 Baxter Ave	Louisville	KY	40204
Michigan					
Brittanie Chin Merkerson & Shaunda Chin-Bonds	312-285-7761	443 E Big Beaver Rd	Troy	MI	48083
North Carolina					
Kevin Burant & Mary Burant	540-460-4514	401 W Hargett St , Suite 1A	Raleigh	NC	27603
Ohio					
Dustin Speaks & William Speaks	614-395-4977	6297 Pullman Dr Suite B	Lewis Center	OH	43035
Bassey & Jessica Eno-Idem	517-490-6635	3701 Saybrooke Ave	Cincinnati	OH	45209
South Carolina					
Bradley & Joy Howard	864-420-3493	823 Church St Suite A	Greenville	SC	29601
Utah					
Adria & Geoff Swindle, Christopher Cocke & Marty Olsen	801-897-3777	3142 S Highland Dr Suite 7	Salt Lake City	UT	84106
Virginia					
Salil Bhatnagar & Anushree Bhatnagar	312-420-0105	21435 Epicerie Plaza, Suite 155	Sterling	VA	20164
Washington					
Susan Walsh & Fadil Chosovich	312-406-1558	1823 Minor Ave Unit 1	Seattle	WA	98101
Wisconsin					
Jennifer Coopman, Katie Horner, Scott Thompson	920-470-4980	531 Jo Ann Ct	Sun Prairie	WI	53590

Former Franchisees (After Studio Opened)

None

Former Franchisees (Terminated Before Studio Opened)

Franchisee	Telephone	Address	City	State	Zip
Jim Murrin	773-551-6597	541 N Brainard Ave	La Grange Park	IL	60526

EXHIBIT G
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Form of General Release

(attached)

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is executed on _____ by _____ ("**Franchisee**"), _____ ("**Guarantors**"), _____ ("**Transferee**") as a condition of **(1)** the transfer of the Franchise Agreement dated [month] [day], [year] between Shred415 Franchising, LLC ("**Shred415**") and Franchisee ("**Franchise Agreement**"), or **(2)** the execution of a successor Franchise Agreement by Franchisee and Shred415 (If this Release is executed under the conditions set forth in (2) above, all references in this Release to "Transferee" should be ignored)

1 **Release by Franchisee, Transferee, and Guarantors** Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, 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)** Shred415, **(ii)** Shred415's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and **(iii)** Shred415's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, 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 owns or holds, 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 Shred415 or Shred415's 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, Transferee, 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, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts

3 **Covenant Not to Sue** Franchisee, Transferee, and Guarantors (on behalf of 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, Transferee, and Guarantors represent and warrant that **(i)** the Releasors are the sole owners of all Claims and rights released in Section 1 and that the 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 execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them

or any court order, and **(iii)** this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice

5 **Complete Defense** Franchisee, Transferee, and Guarantors **(i)** acknowledge that the release in Section 1 shall be 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 such Claim

6 **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor

7 **Counterparts** This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument

8 **Capitalized Terms** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above

FRANCHISEE

By _____

Print Name _____

Title _____

Date _____

TRANSFEREE

By _____

Print Name _____

Title _____

Date _____

GUARANTOR

_____

Print Name _____

Date _____

GUARANTOR

_____

Print Name _____

Date _____

EXHIBIT H
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Form of Nondisclosure and Noncompete Agreement

(attached)

NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is dated [DATE] The parties are [NAME OF FRANCHISEE] (referred to as **"we"**, **"us"**, and **"our"**), located at [ADDRESS], and [NAME OF EMPLOYEE OR INDEPENDENT CONTRACTOR] (referred to as **"you"** and **"your"**) You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us

BACKGROUND

We are a franchisee of Shred415 Franchising, LLC (**"Shred415"**) under a Shred415 Franchising, LLC Franchise Agreement dated [DATE] (the **"Franchise Agreement"**) We have a license to use the certain trademarks designated by Shred415 (the **"Marks"**), certain policies and procedures used in Shred415® businesses (the **"System"**), and the Confidential Information developed and owned by Shred415 and Shred415 Franchising IP, LLC in our Shred415® Studio (the **"Studio"**) Shred415 recognizes that, in order for us to effectively operate our business, our employees and independent contractors whom we retain must have access to certain confidential information and trade secrets owned by Shred415 Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm Shred415, other franchise owners, and us Accordingly, Shred415 requires us to have you to sign this Agreement

AGREEMENT

1 **Confidential Information** As used in this Agreement, **"Confidential Information"** means all manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Studio, the Shred415® System, or Shred415's business In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, independent contractor information and other confidential information of Shred415, Shred415's affiliates, or us (collectively, the **"Interested Parties"**) that you obtain during your association with us

2 **Nondisclosure** You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our employee or as an independent contractor to us You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our, Shred415's, or Shred415's affiliates' ownership of it These obligations apply both during and after your association with us

3 **Return of Confidential Information** If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control You may not retain any Confidential Information after your association with us ends

4 **Noncompete During Association** You may not, during your association with us, without our prior written consent

