FRANCHISE DISCLOSURE DOCUMENT

MD HYDRATION FRANCHISE, INC.
dba The Hydration Room
A California Corporation
404 Westminster Avenue, Suite 4
Newport Beach, California 92663
(949) 650-0866
E-Mail: drflorie@thehydrationroom.com
URL: www.thehydrationroom.com

RECEIVED
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Department of Business Oversight
Los Angeles Office

THE HYDRATION ROOM®
IV AND INJECTION THERAPY

As a Hydration Room franchisee you will operate a retail outlet that administers hydration and injection therapies using a variety of injectable vitamins and minerals, purified water and other fluids in quantities, and combinations and preparation techniques, and related injection services provided by nursing staff under the supervision of the "Operator" (must be a licensed medical doctor) in a relaxing medi-spa environment and related products and accessories sold to retail customers.

The total investment necessary to begin operation of a Hydration Room outlet is $87,600 to $161,500. This includes $31,500 to $33,000 which must be paid to the franchisor or its affiliates. The Hydration Room may also offer you an Area Development Agreement granting a right to open one or more additional Outlets for an additional investment (Development Fee) of $15,000 to $60,000 (depending on the number of additional Outlets you commit to open) which must be paid to the franchisor.

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 Dr. Brett Florie at 404 Westminster Avenue, Suite 4, Newport Beach, California 92663; telephone (949) 650-0866.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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, DC 20580. You can also visit the FTC's homepage 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.

Issued: **September 24, 2017**.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with the 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 F 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:

THE FRANCHISOR WAS FORMED ON JULY 26, 2017, HAS A LIMITED OPERATING HISTORY AND HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

YOU WILL RECEIVE A PROTECTED TERRITORY, BUT THIS WILL NOT BE AN EXCLUSIVE TERRITORY, AND YOU MAY FACE COMPETITION FOR CUSTOMERS FROM OTHER FRANCHISEES OUTSIDE YOUR TERRITORY, FROM OUTLETS THAT WE OWN OUTSIDE YOUR TERRITORY, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.

AT FRANCHISOR'S DISCRETION, YOUR PROTECTED TERRITORY MAY BE LOST IF YOU DO NOT FULFILL MATERIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT.

THE FRANCHISOR MAY CANCEL THE FRANCHISE AGREEMENT IF A SITE IS NOT AGREED UPON WITHIN 180 DAYS OF YOUR SIGNING THE FRANCHISE AGREEMENT.

IF YOU SIGN AN AREA DEVELOPMENT AGREEMENT, YOUR TERRITORIAL RIGHTS UNDER THAT AGREEMENT CAN BE LOST IF YOU FAIL TO MEET THE DEVELOPMENT SCHEDULE.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Connecticut, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This franchise is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California

Texas

MD HYDRATION FRANCHISE, INC.

dba THE HYDRATION ROOM

FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language, this disclosure document uses "we" or "us" to mean MD Hydration Franchise, Inc. "You" means the individual or entity buying The Hydration Room franchise, and (in the case of an entity buying the franchise) all persons owning 20% or more of the franchisee entity ("Principal Equity Owners").

The Franchisor, Parents and Affiliates

We are the franchisor for The Hydration Room system. Our principal business address is 404 Westminster Avenue, Suite 4, Newport Beach, California 92663.

Our parent company is MD Hydration, Inc. ("MDHI"), a corporation organized in California on August 14, 2013, and also located at 404 Westminster Avenue, Suite 4, Newport Beach, California 92663.

MDHI owns and licenses all intellectual property relating to The Hydration Room business, including a royalty-free intellectual property license to us which then licenses you the right to use specific intellectual property under the franchise agreement. MDHI or its affiliated entities may provide you with proprietary instructional materials and proprietary merchandise. MDHI does not offer franchises in any line of business. Otherwise, we are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or offers franchises in any line of business.

Predecessors

We have no predecessor.

Name Used by the Franchisor

We conduct business under the name "The Hydration Room". We do not intend to use any other name to conduct business.

Agent for Service of Process

Our agent for service of process in California is Brett Florie, M.D., 404 Westminster Avenue, Suite 4, Newport Beach, California 92663.

Business Organization Used by the Franchisor

We are a corporation organized in California on July 26, 2017.

The Franchisor's Business

We act solely as a franchisor of The Hydration Room franchises. We intend to begin franchising in October 2017. We do not operate businesses of the type being franchised and we do not engage in other business activities.

The Business the Franchisee Will Conduct

The Hydration Room franchise is a license to independently own and operate a single retail store ("Outlet"), that administers to retail patients hydration and injection therapies using a variety of injectable vitamins and minerals, purified water and other fluids in quantities, and combinations and preparation techniques, and related injection services (collectively, "The Hydration Room Products and Services") provided by nursing staff under the supervision of the "Operator" (must be a licensed medical practitioner, either a Medical Doctor (MD), Doctor of Osteopathy (DO), Doctor of Dental Surgery (DDS), Doctor of Dental Medicine (DMD) or Naturopathic Doctor (ND)) and an "On-Premises Registered Nurse" (a licensed nurse who is available during normal business hours), in a relaxing medi-spa environment, as well as other authorized goods and services at the Outlet using the authorized equipment and pursuant to the business methods and procedures we prescribe for the operation of such a retail business. The Hydration Room Products and Services have not been evaluated by the U.S. Food and Drug Administration, and they are not intended to diagnose, treat, cure or prevent any disease.

If you want to and are financially and operationally qualified in our judgment to do so, you and we may enter into an Area Development Agreement ("ADA"), under which you will be granted the opportunity to develop a number of additional Outlets under a mutually agreed timetable and within a negotiated development area. The form of ADA is attached as Exhibit E to this disclosure document.

General Market for Franchised Products and Services

The general market you will operate the business involves outpatient facilities, hospitals and other IV injection services providing products and services that are similar to The Hydration Room Products and Services. The market for The Hydration Room Products and Services is all individuals within a reasonable proximity to the Outlet. This type of business is relatively new but developing quickly, does not involve sales primarily to a certain group and is not seasonal.

Industry Specific Laws or Regulations

Your franchised outlet may only be operated by the Operator (a licensed medical practitioner, either a Medical Doctor (MD), Doctor of Osteopathy (DO), Doctor of Dental Surgery (DDS), Doctor of Dental Medicine (DMD) or Naturopathic Doctor (ND)) and the On-Premises Registered Nurse. You will also need a business license and reseller's permit and you must comply with federal, state and local laws applicable to the operation and licensing of our type of business, including obtaining all applicable health permits and inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your The Hydration Room Outlet may also be required to meet applicable municipal, county, state and federal building codes and handicap access codes, including compliance with the Americans with Disabilities Act of 1990, as amended, or similar state laws or legislation.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places.

A wide variety of other federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Outlet, and may include those which (i) establish general standards, permitting restrictions and requirements and other specifications and requirements for the construction, design, maintenance and operation of the business premises; (ii) set standards pertaining to employee health and safety; (iii) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for retail eating establishments; employee practices concerning the storage, handling, preparation, and intravenous injection of authorized injectable vitamins and minerals, purified water and other fluids; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; and (iv) establish procedures for the disposal of hazardous wastes. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your business and should consider both their effect and cost of compliance.

Competition

All The Hydration Room franchisees will compete with other companies providing hydration and vitamin therapies (such as Boost Hydration, Live IV) and with hospital urgent care centers and other medical providers offering services and products comparable to The Hydration Room Products and Services.

Prior Experience of Franchisor, Predecessors and Affiliates

In December 2014, our founder, Doctor Brett Florie, established the first The Hydration Room medi-spa at 404 Westminster Avenue, Suite 4, Newport Beach, California 92663 (where it continues to operate). Dr. Florie also owns and operates other The Hydration Room medi-spas at (i) 31542 South Coast Highway, Laguna Beach, California 92651 (since June 2015); (ii) 19330 Goldenwest Street, Huntington Beach, California 92648 (since July 2016), (iii) 1617 Westcliff Drive, Suite 105, Newport Beach, California 92660 (since May 2017), and (iv) 3800 East Coast Highway, Unit 2, Corona del Mar, California 92625 (since October 2017).

We have not yet offered franchises providing the type of business you will operate, but we anticipate doing so beginning October 2017. We have never offered franchises in other lines of business. We do not operate businesses of the type being franchised. We do not engage in other business activities.

ITEM 2: <u>BUSINESS EXPERIENCE</u>

<u>Brett Florie, MD: Founder, Chief Executive Officer, Chief Financial Officer, Secretary and Director.</u>

Dr. Florie is our Founder and he was named our Chief Executive Officer, Chief Financial Officer, Secretary and Member of our Board of Directors at our inception in July 2017. He also founded, owns and operates the 4 existing The Hydration Room medi-spas described in Item 1 above (since December 2014). Dr. Florie is a licensed Medical Doctor and also serves as a staff anesthesiologist (as an independent contractor) at Los Alamitos Medical Center and the Reagan Street Surgery Center, Los Alamitos, California (since June 2009), Placentia

Linda Medical Center, Placentia, California (since June 2012), La Veta Surgery Center, Orange, California (since June 2014), Pacific Surgery Center, Newport Beach, California (since June 2015), and Barranca Surgery Center, Irvine, California (since June 2016).

Shaun Hayward: Founder, Director of Operations.
Mr. Hayward was named our Director of Operations at our inception in July 2017. He also serves as Director of Operations for the 4 existing The Hydration Room medi-spas described in Item 1 above (since January 2017). From January 2013 to October 2016, he served as Account Executive for KURENT, Inc., Corona Del Mar, California. From June 2012 to January 2013, Mr. Hayward served as Customer Service Representative for Hurley International, Costa Mesa, California.

Darrin Fryer, MD: Director.
Dr. Fryer was named a Member of our Board of Directors at our inception in July 2017. Dr. Fryer is a licensed Medical Doctor and also serves as ER Physician for Hoag Hospital, Newport Beach, California (since July 1998).

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The Initial Franchise Fee for a single Outlet is $30,000 and is due and payable in full to us when you sign the Franchise Agreement.

If you sign an ADA, you will pay us at that time a "Development Fee" equal to the product of (i) $15,000 multiplied by (ii) the number of additional Outlets you commit to open under the ADA. Each time you open an additional Outlet under the ADA, $15,000 would be applied as a credit toward the initial franchise fee required by the Franchise Agreement for that additional Outlet.

The Initial Franchise Fee and Development Fee paid under an ADA are fully earned by us when paid. After initial training has been successfully completed by you, no refunds are available. If you do not successfully complete initial training, or if we cannot agree on a suitable site for your Outlet within 90 days after you sign the Franchise Agreement, we may unilaterally cancel the Franchise Agreement, and if we do so, we will refund the initial franchise fee and development fee you paid, less any expenses we incurred in processing your Franchise and the Franchise Agreement.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty [1]	8% of "Gross Revenues"	On the third business day of each month [2]	Royalty is paid on the monthly "Gross Revenues" earned during the previous month. "Gross Revenues" include all revenue from the sale of all products and services and all other income of every kind and nature related to your franchise operation, whether for cash, by redemption of gift certificates or for credit, regardless of collection. Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority. Beginning on the 4th full calendar month after the date your Outlet opens (the "Opening Date"), the minimum monthly Royalty you must pay will be $1,000[3], and then beginning with the first full calendar month after the second anniversary of the Opening Date, the minimum monthly Royalty you must pay will increase to $2,000[3]. Minimum monthly Royalty is subject to adjustment based on changes in the CPI since the Effective Date.
Marketing and Promotion Fees [1,4]	The greater of 2% of Gross Revenues or $500	On the third business day of each month [2]	Upon 60 days written notice, you will be obligated to pay us Marketing and Promotion Fees based on the greater of (i) 2% of the monthly Gross Revenues earned during the previous month or (ii) a minimum monthly Marketing and Promotion Fee of $500[3]. Minimum monthly Marketing and Promotion Fees are subject to adjustment based on changes in the CPI since the Effective Date. Also, on a regional or system-wide basis, we may also impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if 2/3 of all affected The Hydration Room franchisees agree to such additional assessment by affirmative vote
Additional Training Fee [1]	Up to $750 [3] (per day)	At time of training [2]	After the Outlet opens, and upon reasonable notice, we may require attendance of your Operator, On-Premises Registered Nurse, Facilities Manager, Principal Equity Owners and other designated personnel at training courses, seminars, conferences or other programs. We may, at our discretion, charge an additional training fee of up to $750[3] per day for The Hydration Room training courses, seminars, conferences or other programs that we require you or your representatives to attend. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee [1]	$25,000 [3]	Not later than 10 days before the transfer [2]	The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee. There is no transfer fee if franchise is transferred to an entity (corporation or limited liability company) owned solely by you. No transfer fee is due if franchise is transferred to your personal representative, conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity).
Late Payment Penalty [1]	5% of the amount past due	Immediately upon our demand [2]	The late payment penalty is in addition to interest on the unpaid amount.
Records and Rights of Inspection (Audit) [1]	Cost of audit plus interest on underpayment	Immediately upon demand for payment [2]	Due only if audit discloses an understatement of 5% or more in gross sales for any month or it takes our auditors an unreasonable amount of time (more than 8 hours) to assemble your records for audit.

1. All fees are imposed and collected by and are payable only to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed.

2. If any payment is not paid when due, you must pay interest on the unpaid amount at an annual percentage rate ("APR") of 10%, and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

3. This fee may be adjusted by changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

4. During the first 60 days after the Opening Date, you must spend in your Territory at least $5,000 on the grand opening advertising and promotion of your Outlet, using a grand opening promotional program that we approve, including the "soft opening" to be held on or about the Opening Date and the grand opening event. Not later than 75 days after the Opening Date, you must provide us with a report itemizing your expenditures on the grand opening advertising and promotion of the Outlet. In addition to the grand opening advertising and promotion of your Outlet, beginning the 4th full calendar month after the Opening Date, you must spend in your Territory at least $500 each month on local marketing, advertising and promotion of your Outlet, using a local promotional program set out in the Confidential Operations Manual (the "Manual") or that we otherwise approve in writing.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee[1]	$30,000	Lump sum; non-refundable	When you sign the Franchise Agreement.	Us
Training expenses[2]	$2,000 to $5,000	As incurred	During training	Airline, travel and lodging vendors
Lease of Outlet premises and security deposit[3]	$2,100 to $9,000	As incurred	As arranged	Landlord and utilities