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any gymnasium, studio, athletic or fitness center, health club, exercise, aerobics facility, or similar facility or business, or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a **"Competitive Business"**) at any location in the United States,

(b) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Business, by direct or indirect inducement or otherwise,

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System,

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Studio, or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us, (ii) Shred415, (iii) our or Shred415's affiliates, or (iv) any Shred415® franchisees

5 Noncompete After Association Ends For two years after your association with us ends for any reason, you may not, without our prior written consent

(a) directly or indirectly own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a ten-mile radius of your former Studio or any other Shred415® Studio that is operating or under development at the time your association with us ends, or

(b) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us, (ii) Shred415, (iii) our or Shred415's affiliates, or (iv) any Shred415® franchisees

6 Remedies If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages

7 Severability If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified

8 Independent Agreement The Agreement is independent of any other obligations between you and us This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise

9 Third Party Right of Enforcement You are signing this Agreement not only for our benefit, but also for the benefit of Shred415 and Shred415's affiliates We, Shred415, and Shred415's affiliates have the right to enforce this Agreement directly against you

10 Not An Employment Agreement This is not an employment agreement Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period

11 Modification and Waiver Your obligations under this Agreement cannot be waived or modified except in writing

12 Governing Law This Agreement is governed by the laws of the state in which our principal office is located

13 Attorney's Fees If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorney's fees, to the extent that we prevail on the merits

14 Representation You certify that you have read and fully understood this Agreement, and that you entered into it willingly

WITNESS	**EMPLOYEE or INDEPENDENT CONTRACTOR**

EXHIBIT I
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Additional State-Required Disclosures and Riders

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF Shred415 FRANCHISING, LLC

The following are additional disclosures for the Franchise Disclosure Document of Shred415 Franchising, LLC required by various state franchise laws Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you

CALIFORNIA

1 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

2 SECTION 31125 OF THE 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 DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT

3 OUR WEBSITE, www shred415franchising com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

4 The following is added at the end of Item 3

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the 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 Sections 78a et seq , suspending or expelling such persons from membership in that association or exchange

5 The following paragraphs are added at the end of Item 17

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination or nonrenewal of a franchise If the Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control

The Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise This provision might not be enforceable under California law

The Development Agreement and Franchise Agreement provide for termination upon bankruptcy This provision might not be enforceable under federal bankruptcy law (11 U S C A Sections 101 et seq)

The Development Agreement and Franchise Agreement require application of the laws of the State of Ohio This provision might not be enforceable under California law

The Development Agreement and Franchise Agreement require pre-litigation mediation The mediation will be conducted in the metropolitan area of our then-current principal place of business (currently Chicago, Illinois) The Development Agreement and Franchise Agreement also require that any action you bring be commenced in federal or state courts in Cincinnati, Ohio Prospective multi-unit developers and 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 Development Agreement and Franchise Agreement restricting Studio to a forum outside the State of California

The Development Agreement and Franchise Agreement require you to sign a general release of claims upon renewal or transfer of the Development Agreement or Franchise Agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516) Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

HAWAII

THESE FRANCHISES 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 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 FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE

THIS FDD 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

Registered agent in the state authorized to receive service of process Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813

ILLINOIS

1 The following is added to Item 17

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 Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement or the Development Agreement that designates jurisdiction or Studio in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act

The conditions under which your Franchise Agreement or Area Development Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act

INDIANA

1 **Item 17, Additional Disclosures** The following statements are added to Item 17

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2 7 et seq) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee If any of the provisions of the Franchise Agreement or the Development Agreement conflict with this law, this law will control

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law

The Franchise Agreement and the Development Agreement provide that suit must be brought in Ohio These provisions may not be enforceable under Indiana law

Indiana franchise laws will govern the Franchise Agreement, the Development Agreement, and any and all other related documents

MARYLAND

1 The following is added to the end of Item 5

Based upon our 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 In addition, all development fees and initial payments by area developers shall be deferred until the first Studio opens under the Development Agreement

2 The following is added to the end The following is added to the end of Item 5 and at the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law

3 The following is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults

The Development Agreement and Franchise Agreement provide for termination upon bankruptcy This provision might not be enforceable under federal bankruptcy law (11 U S C Sections 101 et seq), but we will enforce it to the extent enforceable

4 The following sentence is added to the end of the "Summary" section of Item 17(v), entitled Choice of forum

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

5 The following language is added to the end of the chart in Item 17

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise

MICHIGAN

See page after state effective dates near front of the FDD

MINNESOTA

1 **Trademarks** The following sentence is added to the end of Item 13

Provided you have complied with all provisions of the Development Agreement and Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn Stat Sec 80C 12 Subd 1(g)

2 **Renewal, Termination, Transfer and Dispute Resolution** The following is added at the end of the chart in Item 17

With respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 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) of the Development Agreement and Franchise Agreement and 180 days' notice for non-renewal of the Development Agreement and Franchise Agreement

Minn Stat Sec 80C 21 and Minn Rule 2860 4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document, Development Agreement or Franchise Agreement can abrogate or reduce any of Developer's or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction Those provisions also provide that no condition, stipulation or provision in the Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn Rule 2860 4400D