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Leasehold improvements[4]	$25,000 to $60,000	As arranged	As arranged	Landlord and other vendors
Equipment, furniture and fixtures[5]	$10,000 to $15,000	As arranged	As arranged	Suppliers and vendors
Point of sale system[6]	$2,000 to $5,000	As incurred	As arranged	Designated or approved suppliers
Interior/exterior signs and graphics[7]	$3,000 to $6,000	As incurred	As arranged	Designated or approved suppliers
Professional fees[8]	$2,500 to $5,500	As incurred	Before and during opening	Attorneys, accountants and other professionals
Business licenses and permits	$1,000 to $5,000	Lump sum	As arranged	Government agencies
Inventory to begin operating[9]	$1,500 to $3,000	Lump sum	Before opening	MDHI and designated or approved suppliers
Grand opening advertising and promotion[10]	$2,000 to $5,000	As incurred	During the 30 days before and the 30 days after you open	Advertisers and other suppliers
Business insurance[11]	$1,500 to $3,000	Lump sum	As arranged	Insurance companies
Miscellaneous opening costs[12]	$1,000 to $2,000	As incurred	Before and during opening	Utilities and other suppliers
Additional funds – 3 months [13]	$4,000 to $8,000	As incurred	After opening	See note 12 below
TOTAL[14]	**$87,600 to $161,500**			

(1) This fee must be paid in full at the time indicated. In order to be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet.

(2) These expenses represent the travel and living expenses for your General Manager and Assistant Manager during training.

(3) You will need to rent a suitable free-standing medical use location for your Outlet and the rent or lease deposit amount will vary depending on the location. A security deposit and first month's rent are standard requirements to enter into a commercial lease.

(4) You will need to conduct the necessary build-out of your leased space according to our requirements. Outlets generally require between 700 and 1,100 square feet of floor space. The amounts listed in this type of expenditure are estimates that are based on basic build out of our Outlet design but do not include many variables related to the pre-existing condition of any one location. If you are leasing space for a newly constructed Outlet, the cost of your build-out may be reduced by a Tenant Improvement ("TI") allowance or rebate from the landlord, which varies depending on the terms of each lease agreement. However, you will be required in most cases to complete the build-

out, satisfy all related invoices to contractors and service providers in order to qualify for the TI rebate from the landlord.

(5) The equipment you need to obtain includes couches for patients to use, audio-visual equipment, refrigerators, and IV bag hangers. The equipment is to be obtained by you from designated or approved suppliers.

(6) This includes the Booker point of sale ("POS") system with computer system, set-up fee and first year support and maintenance.

(7) The quantity, size, type and cost of signs will vary substantially per lease space and in accordance to stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits.

(8) This includes professional legal and accounting fees to review the franchise and set up the Outlet, business licenses and other prepaid expenses.

(9) Your pre-opening inventory will include IV hydration bags, injection needles and proprietary ingredients for injectable products to be supplied by MDHI (at a price equal to cost plus 10%) and pillows, towels and logoed t-shirts (for retail sale to your customers and for your staff) to be obtained by you from designated or approved suppliers.

(10) During the 60 days after the Opening Date, you must spend in your Territory at least $2,000 (and up to $5,000) on the grand opening advertising and promotion of the Outlet, using the grand opening advertising and promotional program we approve, including the "soft opening" to be held on or about the Opening Date and the grand opening event.

(11) As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. You must obtain the insurance coverage required by the Franchise Agreement from a carrier with a rating of "A VII" or better by A. M. Best Company. The currently required minimum coverage and limits of insurance are (i) general liability insurance with limits of at least $1,000,000 per occurrence and $2,000,000 aggregate and (ii) workers' compensation insurance to meet the statutory coverage of the state where your Outlet is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella and/or excess policies. All insurance policies will name you as named insured and, with the exception of Workers' Compensation, will name us and any of our subsidiaries and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. The costs of premiums will vary based on location of the Outlet and any prior claim history. The required coverage and limits are subject to change.

(12) This includes connection charges and security deposits for utilities provided to the Outlet and related prepaid opening expenses.

(13) Although we do not require minimum funds for you to start your business, there are additional expenses you will incur when you begin your franchise operations, and it is always a good idea to have some cash reserves available to cover initial operating expenses. This estimates the additional funds you will need for your first 3 months of operation, not including payroll costs for your first 30 days of operation which are set forth separately in the table. These figures are estimates and we cannot guarantee that you will not have additional expenses during your first 3 months of operation. We relied on the 7 years of experience of our Chief Executive Officer in determining these figures. Your costs will depend on factors such as: how many trainers and administrative employees you intend to hire; how much you follow our methods and procedures; your management skill, experience

and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

(14) This estimates your initial start up expenses. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise the payments listed in the table above are nonrefundable. We do not finance any part of the initial investment. We relied on the 7 years of experience of our Chief Executive Officer in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods or Services, including Computer and Point of Sale System

You must obtain and maintain a Booker point of sale system ("POS System") to manage your Franchised Business, including patient scheduling and invoicing. You are responsible for all ongoing maintenance and repairs and upgrades to the POS System. In addition to the POS System, you may be required to purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Manual or otherwise by us in writing for use in connection with the Outlet (the "Computer System"). We require you to maintain an e-mail account and connect the POS System to a dedicated telephone line (or other communications medium specified by us) at all times and be capable of accessing the Internet via a third party network designated by us in the Manual or otherwise in writing. You must license or sublicense software to operate the POS System from or our designated vendor and enter into a software license agreement on the designated vendor's then-current form.

You must purchase items bearing our trademarks only from designated vendors or approved suppliers. Also, you must use in the development and operation of your Outlet those fixtures, items of equipment, including food preparation and storage equipment, display cases, cash registers and computer systems, storefront, supplies and signs that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must place or display at the premises of your Outlet (interior and exterior) only such signs, emblems, lettering, logos, and display materials that we approve in writing. All equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us, or on our behalf.

Franchisor or its Affiliates Acting as Approved Suppliers

MDHI will provide you with IV hydration bags, injection needles and proprietary ingredients for injectable products, at its cost plus 10%. Otherwise, neither we nor any affiliate sells or leases any goods, services, supplies or equipment related to establishing or operating the franchised business, although we do so in the future.

Our officers own an interest in MDHI. Otherwise, there are no suppliers in which any of our officers owns an interest.

Approved Suppliers and Approval of Alternative Suppliers

We only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. Designation of a supplier may be conditioned on factors established by us, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Manual. We may make changes to these lists or other parts of the Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require that our representative be permitted to inspect the supplier's facility and that samples from the supplier be delivered for evaluation and testing, either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable costs of evaluation and testing must be paid by you. Our criteria for supplier approvals are contained in the Manual. Within 60 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

We may revoke our approval of particular products or suppliers if we determine in our sole discretion that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing or selling any disapproved product.

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized The Hydration Room Products and Services and services to its franchisees through the Manual and other communications in writing or by email. We also issue specifications and standards regarding authorized The Hydration Room Products and Services and services to its designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

In the 12 months preceding the issuance date of this disclosure document, neither we nor any of our affiliates derived revenue, rebates or other material consideration as a result of required purchases or leases by The Hydration Room franchisees.

Payments to us and purchases from our affiliated entities (i) in establishing your Outlet will range from 20% to 36% of your total initial investment and (ii) in operating your Outlet will range from 6% to 9% of your total monthly expenses.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We do not negotiate purchase arrangements or price terms with suppliers for the benefit of franchisees, although we may do so in the future.

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits to you based on your purchase of particular products or services or your use of particular suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section in franchise agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	8
c.	Site development and other pre-opening requirements	7.1, 7.2	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	11
e.	Opening	3.3, 7.2, 7.3	11
f.	Fees	4.1-4.8, 5.2, 12.2	5, 6
g.	Compliance with standards and policies/ operating manual	8.1-8.3	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	13,14
i.	Restrictions on products/services offered	3.2, 3.4, 8.1, 8.13	16
j.	Warranty and customer service requirements	3.3, 8.1	11
k.	Territorial development and sales quotas	Not applicable	12
l.	Ongoing product/service purchases	7.3	8
m.	Maintenance, appearance and remodeling requirements	5.2, 7.2, 8.5	11
n.	Insurance	8.10	6, 8
o.	Advertising	4.3, 7.4, 8.8, 8.13, 10.1, 10.2	6,11
p.	Indemnification	16.2	6
q.	Owner's participation/management/staffing	3.6, 6.1, 6.2, 8.1, 12.6	11,15
r.	Records and reports	8.7	6
s.	Inspections and audits	8.7, 8.11	6,11
t.	Transfer	12.1-12.7	17
u.	Renewal	5.2, 5.3	17
v.	Post-termination obligations	11.2, 15.1, 15.2	17
w.	Non-competition covenants	11.1-11.3	17
x.	Dispute resolution	14.1-14.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Our Pre-Opening Obligations

Before you open your business, we will:

(1) Designate your protected territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).

(2) Provide you with initial training and orientation in The Hydration Room system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). Your Operator, On-Premises Registered Nurse and "Facilities Manager" (an administrative person who handles patient reception, scheduling and billing) must successfully complete initial training to our satisfaction before you can open your Outlet.

(3) Provide you with a general plan for the layout and equipping of your Outlet, together with a list of approved and designated suppliers (see section 7.2(a) of the Franchise Agreement).

(4) Although we do not typically assist you with or pre-select the site for your Outlet, the Outlet must be in a location that permits out-patient medical services and we must give our final consent to the location before your Outlet can be placed there (see section 7.2(a) of the Franchise Agreement). You and your landlord may be required to complete and sign a rider or addendum to the lease that (i) grants us an option to assume your position as lessee under the lease for the Outlet premises if you are in material default of either the lease for the Outlet premises (including an obligation of the landlord to notify us if you are in default) or the Franchise Agreement, and (ii) requires the landlord to fully cooperate with us in completing de-identification of the Outlet if the Franchise Agreement is terminated or expires without being renewed. You have 90 days after signing the Franchise Agreement to locate an acceptable site for your Outlet. We will review and either consent to or decline the proposed site for your Outlet within 15 days after you provide us with its address. If you are unable to locate an acceptable site within 90 days, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement). The factors that we consider in consenting to a site for the Outlet include general location and neighborhood, traffic patterns, parking, size, proximity to other The Hydration Room franchisees, physical characteristics of existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Outlet will be located. Our review and consent to the location of the Outlet is no guarantee or assurance that you will be successful there.

(5) Provide you with a copy of the Manual (see section 7.2 of the Franchise Agreement).

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet will be 90 days. Factors that may affect this time period include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages and delivery and installation of equipment, fixtures and signs. If we consent to the site for your Outlet but you do not begin operating your Franchised Business within 180 days after you sign the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement) and if we do so under those circumstances, we are not obligated to refund your initial franchise fee.

Our Obligations during the Operation of the Franchise

During the operation of the franchised business, we:

(1) Will provide you with access to The Hydration Room website, and integrate information about your Outlet into this website (see sections 6.2 and 6.3 of the Franchise Agreement).

(2) Will be reasonably available by phone and e-mail for guidance in the operation and management of your Outlet (see sections 6.2 and 6.3 of the Franchise Agreement). However, we do not provide you with assistance in hiring, supervising or discharging employees.

(3) May visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping, accounting and inventory control procedures. If you request this assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge an additional training fee of up to $750 per day for The Hydration Room training courses, seminars, conferences or other programs that we require you or your representatives to attend. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2 of the Franchise Agreement.)

(4) In connection with your ongoing obligation to maintain the Outlet in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Outlet or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

(5) May conduct a system-wide mandatory meeting (or annual convention) not more than once a year in Southern California or other place in the United States. Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your other Principal Equity Owners). You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(6) May recommend retail prices for The Hydration Room Products and Services you sell at your Outlet, and other products and services we authorize for sale at your Outlet (to enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition), and if we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices (see section 8.1(b) of the Franchise Agreement). Also, to the extent permitted by federal and state law applicable to the Outlet, we may designate maximum and minimum retail prices to be charged for The Hydration Room Products and Services.

Advertising Program for the Franchise System

We intend to use the Internet, social media and targeted print media in our marketing and advertising efforts. And in the future, we may use local radio and television advertising. We will be using in-house advertising personnel to do this, but we also intend to hire advertising and public relations firms to assist us in these efforts. We are not required to spend any amounts on advertising in your franchised territory, although we may do so.

Although we are not obligated to do so, we may provide you with general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing. You grant us a the right to use the name, image and likeness of you, all Principal Equity Owners and any of your affected employees, for commercial purposes in connection with the marketing and promotion of the Marks, The Hydration Room Products and Services, The Hydration Room Outlets and The Hydration Room system. (See section 9.1(d) of the Franchise Agreement.)

We do not yet have a franchisee council that advises us on advertising policies, but we may establish one in the future, and if we do so, we will request input on advertising informally from franchisees.

We are not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, The Hydration Room outlets owned by us or our affiliated companies will contribute to the cooperative on the same basis as The Hydration Room franchisees. We have the right to require cooperatives to change, dissolve or merge.

Upon 60 days written notice, you must pay us monthly Marketing and Promotion Fees equal to the greater of (i) 2% of your Gross Revenues received during the prior month or (ii) $500 (see section 4.3(a) of the Franchise Agreement). We will collect Marketing and Promotion Fees from all The Hydration Room franchisees at the same rate. We will spend collected Marketing and Promotion Fees for national, regional and local advertising, public relations, market research, and promotional campaigns designed to promote and enhance the value of The Hydration Room trademark and its general public recognition and acceptance. The Hydration Room retail outlets owned by entities affiliated with us will contribute Marketing and Promotion Fees at the same rate as The Hydration Room franchisees.

On a national or regional basis, we may impose an assessment on all affected The Hydration Room franchisees for special advertising or promotional activities if franchisees owning 2/3 of all affected franchised territories agree to this assessment, confirmed in writing by each franchisee (see section 4.3(e) of the Franchise Agreement).