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 D 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, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 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 DEVELOPER OR 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

B 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

C 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

None of 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), entitled 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), entitled 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), entitled Assignment of contract by franchisor

However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Development Agreement or Franchise Agreement

8 The following is added to the end of the "Summary" sections of Item 17(v), entitled Choice of forum, and Item 17(w), entitled 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

1 The following is added to the end of Item 5

Based upon our financial condition, the North Dakota Securities Department has required a financial assurance Therefore, all initial fees owed by you to us shall be deferred until we have completed our pre-opening obligations under the Franchise Agreement and your

Studio is open for business In addition, all development fees shall be deferred until the first Studio opens for business under the Development Agreement

2 The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law

3 The following is added to the end of the "Summary" section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota, however, we and you will enforce the covenants to the maximum extent the law allows

4 The "Summary" section of Item 17(u), entitled Dispute resolution by arbitration or mediation is deleted and replaced with the following

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), mediation will be at a site to which we and you mutually agree

5 The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following

You must sue us in Ohio, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota

6 The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following

Except as otherwise required by North Dakota law, the laws of the State of Ohio will apply

RHODE ISLAND

1 The following language is added to the end of the "Summary" sections of Item 17(v), entitled Choice of forum, and 17(w), entitled Choice of law

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a multi-unit development agreement or franchise agreement restricting jurisdiction or Studio 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 "

VIRGINIA

1 The following is added to the end of Item 5

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 you to us until we have completed our pre-opening obligations under the Franchise Agreement

2 The following language is added to the end of the "Summary" section of Item 17 h , entitled "Cause" defined – non-curable defaults

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 grounds for default or termination stated in the Development Agreement or 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

WASHINGTON

1 The following is added to the end of Item 5

In Washington, the Washington Department of Financial Institutions has required us to obtain a surety bond in the amount of $100,000, because of our limited financial condition and limited operating history If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to the Washington Franchise Investment Protection Act (the "Act"), Chapter 19 100 RCW, we may become liable for the payment of the bond sum to the State of Washington for the use and benefit of any person(s) who have a claim under the conditions of the bond obligation

2 The following paragraphs are added at the end of Item 17

If any of the provisions in this Franchise Disclosure Document, Development Agreement or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19 100 180 or any other requirements of the Act, the provisions of the Act will prevail over the inconsistent terms of the Franchise Disclosure Document, Development Agreement or Franchise Agreement

RCW § 19 100 180 and court decisions may supersede the Franchise Agreement and the Development Agreement in your relationship with us, including in the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed

pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable in Washington

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer

3 The following language replaces the "Summary" section of Item 17(d) of the Development Agreement table, titled "Termination by franchisee"

You may terminate the Development Agreement under any grounds permitted by law

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Studio that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois

2 **FORUM FOR LITIGATION** The following sentence is added to the end of Section 16 2 of the Franchise Agreement

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or Studio in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois

3 **GOVERNING LAW** Section 16 3 of the Franchise Agreement is deleted and replaced with the following

> 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 UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES

4 **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES** The following language is added to the end of Sections 16 4 and 16 5 of the Franchise Agreement

> HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200 609

5 **LIMITATIONS OF CLAIMS** Section 16 7 of the Franchise Agreement is amended by adding the following

> However, nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable

6 **ENTIRE AGREEMENT** Section 17 1 of the Franchise Agreement is amended by adding the following

Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the express representations we made in the Franchise Disclosure Document

7 **ILLINOIS FRANCHISE DISCLOSURE ACT** The following language is added as Section 16 10 of the Franchise Agreement

16 10 Illinois Franchise Disclosure Act Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR
SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE
(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Studio that you will operate under the Franchise Agreement will be located in Maryland

2 **RELEASES** The following is added to the end of Sections 2 2(d) ("Successor Term"), 4 4 ("Site Acquisition"), 4 6 ("Opening Deadline"), 13 1 ("Transfer By Us"), 13 4(d) ("Control Transfer"), 13 5 ("Non-Control Transfers"), 13 6 ("Transfer To An Entity"), and 15 5(d) ("Closing") of the Franchise Agreement

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law

3 **INITIAL FEES** The following is added to the end of Section 3 ("Fees") of the Franchise Agreement

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement

4 **INSOLVENCY** The following sentence is added to the end of Section 14 ("Termination and Default") of the Franchise Agreement

> Section 14 1(o) may not be enforceable under federal bankruptcy law (11 U S C Sections 101 et seq)

5 **FORUM FOR LITIGATION** The following language is added to the end of Section 16 2 ("Forum for Litigation") of the Franchise Agreement

> You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 **GOVERNING LAW** The following sentence is added to the end of Section 16 3 ("Governing Law") of the Franchise Agreement

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law

7 **LIMITATIONS OF CLAIMS** The following sentence is added to the end of Section 16 7 ("Limitations of Claims") of the Franchise Agreement