Electronic Cash Registers and Computer Requirements

You must obtain and maintain a Booker POS System to manage your Outlet and your Franchised Business, including patient scheduling and invoicing (see section 8.4 of the Franchise Agreement). The cost to obtain this POS System ranges from $2,000 to $4,000, and the recurring monthly charges to maintain and support this POS System range from $150 to $400. You will use the POS System to complete point-of-sale transactions and track your weekly sales. We must have independent access through the Internet to your POS System and there are no contractual limits on our independent access to the information and data stored on your POS System. You are responsible for all ongoing maintenance and repairs and upgrades. If we replace the POS System you will receive a 90-day notice and we estimate the cost to you will not exceed $5,000. We anticipate that the monthly cost of optional or required maintenance, updating, operating or support contracts regarding the POS System will be $150.

In addition to the POS System, you may be required to purchase, use and maintain a Computer System. We don't presently specify or recommend the brand or type of Computer System. But if this changes, you will be notified. We also require you to maintain an e-mail account and connect the Computer System to a dedicated Internet line (or other communications medium we specify) at all times and be capable of accessing the Internet via a third party network designated by us in the Manual or otherwise in writing. We estimate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the Computer System will be $1,200.

Operations Manual

We will loan you one copy of our Manual (containing a total of 177 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will modify the Manual, and you must comply with these changes when you receive them, but no modification will alter your status and rights under the Franchise Agreement. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the Franchise Agreement) and we would be entitled to recover damages from you).

The following is the Table of Contents of the Manual as of the date of this disclosure document:

Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manual.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Day 1 (9:00 AM to 5:00 PM) Hosted Breakfast at The Hydration Room Welcome - Dr. Brett Florie (Founder/President) The Hydration Room Staff Introductions The Hydration Room Brand Philosophy (Pitch Deck) Hiring and Staff Scheduling Hosted Lunch Kareo (EMR) Introduction Booker (POS) Introduction McKesson and McGuff Pharmacy Introduction Questions & Answers	8	0	Newport Beach, California
Day 2 (8:30 AM to 4:00 PM) Hosted Breakfast The Hydration Room Financial Reporting Monthly Reports Email/Internet/Phone Setup Monthly Royalty Billing The Hydration Room Website Graphic Design specifications Hosted Lunch PR/Marketing/Social Media Partnerships and Ambassadors Patient Care and Expectations (Lead by Head Nurse) Questions & Answers	8	0	Newport Beach, California
Day 3 (7:30 AM to 6:00 PM) Hosted Breakfast Clinical Training Part I (8:00 AM to 1:00 PM) Hosted Lunch Clinical Training Part II (2:00 to 6:00 PM)	1	9	Newport Beach, California
Day 4 (7:30 AM to 6:00 PM) Hosted Breakfast Clinical Training Part III (8:00 AM to 1:00 PM) Hosted Lunch Clinical Training Part IX (2:00 to 6:00 PM)	1	9	Newport Beach, California

The training program above is effective as of the date of this disclosure document. Initial training is typically scheduled on a monthly basis. The initial orientation training is typically provided within 30 days before your Outlet is scheduled to open as a The Hydration Room franchise location opens. All training takes place at our clinic headquarters in Newport Beach, California, or at another clinic designated by us. All on-the-job training takes place at your Outlet.

The instructional material consists of appropriate handouts and information directly from the Manual. Currently, our principal instructor is Dr. Brett Florie, who has been with us since our inception in July 2017, and who has more than 7 years experience in the subject matters he teaches. The principal instructor is assisted by our nursing staff and receptionists.

We do not charge for this training or service for the designated Operator, On-Premises Registered Nurse, Facilities Manager and other Principal Equity Owners (each additional trainee may have to pay us up to $1,500 for training). You must pay all travel and living expenses of persons you send to training.

The successful completion of initial training by your designated Operator, On-Premises Registered Nurse and Facilities Manager to our satisfaction is a condition to your opening of an Outlet to the public. If your designated Operator, On-Premises Registered Nurse and Facilities Manager fail to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training. You must then reimburse us for our costs in providing this replacement training and you may have to pay us a training fee of up to $1,500. We will issue a Certificate of Completion (may be done electronically) upon successful completion at the conclusion of the training.

No additional training programs or refresher courses are required. However, you can request additional on-site training and/or assistance at any time. We may provide it at our option, but the Franchise Agreement does not require us to do so.

You must pay all the expenses incurred by your trainees and attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (section 6.1(d) of the Franchise Agreement).

Upon reasonable notice, we may require attendance of designated personnel of yours at training courses, seminars, conferences or other programs that are deemed by us to be relevant or appropriate to the operation of your Outlet (see section 6.2(c) of the Franchise Agreement). We may, at our discretion, charge an additional training fee of up to $750 per day for The Hydration Room training courses, seminars, conferences or other programs that we require you or your representatives to attend. Currently, no refresher courses are required.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (section 6.3 of the Franchise Agreement). Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your other Principal Equity Owners).

ITEM 12: TERRITORY

You will receive a protected territory ("Territory") within a defined area surrounding your Outlet based on population density as determined by us with your consent and specified in your Franchise Agreement. The Territory is usually defined as a geographical area surrounding the Outlet as depicted in a map attached to the Franchise Agreement. The Territory may also be defined by a radius around your Outlet, which will typically vary from ¼ mile in densely populated areas to 2 miles in rural areas. By "protected" Territory we mean that so long as you continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant a The Hydration Room franchise to any other person nor will we or any of our affiliated entities operate an Outlet within your Territory. However, you will not receive an exclusive Territory since you may face competition for customers from other The Hydration Room franchisees located near your Territory, from other channels of distribution for The Hydration Room Products and Services, or from other competitive brands that we control.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

We do not grant you options, rights of first refusal or similar rights to open additional Outlets under the Franchise Agreement, and you may not open additional The Hydration Room businesses or engage in activities that are equivalent to the franchised business outside the Territory.

We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell The Hydration Room Products and Services under our principal trademarks or different trademarks through other channels of distribution (including the Internet), within your Territory and anywhere else. We are not required to pay you compensation for soliciting or accepting orders in your Territory that were obtained through other channels of distribution.

You may only offer and sell The Hydration Room Products and Services to customers at your Outlet, and you are restricted from advertising The Hydration Room Products and Services outside your Territory without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing or television solicitation programs, or use any other advertising media outside of your territory without our prior written approval. Also, you may not offer or sell The Hydration Room Products and Services directly or indirectly through the Internet, except as authorized by us in the Manual or otherwise in writing. We will publish all website content and we will list your Outlet location on our master web site. We will maintain the "Uniform Resource Locator" (or "URL") for The Hydration Room website and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you authorized to establish your own personal websites (except social media sites) for the purpose of advertising your Outlet or our principal trademarks.

Although we have no current plans to do so, we reserve the right to offer and sell other types of franchises that are not directly competitive with The Hydration Room franchise.

The continuation of your franchise rights to the Territory does not depend on your attaining a minimum level of sales, revenues or market penetration or other contingency. The Territory granted by the Franchise Agreement may not be altered except if you and we mutually agree. You will maintain rights to your Territory even if the population in those geographic areas increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademark "Hydration Room" and logotype displayed on the cover of this disclosure document and other current or future trademarks. On October 6, 2015, our parent entity MDHI registered the principal trademark "Hydration Room" with the United States Patent and Trademark Office ("USPTO"), on the Supplemental Register in classes 006, 018, 044, 046, 051; 052 (for Medical services, namely, administering fluid mixtures containing medications, intravenously or by injection, to treat symptoms such as cold and flu, exhaustion, hangover, general malaise, muscle fatigue, jet lag), registration number 4829213.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All required affidavits have been filed.

All trademarks are owned by MDHI, which granted us a trademark license (the "Trademark License") and right to use the principal trademark and related trademarks, service marks, trade names, logos and symbols (collectively the "Marks") related to The Hydration Room and to grant licenses to use the Marks to The Hydration Room franchisees. The Trademark License will continue until it is terminated. If the Trademark License were to be terminated, The Hydration Room franchisees would have the right to continue to use the Marks while operating their franchised Outlets under their Franchise Agreements for not less than the existing term of the Franchise Agreement. Except as described above, no agreements limit our rights to use or license the use of the trademarks.

You must follow our rules when you use the Marks. You cannot use our principal trademark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a trademark licensed to you by us. You must notify us promptly when you learn about an alleged infringement, unfair competition, unauthorized third party use of or challenge to your use of the trademarks. We then will promptly take the action we think appropriate. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the Marks. But we have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks in violation of the Franchise Agreement.

If you learn that any third-party whom you believe is not authorized to use our Marks is using them or any variant of them, you must promptly notify us. We will determine whether or not to take any action against the third party.

You must modify or discontinue the use of a Mark if we or the trademark owners modify or discontinue it. You must not directly or indirectly contest our or the trademark owners' rights to the trademarks, trade secrets or business techniques that are part of our business.

There are no other infringing uses or superior previous rights actually known to us that can materially affect your use of the Marks in this state or any other state in which the franchised business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own rights in, or licenses to, patents or copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual (and only you or your authorized employees can have access to and use the proprietary information in the Manual) and our employee handbook.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information or trade secrets to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

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

We are seeking franchisees whose principal owner plans to actively participate in the direct management and operation of your Outlet. You must employ at least one designated Operator, On-Premises Registered Nurse and Facilities Manager who have all successfully completed our initial training program. You must disclose the identity of the designated Operator, On-Premises Registered Nurse and Facilities Manager to us and if any of them is for any reason no longer acting in this capacity, you must notify us immediately and in writing. The designated Operator, On-Premises Registered Nurse and Facilities Manager cannot have an interest or business relationship with any of our business competitors. The Operator must devote a reasonable amount of time during normal business hours to the management, operation and development of the Franchised Business. The On-Premises Registered Nurse and Facilities Manager must be employed on a full time basis (which means present during normal business hours). Only the Operator and other licensed medical practitioner's affiliated with you may have an ownership interest in your business.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at your Outlet only The Hydration Room Products and Services and other goods and services that we specifically designate as required for all franchisees or have specifically approved.

We have the right to change and add other authorized goods and services that you will be required to offer. There are no limits on our right to do so except that the additional investment required of you for equipment, supplies and initial inventory will not exceed $75,000 per year.

Except for applicable laws restricting discrimination against customers based on public policy, there are no restrictions on the customers to whom you may sell The Hydration Room Products and Services and related products at your Outlet.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in franchise agreement	Summary
a.	Length of the franchise term	5.1	The initial term of the Franchise Agreement is 10 years.
b.	Renewal or extension of the term	5.2	You can add additional 10 year terms upon written notice delivered to us not less than 120 days before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you.
c.	Requirements for franchisee to renew or extend	5.2	Sign Renewal Franchise Agreement (or addendum to existing Franchise Agreement extending its term), remodel your Outlet (if necessary) and sign mutual release. The Franchise Agreement you sign at renewal may have materially different terms and conditions than your original Franchise Agreement, but the boundaries of the Territory and the recurring fees you pay us will remain the same.
d.	Termination by franchisee	13.1(a)	If we are in material breach (beyond any applicable cure periods), you can terminate your Franchise Agreement.
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1-13.11	We can terminate the Franchise Agreement only if you are in material default.
g.	"Cause" defined – curable defaults	13.3	You have 60 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Outlet) that can be cured.
h.	"Cause" defined – non-curable defaults	13.2	Non-curable defaults: your bankruptcy or insolvency; abandonment of the franchise; you engage in conduct that reflects materially and unfavorably upon the operation or reputation of The Hydration Room or our franchise system; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Outlet is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or your financial condition is impaired to the point that it is reasonable to conclude that you will not be able to fully discharge your obligations under this Agreement and that impairment continues for at least 30 days.

	Provision	Section in franchise agreement	Summary
i.	Franchisee's obligations on termination or non-renewal	15.1	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r. in this Table, below).
j.	Assignment of contract by franchisor	12.1	No restriction on our right to assign. (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 our obligations as franchisor under the Franchise Agreement.)
k.	"Transfer" by franchisee – defined	12.2	Includes transfer of contract or assets or ownership change.
l.	Franchisor's approval of transfer by franchisee	12.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	12.2	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee (see r. below). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier.
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity).
o.	Franchisor's option to purchase franchisee's business	15.2(d)	Upon a lawful termination or nonrenewal of the Franchise Agreement, we will purchase from you, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by you to us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in your possession or used by you in the Franchised Business. There are exclusions to some of these items to be purchased and exceptions to our obligation to purchase. We may deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us.
p.	Death or disability of franchisee	12.6	Franchise must be assigned by estate to approved buyer within 270 days.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	No competing business for 2 years within 25 miles of your Outlet or any other The Hydration Room Outlet (this obligation also applies to you if you assign your franchise).
s.	Modification of the agreement	8.2, 16.14(c)	No modifications generally, but Manual subject to change.

	Provision	Section in franchise agreement	Summary
t.	Integration/merger clause	16.14	Only the terms of the franchise agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	14.1-14.5	The parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due under the Franchise Agreement, or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within 5 business days after a dispute arises to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not result in a settlement of the dispute (or the meeting does not take place), within 10 business days after the date the meeting took place (or should have taken place), the parties may submit the dispute to non-binding mediation in California conducted by a mediator mutually agreeable to both parties; provided however the mediator must be a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute, or no mediation takes place, the dispute will be resolved by arbitration by and before JAMS, Inc., in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or (ii) its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more). Or if the parties mutually agree, the dispute may be submitted to arbitration by and before another mutually acceptable arbitration organization.
v.	Choice of forum	14.2(b), 14.3	Arbitration proceedings will be conducted in Orange County, California. Any mediation proceeding will take place at a mutually agreed location. Any litigation proceedings will be filed in an appropriate court in California.
w.	Choice of law	16.13	The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under the Franchise. Otherwise, the laws of California located govern the Franchise Agreement (and the ADA, if applicable).