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise

8 **ACKNOWLEDGMENTS** The following is added as a new Section 19 to the end of the Franchise Agreement

19 ACKNOWLEDGEMENTS

All representations requiring you 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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) the Studio that you will operate under the Franchise Agreement will be located in Minnesota, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota

2 **RELEASES** The following is added to the end of Sections 2 2(d), 13 1, 13 4(d), 13 5, 13 6, and 15 6(d) of the Franchise Agreement

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law

3 **SUCCESSOR TERM AND TERMINATION TERM** The following is added to the end of Sections 2 2 and 14 of the Franchise Agreement

> However, with respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 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 of non-renewal of this Agreement

4 **NOTIFICATION OF INFRINGEMENT AND CLAIMS** The following sentence is added to the end of Section 9 1 of the Franchise Agreement

> Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, cots or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn Stat Sec 80C 12, Subd 1(g)

5 **FORUM FOR LITIGATION** The following language is added to the end of Section 16 2 of the Franchise Agreement

> NOTWITHSTANDING THE FOREGOING, MINN STAT SEC 80C 21 AND MINN RULE 2860 4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER

MINNESOTA STATUTES CHAPTER 80 C OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE

6 **GOVERNING LAW** The following statement is added at the end of Section 16 3 of the Franchise Agreement

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE

7 **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES** If and then only to the extent required by the Minnesota Franchises Law, Sections 16 4 and 16 5 of the Franchise Agreement are deleted

8 **LIMITATIONS OF CLAIMS** The following is added to the end of Section 16 7 of the Franchise Agreement

, provided, however, that Minnesota law provides that no action may be commenced under Minn Stat Sec 80C 17 more than 3 years after the cause of action accrues

9 **INJUNCTIVE RELIEF** Section 16 8 of the Franchise Agreement is deleted and replaced with the following

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions You agree that we may seek such injunctive relief You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction A court will determine if a bond is required

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement") This Rider is being signed because (a) you are domiciled in the State of New York and the Studio that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York

2 **TRANSFER - BY US** The following language is added to the end of Section 13 1 of the Franchise Agreement

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement

3 **RELEASES** The following language is added to the end of Sections 2 2(d), 13 1, 13 4(d), 13 5, 13 6, and 15 6(d) of the Franchise Agreement

> Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687 4 and 687 5, as amended

4 **TERMINATION OF AGREEMENT - BY YOU** The following language is added to the end of Section 14 3 of the Franchise Agreement

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York

5 **INJUNCTIVE RELIEF** The following sentence is added to the end of Sections 15 11 and 16 8

> Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief

6 **FORUM FOR LITIGATION** The following statement is added at the end of Section 16 2 of the Franchise Agreement

> This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder

7 **GOVERNING LAW** The following is added to the end of Section 16 3 of the Franchise Agreement

> This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) you are a resident of North Dakota and the Studio that you will operate under the Franchise Agreement will be located or operated in North Dakota, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota

2 **RELEASES** The following is added to the end of Sections 2 2(d), 13 1, 13 4(d), 13 5, 13 6, and 15 6(d) of the Franchise Agreement

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law

3 **INITIAL FEES** The following is added to the end of Section 3 ("Fees") of the Franchise Agreement

> Based upon our financial condition, the North Dakota Securities Department has required a financial assurance Therefore, all initial fees owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Studio has commenced doing business

4 **COVENANT NOT TO COMPETE** The following is added to the end of Section 12 of the Franchise Agreement

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota, however, we will enforce the covenants to the maximum extent the law allows

5 **GOVERNING LAW** Section 16 3 of the Franchise Agreement is deleted and replaced with the following

> 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 UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING

THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION

6 **FORUM FOR LITIGATION** The following is added to the end of Section 16 2 of the Franchise Agreement

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO YOUR ARBITRATION OBLIGATIONS, YOU MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

7 **WAIVER OF JURY TRIAL** To the extent required by the North Dakota Franchise Investment Law, Section 16 4 of the Franchise Agreement is deleted

8 **WAIVER OF PUNITIVE DAMAGES** To the extent required by the North Dakota Franchise Investment Law, Section 16 5 of the Franchise Agreement is deleted

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) you are domiciled in Rhode Island and the Studio that you will operate under the Franchise Agreement will be located in Rhode Island, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island

2 **NON-RENEWAL AND TERMINATION** The following paragraph is added to the end of Sections 2 2 and 14 2

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements If the deficiency is rectified within 60 days the notice shall be void The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice

3 **GOVERNING LAW / FORUM FOR LITIGATION** The following language is added to the end of Sections 16 3 and 16 2 of the Franchise Agreement

> SECTION 19-28 1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR Studio 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 " TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) you are domiciled in Virginia, and/or (b) the Studio that you will operate under the Franchise Agreement will be located in Virginia

2 **INITIAL FEES** The following is added to the end of Section 3 ("Fees") of the Franchise Agreement

> 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 you to us until we have completed our pre-opening obligations under the Franchise Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 ("**Franchisor**"), and the person or entity identified on Appendix A as the franchisee ("**Franchisee**") with its principal place of business as set forth on Appendix A In this Rider, "**we,**" "**us,**" and "**our**" refers to Franchisor "**You**" and "**your**" refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because (a) you are domiciled in Washington, and/or (b) the Studio that you will operate under the Franchise Agreement will be located or operated in Washington, and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington

2 **INITIAL FEES** The following paragraph is added to the end of Section 3 (Fees)

In Washington, the Washington Department of Financial Institutions has required us to obtain a surety bond in the amount of $100,000, because of our limited financial condition and limited operating history If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to the Washington Franchise Investment Protection Act (the "Act"), Chapter 19 100 RCW, we may become liable for the payment of the bond sum to the State of Washington for the use and benefit of any person(s) who have a claim under the conditions of the bond obligation

3 **WASHINGTON LAW** The following paragraphs are added to the end of the Franchise Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified as follows

The State of Washington has a statute, RCW 19 100 180, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise There might also be court decisions which supersede this Agreement in your relationship with us, including termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Act, Chapter 19 100 RCW, shall prevail

A release or waiver of rights executed by you shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Franchise 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable

Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN WISCONSIN

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") This Rider is annexed to and forms part of the Franchise Agreement ' This Rider is being signed because (a) you are domiciled in Wisconsin and the Studio that you will operate under the Franchise Agreement will be located in Wisconsin, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin

2 **NON-RENEWAL AND TERMINATION** The following paragraph is added to the end of Sections 2 2 and 14 2

> Section 135 04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements If the deficiency is rectified within 60 days the notice shall be void The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE DEVELOPMENT AGREEMENT

RIDER TO THE SHRED415 FRANCHISING, LLC
DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) any of the offering or sales activity relating to the Development Agreement occurred in Illinois and the Shred415® Studios that you will operate and develop under the Development Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois

2 **INCORPORATION OF OTHER TERMS** The following language is added to the end of Section 9 of the Development Agreement

Forum for Litigation Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or Studio in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois

Governing Law Notwithstanding Section 16 3 of the Initial Franchise Agreement, this Agreement will be construed and interpreted under the laws of the State of Illinois, without regard to its conflicts of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Section 1051 et seq)

Mutual Waiver of Jury Trial and Punitive Damages Notwithstanding Sections 16 4 and 16 5 of the Initial Franchise Agreement, this section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois Regulations at Section 200 609

Limitations of Claims Notwithstanding Section 16 7 of the Initial Franchise Agreement, nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the state of Illinois, to the extent applicable

3 **MISCELLANEOUS** Section 10 of the Development Agreement is amended by adding the following

Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the express representations we made in the Franchise Disclosure Document

4 **ILLINOIS FRANCHISE DISCLOSURE ACT** The following language is added as Section 11 of the Development Agreement

11 Illinois Franchise Disclosure Act Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE SHRED415 FRANCHISING, LLC DEVELOPMENT AGREEMENT FOR USE IN MARYLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Shred415® Studios that you will operate and develop under the Development Agreement will be located in Maryland

2 **INITIAL FEES** The following is added to the end of Section 2 ("Fees") of the Development Agreement

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance Therefore, all Development Fees and initial payments owed by you to us shall be deferred until your first Studio opens under the Development Agreement

3 **INCORPORATION OF OTHER TERMS** The following language is added to the end of Section 9 ("Incorporation of Other Terms") of the Development Agreement

Forum For Litigation Notwithstanding Section 16 2 ("Forum for Litigation") of the Initial Franchise Agreement, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

Governing Law Notwithstanding Section 16 3 ("Governing Law") of the Initial Franchise Agreement, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law

Limitations of Claims Notwithstanding Section 16 7 ("Limitations of Claims") of the Initial Franchise Agreement, you must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise

3 **ACKNOWLEDGMENTS** The following language is added as Section 11 of the Development Agreement

11 ACKNOWLEDGEMENTS

All representations requiring you 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

IN WITNESS WHEREOF, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE SHRED415 FRANCHISING, LLC DEVELOPMENT AGREEMENT FOR USE IN MINNESOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) the Shred415® Studios that you will operate and develop under the Development Agreement will be located in Minnesota, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Minnesota

2 **INCORPORATION OF OTHER TERMS** The following language is added to the end of Section 9 ("Incorporation of Other Terms") of the Development Agreement

Successor Term And Termination Term Notwithstanding Sections 2 2 and 14 of the Initial Franchise Agreement, with respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 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 of non-renewal of this Agreement

Notification Of Infringement And Claims Notwithstanding Sections 9 1 of the Initial Franchise Agreement, provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, cots or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn Stat Sec 80C 12, Subd 1(g)

Forum For Litigation NOTWITHSTANDING SECTION 16 2 OF THE INITIAL FRANCHISE AGREEMENT, MINN STAT SEC 80C 21 AND MINN RULE 2860 4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80 C OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE

Governing Law NOTWITHSTANDING SECTIONS 16 3 OF THE INITIAL FRANCHISE AGREEMENT, NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE