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to a public figure for the right to use their name to promote the sale of The Hydration Room franchises.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 our Chief Executive Officer, Dr. Brett Florie, MD Hydration Franchise, Inc., 404 Westminster Avenue, Suite 4, Newport Beach, California 92663, telephone (949) 650-0866; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary For years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2014	0	0	0
	2015	0	0	0
Franchised	2016	0	0	0
	2014	0	0	0
	2015	0	1	+1
Company-Owned	2016	1	2	+1
	2014	**0**	**0**	**0**
	2015	**0**	**1**	**+1**
Total Outlets	**2016**	**1**	**2**	**+1**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2014 to 2016

State	Year	Number of Transfers
	2014	0
	2015	0
--	2016	0
	2014	**0**
	2015	**0**
TOTALS	**2016**	**0**

Table No. 3
Status of Franchised Outlets For years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
--	2016	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2015	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Totals	**2016**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 4

Status of Company-Owned Outlets For years 2014 to 2016

State or Country	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2014	0	0	0	0	0	0
	2015	0	1	0	0	0	1
California	2016	0	1	0	0	0	2
	2014	**0**	**0**	**0**	**0**	**0**	**0**
	2015	**0**	**1**	**0**	**0**	**0**	**1**
Totals	**2016**	**0**	**1**	**0**	**0**	**0**	**2**

Table No. 5

Projected New Franchised Outlets As Of December 31, 2016

State or Country	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	1	0
Texas	0	1	0
Totals	**0**	**3**	**0**

Exhibit C lists the names, addresses and telephone numbers of all open and operating The Hydration Room franchise outlets, as of September 24, 2017.

Exhibit D lists the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the issuance date of this disclosure document (September 24, 2017). Your contact information may be disclosed if you buy this franchise and then later leave the system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with The Hydration Room. 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. However, during the last 3 fiscal years, we have not signed any agreements with current or former franchisees that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with The Hydration Room franchise being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to the disclosure document contains our initial unaudited financial statement for the period from inception to September 24, 2017. We were organized on July 26, 2017, have not been in business for 3 years or more and cannot include all financial statements required under the FTC's Franchise Rule.

ITEM 22: CONTRACTS

Exhibit A - Franchise Agreement
Exhibit E - Area Development Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit I at the very end of this disclosure document.

THE HYDRATION ROOM

FRANCHISE AGREEMENT

EXHIBIT A

THE HYDRATION ROOM

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _______________, 20 ___ (the "Effective Date"), by and among MD Hydration Franchise, Inc., a California corporation doing business as "The Hydration Room" ("Franchisor"), and ____ ("Franchisee"), and (if Franchisee is not a sole proprietorship) each person owning 20% or more of the Franchisee entity, who will sign and be a party to this Agreement (in such context, "Principal Equity Owner"), with reference to the following facts:

RECITALS

An entity (the "Owner of the Marks") affiliated with Franchisor owns The Hydration Room trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized Franchisor to license them to The Hydration Room franchisees.

Franchisee desires to be franchised and licensed by Franchisor to use Franchisor's "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) at a specific "Outlet" (as defined in Article I below and identified in Exhibit 1 attached).

Franchisor is willing to grant Franchisee a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Abandoned. The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without Franchisor's prior written consent. A repeated pattern of inactivity at Franchisee's Outlet for periods of less than five consecutive business days may result in the Franchised Business being deemed Abandoned by Franchisee if in Franchisor's judgment such inactivity adversely impacts the Franchised Business. However, the Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond Franchisee's control, provided that Franchisee gives Franchisor notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and Franchisee acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Franchisee re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity, or such longer period as Franchisor may permit.

Anniversary Year. The term "Anniversary Year" means the 12-month period between the "Opening Date" (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary.

Confidential Information. The term "Confidential Information" means information, know-how, and materials, other than Trade Secrets, that is of value to Franchisor (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term Confidential Information includes, without limitation: (i) the Confidential Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, "The Hydration Room Products and Services" (as defined in this Article I), insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

Confidential Operations Manual. The term "Confidential Operations Manual" means the manual or manuals (regardless of title) containing the policies and procedures, schedule of authorized services, injectable preparation techniques and other proprietary requirements to be adhered to by Franchisee in performing under this Agreement, including all amendments and supplements thereto provided to Franchisee from time to time.

Control. The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

CPI. The term "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or similar reputable index if CPI figures are no longer published by this government agency).

Facilities Manager. The term "Facilities Manager" means the individual who has been designated by Franchisee as the person responsible for the day-to-day patient scheduling and administrative operation of the Outlet.

Force Majeure. The term "Force Majeure" means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee's financial inability to perform or Franchisee's insolvency will not be a Force Majeure.

Franchised Business. The term "Franchised Business" means hydration and injection therapies using The Hydration Room Products and Services administered to clients on an out-patient basis by nursing staff supervised by the "Operator" (as defined in this Article I) and the "On-Premises Registered Nurse" (as defined in this Article I) in a relaxing medi-spa environment, as well as other authorized goods and services at the Outlet pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business.

Gross Revenues. The term "Gross Revenues" means all revenues, however generated or received, derived by Franchisee from operating the Franchised Business at or through Franchisee's Outlet, excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts.

Initial Training. The term "Initial Training" means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term "Intellectual Property" means intangible property, including "Trade Secrets" (as defined in this Article I); inventions; pictorial, literary, graphic and photographic works of authorship; designs; symbols; and trademarks, domain names, other names and logos owned by Franchisor and used in the Franchised Business or at the Outlet.

Intellectual Property Rights. The term "Intellectual Property Rights" means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

Marks. The term "Marks" means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, domain names, trade names, logos, insignias, designs and other commercial symbols which Franchisor now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business. Franchisor will list in the Confidential Operations Manual a schedule of Marks Franchisee is authorized to use under this Agreement and update this schedule as necessary.

On-Premises Registered Nurse. The term "On-Premises Registered Nurse" means the individual who is a licensed, registered nurse or physician's assistant (PA) who has been designated by Franchisee as the person available at all times during normal business hours, who is responsible for the direct supervision of injection services provided to patients, and who has successfully completed Initial Training.

Opening Date. The term "Opening Date" means the day Franchisee opens its Outlet, furnished, inventoried and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the Franchised Business at this Outlet.

Operator. The term "Operator" means the individual (must be a Principal Equity Owner) who is a licensed medical practitioner (either a Medical Doctor (MD), Doctor of Osteopathy (DO), Doctor of Dental Surgery (DDS), Doctor of Dental Medicine (DMD) or Naturopathic Doctor (ND)), who has been designated by Franchisee as the person responsible for the day-to-day operation of the Outlet, and who has successfully completed Initial Training.

Outlet. The term "Outlet" means a free standing office configured as a medi-spa at a location permitting medical use and which is exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Proprietary Information. The term "Proprietary Information" means, refers to, and includes Trade Secrets and Confidential Information of Franchisor (or if any other third party provided such information to or on behalf of Franchisor). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Suggestions. The term "Suggestions" means any new products or services, specifications, suggestions or other feedback made by Franchisee or Principal Equity Owners to modify the System.

System. The term "System" means comprehensive marketing and operational systems prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to The Hydration Room Products and Services, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text and other Intellectual Property Rights that Franchisor makes available to Franchisee. In its sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term "Territory" means the designated and agreed geographical area surrounding Franchisee's Outlet as set forth in Exhibit 1 attached hereto.

The Hydration Room Products and Services. The term "The Hydration Room Products and Services" means a variety of injectable vitamins and minerals, purified water and other fluids in quantities, and combinations and preparation techniques, and related injection services provided by nursing staff under the supervision of Operator and the On-Premises Registered Nurse, and as authorized by Franchisor (but always subject to the professional judgment of the Operator).

Trade Dress. The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Outlet, and furnishings; depictions of the schedule of authorized services; the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging; point of purchase materials; and signs related to The Hydration Room Products and Services.