Mutual Waiver Of Jury Trial And Punitive Damages If and then only to the extent required by the Minnesota Franchises Law, Sections 16 4 and 16 5 of the Initial Franchise Agreement shall not be incorporated into this Agreement

Limitations Of Claims Notwithstanding Sections 16 7 of the Initial Franchise Agreement, Minnesota law provides that no action may be commenced under Minn Stat Sec 80C 17 more than 3 years after the cause of action accrues

Injunctive Relief Section 16 8 of the Initial Franchise Agreement shall not be incorporated into this Agreement Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions You agree that we may seek such injunctive relief You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon

due hearing, and you hereby expressly waive any claim for damages caused by such injunction A court will determine if a bond is required

IN WITNESS WHEREOF, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE
SHRED415 FRANCHISING, LLC
DEVELOPMENT AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with this Rider This Rider is being signed because (a) you are domiciled in the State of New York and the Shred415® Studios that you will operate and develop under the Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in New York

2 **INCORPORATION OF OTHER TERMS** The following language is added to the end of Section 9 ("Incorporation of Other Terms") of the Development Agreement

Transfer - By Us Notwithstanding Section 13 1 of the Initial Franchise Agreement, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement

Termination Of Agreement - By You Notwithstanding Section 14 3 of the Initial Franchise Agreement, you also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York

Injunctive Relief Notwithstanding Sections 15 11 and 16 8 of the Initial Franchise Agreement, our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief

Forum For Litigation Notwithstanding Section 16 2 of the Initial Franchise Agreement, this section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder

Governing Law Notwithstanding Section 16 3 of the Initial Franchise Agreement, this section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder

IN WITNESS WHEREOF, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE SHRED415 FRANCHISING, LLC DEVELOPMENT AGREEMENT FOR USE IN NORTH DAKOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 ("**Franchisor**"), and the person or entity identified on Appendix A as the franchisee ("**Franchisee**") with its principal place of business as set forth on Appendix A In this Rider, "**we,**" "**us,**" and "**our**" refers to Franchisor "**You**" and "**your**" refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) you are a resident of North Dakota and the Shred415® Studios that you will operate and develop under the Development Agreement will be located or operated in North Dakota, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in North Dakota

2 **INITIAL FEES** The following is added to the end of Section 2 ("Fees") of the Development Agreement

> Based upon our financial condition, the North Dakota Securities Department has required a financial assurance Therefore, all Development Fees and initial fees owed by you to us shall be deferred until your first Studio opens for business under the Development Agreement

3 **INCORPORATION OF OTHER TERMS** The following language is added to the end of Section 9 ("Incorporation of Other Terms") of the Development Agreement

> Covenant Not To Compete Notwithstanding Section 12 of the Initial Franchise Agreement, covenants not to compete are generally considered unenforceable in the State of North Dakota, however, we will enforce the covenants to the maximum extent the law allows
>
> Governing Law NOTWITHSTANDING SECTION 16 3 OF THE INITIAL FRANCHISE AGREEMENT, 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 UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION
>
> Forum For Litigation NOTWITHSTANDING SECTION 16 2 OF THE INITIAL FRANCHISE AGREEMENT, TO THE EXTENT REQUIRED BY THE

NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO YOUR ARBITRATION OBLIGATIONS, YOU MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Waiver of Trial By Jury Section 16 4 of the Initial Franchise Agreements shall not be incorporated into this Agreement

Waiver Of Punitive Damages Section 16 5 of the Initial Franchise Agreement shall not be incorporated into this Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE SHRED415 FRANCHISING, LLC DEVELOPMENT AGREEMENT FOR USE IN RHODE ISLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20____ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) you are domiciled in Rhode Island and the Shred415® Studios that you will operate and develop under the Development Agreement will be located in Rhode Island, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Rhode Island

2 **INCORPORATION OF OTHER TERMS** The following language is added to the end of Section 9 ("Incorporation of Other Terms") of the Development Agreement

NON-RENEWAL AND TERMINATION Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements If the deficiency is rectified within 60 days the notice shall be void The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice

GOVERNING LAW / FORUM FOR LITIGATION SECTION 19-28 1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR Studio 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 " TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE SHRED415 FRANCHISING, LLC
DEVELOPMENT AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER (this "**Rider**") is made and entered into by and between **SHRED415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) you are domiciled in Virginia, and/or (b) the Shred415® Studios that you will operate and develop under the Development Agreement will be located in Virginia

2 **INITIAL FEES** The following is added to the end of Section 2 ("Fees") of the Development Agreement

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development Fees and other initial payments owed by you to us until your first Studio opens under the Development Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

RIDER TO THE SHRED415 FRANCHISING, LLC DEVELOPMENT AGREEMENT FOR USE IN WASHINGTON

THIS RIDER (this "**Rider**") is made and entered into by and between **Shred415 FRANCHISING, LLC**, a Delaware limited liability company with its principal place of business at 2105 N Southport Ave , Unit 203, Chicago, IL 60614 (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A In this Rider, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

1 **BACKGROUND** We and you are parties to that certain Development Agreement dated _____, 20____ (the "Development Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Development Agreement This Rider is being signed because (a) you are domiciled in Washington, and/or (b) the Shred415® Studios that you will operate and develop under the Development Agreement will be located or operated in Washington, and/or (c) any of the offering or sales activity relating to the Development Agreement occurred in Washington

2 **INITIAL FEES** The following paragraph is added to the end of Section 2 (Fees)

The Washington Securities Division required us to obtain a surety bond in the amount of $100,000, because of our limited financial condition and limited operating history If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to the Act, Chapter 19 100 RCW, we may become liable for the payment of the bond sum to the State of Washington for the use and benefit of any person(s) have a claim under the conditions of the bond obligation

3 **WASHINGTON LAW** The following paragraphs are added to the end of the Development Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, the Development Agreement shall be modified as follows

The State of Washington has a statute, RCW 19 100 180, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise There might also be court decisions which supersede this Agreement in your relationship with us, including termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Act, Chapter 19 100 RCW, shall prevail

A release or waiver of rights executed by you shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the

Development 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable

Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer

IN WITNESS WHEREOF, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement

FRANCHISOR

SHRED415 FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

(IF ENTITY)

_____
[Name]

By _____

Name _____

Title _____

Date _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date _____

EXHIBIT J
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Information Regarding Area Representatives

ITEM 2
BUSINESS EXPERIENCE

We have appointed Area Representatives in certain geographic areas to recruit and support franchisees in a designated area The following includes information about our Area Representatives and certain of their personnel and management that may exercise management responsibility relating to the sale and operation of Shred415® franchises

Area Representative for Broward and Miami-Dade County, Florida

Salles Mandia – Area Representative

Mr Mandia has served as an Area Representative for Shred415 since December 2018 Since 2011, Mr Mandia has served as an owner of Lelyse Academia Ltda, the operator of Smart Fit fitness centers in Brazil Mr Mandia serves in his current capacity in Miami, Florida

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item for Area Representatives

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item for Area Representatives

EXHIBIT K
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Compliance Questionnaire

(attached)

QUESTIONNAIRE TO BE COMPLETED BEFORE YOU SIGN THE FRANCHISE AGREEMENT

You are preparing to enter into a Shred415® Franchise Agreement (the "Franchise Agreement") with Shred415 Franchising, LLC ("we" or "us") The purpose of this Questionnaire is to confirm that you understand the terms of the contract and that no unauthorized statements or promises have been made to you Please review each of the following questions and statements carefully and provide honest and complete responses to each In this Questionnaire, our "representatives" include our officers, directors, employees, agents, sales brokers, and/or any other representatives working on our behalf

1 When and where did you have your first face-to-face meeting with our representative(s)?

Approximate date of first meeting _____

Place of meeting _____

2 Which of our representative(s) have you been dealing with?

Name(s) _____

3 Have you personally read the Shred415® Disclosure Document ("FDD")?

Yes _____ No _____

4 Did you give us a signed receipt for the copy of the FDD that we furnished to you?

Yes _____ No _____ If yes, on what date? _____

5 Do you understand all of the information contained in the FDD?

Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

6 Have you personally read the Franchise Agreement?

Yes _____ No _____

7 Do you understand all of the terms of the Franchise Agreement?

Yes _____ No _____

If not, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

8 Have any of our representatives recommended that you have the FDD and related agreements reviewed by an attorney or other professional advisor?

Yes _____ No _____

9 Have you, in fact, discussed the FDD, the related agreements, and the benefits and risks of operating a Shred415® franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If yes, name and profession of advisor _____

If no, do you wish to have more time to do so?

Yes _____ No _____

10 Other than the information presented in Item 19 of the FDD, has any of our employees or any other person speaking on our behalf (this does not include franchisees whom you contact on your own) made any statement or representation (oral, written, or visual) regarding

a The amount of money that others have made or that you might make as a Shred415 franchisee?

Yes _____ No _____

b The revenue or profits that a Shred415® franchise will generate?

Yes _____ No _____

c Any other financial performance information about Shred415® franchises?

Yes _____ No _____

11 If your answer to any part of Question 10 is "yes," please describe the statement or representation Please include when, where, and by whom the statement or representation was made Please provide full details in the following space (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

12 Have you contacted any of our existing franchisees about their financial performance?

Yes _____ No _____

13 If your answer to Question 12 is "yes," please describe the information that they shared with you in the following space (You do not need to identify the franchisees with whom you spoke)

_____

_____

_____

_____

_____

14 Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

15 If you answered "Yes" to Question 14, please provide full details in the following space (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

16 Have you entered into any agreement with us before today concerning our franchise opportunity?

Yes _____ No _____ If Yes, please describe _____

17 Have you paid any money to us before today in connection with our franchise opportunity?

Yes _____ No _____ If Yes, please describe _____

18 In entering into the Franchise Agreement, are you relying on any statement, promise, or assurances by us or anyone speaking or purporting to speak on our behalf, other than the terms of the Franchise Agreement itself? If "Yes", please provide full details in the following space (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

19 Would you agree that the success or failure of your franchise will depend in large part upon your own skills and abilities, competition from other businesses, the size of your market, and other economic and business factors?

Yes _____ No _____

20 In which state do you reside? _____

21 In which state do you intend to operate the Shred415® franchise?

_____

22 Have you selected a specific site at which you propose to open your Shred415® studio?

Yes _____ No _____

If yes, please specify the location _____

_____

23 Do you have personal knowledge of the market area in which you will operate?

Yes _____ No _____

24 Did you obtain advice from anyone other than our representatives in selecting your site?

Yes _____ No _____ If yes, name of advisor _____

If not, do you wish to have more time to do so?

Yes _____ No _____

25 Have all of your questions concerning your proposed investment in a Shred415® franchise been answered to your satisfaction?

Yes _____ No _____

* * *

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions

FRANCHISE APPLICANT

_____

Date _____

NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH STUDIOS TO BE LOCATED IN MARYLAND 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

ITEM 23 RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Shred415 Franchising, LLC (**"Shred415"**) offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, Shred415 or one of its affiliates in connection with the proposed franchise sale Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale New York requires that Shred415 provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Shred415 or one of its affiliates in connection with the proposed sale Michigan requires that Shred415 provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, Shred415 or one of its affiliates in connection with the proposed sale

If Shred415 does not deliver this disclosure statement 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 state agency listed on Exhibit D

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process)

Sellers at Shred415 Franchising, LLC, 2105 N Southport Ave , Unit 203, Chicago, IL 60614, 773-231-8057			
□ Bonnie Micheli	□ Matt Micheli	□ Kurt Roemer	□ Tracy Roemer
Sellers at Shred415 Franchising, LLC, 3825 Edwards Road, Suite 103, Cincinnati, OH 45209, 773-231-8057			
□ Emily Brown □ Drew Chalfant □ Ashley Cross □ Cameron Ferguson	□ Jeff Herr □ Brittney Holobinko □ Justin LaCava □ Todd Kirby	□ John North □ Nick Sheehan □ David Tarr □ Amy Wehrkamp	□ _____ □ _____ □ _____ □ _____
Sellers at Area Representative _____, (___) ___-_____ □ _____ □ _____ □ _____ □ _____			
Franchise Consultant/Broker _____, (___) ___-_____ □ _____ □ _____ □ _____ □ _____			

Shred415's registered agents authorized to receive service of process are set forth on Exhibit D

Issuance Date April 23, 2019

This Disclosure Document included the following exhibits A Franchise Agreement, B Development Agreement, C Financial Statements, D State Administrators and Agent For Service of Process, E Manuals' Tables of Contents, F Current Franchisees and Former Franchisees, G General Release, H Nondisclosure and Noncompete, I Additional State-Required Disclosures and Riders, J Information Regarding Area Representatives, and K Compliance Questionnaire

_____ _____

Signature (individually and as an officer) Date Disclosure Document Received

_____

Print Name

TO BE KEPT FOR YOUR FILES

_____

Print Franchisee's Name (if an Entity)

ITEM 23 RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Shred415 Franchising, LLC ("**Shred415**") offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, Shred415 or one of its affiliates in connection with the proposed franchise sale Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale New York requires that Shred415 provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Shred415 or one of its affiliates in connection with the proposed sale Michigan requires that Shred415 provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, Shred415 or one of its affiliates in connection with the proposed sale

If Shred415 does not deliver this disclosure statement 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 state agency listed on Exhibit D

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□ Bonnie Micheli	□ Matt Micheli	□ Kurt Roemer	□ Tracy Roemer
Sellers at Shred415 Franchising, LLC, 3825 Edwards Road, Suite 103, Cincinnati, OH 45209, 773-231-8057			
□ Emily Brown □ Drew Chalfant □ Ashley Cross □ Cameron Ferguson	□ Jeff Herr □ Brittney Holobinko □ Justin LaCava □ Todd Kirby	□ John North □ Nick Sheehan □ David Tarr □ Amy Wehrkamp	□ _____ □ _____ □ _____ □ _____
Sellers at Area Representative _____, (___) ___-_____ □ _____ □ _____ □ _____ □ _____			
Franchise Consultant/Broker _____, (___) ___-_____ □ _____ □ _____ □ _____ □ _____			

Shred415's registered agents authorized to receive service of process are set forth on Exhibit D

Issuance Date April 23, 2019

This Disclosure Document included the following exhibits A Franchise Agreement, B Development Agreement, C Financial Statements, D State Administrators and Agent For Service of Process, E Manuals' Tables of Contents, F Current Franchisees and Former Franchisees, G General Release, H Nondisclosure and Noncompete, I Additional State-Required Disclosures and Riders, J Information Regarding Area Representatives, and K Compliance Questionnaire

Signature (individually and as an officer)

Date Disclosure Document Received

Print Name

Print Franchisee's Name (if an Entity)

TO BE RETURNED TO
Shred415 Franchising, LLC
2105 N Southport Ave , Unit 203
Chicago, IL 60614