Trade Secret. The term "Trade Secret" means information constituting a trade secret within the meaning of the federal Defend Trade Secrets Act (18 U.S.C. § 1836, et seq.), as amended from time to time.

Transfer. The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

II. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.
Franchisor is engaged in the administration, development, operation and licensing of businesses that operate Outlets offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies. Franchisor's activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Outlets; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.
As a result of Franchisor's expenditure of time, skill, effort and money, Franchisor has developed and supervises the franchise System under the Marks operated in accordance with the provisions of this Agreement and Franchisor's Confidential Operations Manual, as amended from time to time.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at Franchisee's Outlet within Franchisee's Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term, unless sooner terminated. So long as Franchisee complies with this Agreement, Franchisor will not authorize another The Hydration Room franchisee to operate, or operate itself, an Outlet in Franchisee's Territory.

(b) Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises for other business concepts outside the Territory. FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE OUTLET WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

3.2 Reserved Rights.

(a) Nothing contained herein accords Franchisee any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or associated with the System, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT FRANCHISEE'S OUTLET AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOWS FRANCHISEE TO OFFER THE HYDRATION ROOM PRODUCTS AND SERVICES ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.**

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without necessarily granting Franchisee any rights in those systems. Franchisor reserves all rights to market and sell The Hydration Room Products and Services at venues other than Outlets and through other channels of distribution anywhere, including within Franchisee's Territory.

3.3 Promotion and Development of Franchisee's Outlet.
Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business at its Outlet; (ii) develop, to the best of its ability, the potential for future Franchised Business within Franchisee's Territory; and (iii) devote and focus a substantial portion of Franchisee's attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) Franchisee understands and agrees that Franchisee is licensed hereby only for the operation of the Franchised Business at and from Franchisee's Outlet and only within Franchisee's Territory. Franchisee must offer and sell at Franchisee's Outlet and in Franchisee's Territory only The Hydration Room Products and Services and other goods and services that Franchisor designates as required or approved for all franchisees. Franchisor has the right to change and add other authorized goods and services that Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except that the additional investment required of Franchisee for equipment, supplies and inventory will not exceed $75,000 in any 12 consecutive months.

(b) Franchisee may not administer or deliver The Hydration Room Products and Services (or other products or services ordered from Franchisee's Outlet or otherwise associated with the Marks) outside Franchisee's Outlet without Franchisor's prior written consent. If Franchisee does so without Franchisor's consent, it will be a material violation of this Agreement.

(c) Franchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.5 Electronic Execution and Copies.

(a) An executed counterpart of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor and Franchisee or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation or other rule of law to the contrary, Franchisee agrees any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement or other agreement between the equity owners.

(b) If Franchisee is an entity, any person or entity that at any time after the Effective Date becomes a Principal Equity Owner will automatically acquire all the obligations of a Principal Equity Owner under this Agreement at the time such person or entity becomes a Principal Equity Owner. Before approving and entering into any transaction that would make any person or entity a Principal Equity Owner, Franchisee must notify such person about the content of this section 3.6(b).

(c) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED ________________, 20___, BETWEEN THIS ENTITY AND MD HYDRATION FRANCHISE, INC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

IV. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" for a single franchised Outlet is $30,000. (However, if this Agreement is for a second or subsequent Outlet owned by Franchisee under the terms of an Area Development Agreement ("ADA") Franchisee executed, a credit will be applied against the Initial Franchise Fee in the amount specified in the ADA and Franchisee must pay Franchisor the balance.)

(b) The Initial Franchise Fee (and all other payments to Franchisor for goods or services received from Franchisor before Franchisee's The Hydration Room location opens for business) is due and payable in full, by cashier's check or money order or wire transfer to Franchisor's bank account, when Franchisee signs this Agreement. **The Initial Franchise Fee is fully earned by Franchisor when paid.**

(c) If before Franchisee's successful completion of initial training, Franchisor decides, in its sole discretion, that Franchisee should not operate an The Hydration Room business, or if Franchisee does not obtain Franchisor's consent to the location of Franchisee's Outlet within 90 days after the Effective Date (see section 7.2 below), Franchisor may cancel this Agreement, without any liability to Franchisor, except that Franchisor will refund Franchisee's Initial Franchise Fee less any expenses Franchisor incurred relating to this Agreement. **Once Franchisee's Outlet opens for business, the Initial Franchise Fee is not refundable.**

4.2 Royalty.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Royalty" of 8% of Franchisee's Gross Revenues.

(b) Royalties are due and payable on a monthly basis on the 3rd business day of each month. Royalties will be calculated on the Gross Revenues received during the previous monthly period, and are to be accompanied by a revenue report in the form prescribed by Franchisor.

(c) Beginning the 4th full calendar month after the Opening Date, the minimum monthly Royalty Franchisee must pay to Franchisor will be $1,000. Beginning the first full calendar month after the second anniversary of the Opening Date, the minimum monthly Royalty Franchisee must pay to Franchisor will be $2,000.

4.3 Marketing, Advertising and Promotion.

(a) Upon 60 days written notice to Franchisee that this fee will become payable, Franchisee must begin and continue to pay Franchisor a "Marketing and Promotion Fee" equal to the greater of (i) 2% of Franchisee's Gross Revenues during the prior calendar month or (ii) $500.

(b) Marketing and Promotion Fees will be due and payable on a monthly basis on the 3rd business day of each month, and will be calculated on the Gross Revenues received during the previous monthly period.

(c) During the 60 days after the Opening Date, Franchisee must spend in Franchisee's Territory at least $2,000 (and up to $5,000) on the grand opening advertising and promotion of the Outlet, using the grand opening advertising and promotional program that Franchisor approves, including the "soft opening" to be held on or about the Opening Date and the grand opening event. Not later than 75 days after the Opening Date, Franchisee must provide Franchisor with a report itemizing Franchisee's expenditures on the grand opening advertising and promotion of Franchisee's Outlet.

(d) In addition to any Marketing and Promotion Fees paid to Franchisor, beginning the 4th full calendar month after the Opening Date, Franchisee must spend at least $500 each month (and Franchisee is encouraged to spend additional amounts) on the local marketing, advertising and promotion of Franchisee's Outlet, using marketing and promotional materials pre-approved in the Confidential Operations Manual or otherwise authorized in writing by Franchisor ("Local Advertising").

(e) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected franchised Outlets agree to such additional assessment by affirmative vote.

(f) Franchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Franchisor arranges for, requires or authorizes The Hydration Room franchisees to participate in. Details regarding such contests and promotions will be set forth in the Confidential Operations Manual.

(g) With respect to regional or system-wide advertising, including without limitation advertising done as a result of Marketing and Promotion Fee contributions, Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

(h) Franchisor and Franchisee may agree to designate geographic areas for the purpose of establishing local or regional advertising cooperatives ("Cooperatives") in accordance with the applicable provisions of the Confidential Operations Manual. If the Outlet is within the territory of an existing Cooperative at the time the Outlet opens for business, Franchisee will immediately become a member of the Cooperative. Each member will be entitled to one vote for each franchise operation owned. If a Cooperative applicable to the Outlet is established during the term of this Agreement, Franchisee must become a member no later than 30 days after the date approved by Franchisor for the Cooperative to commence operation. In no event will Franchisee be required to be a member of more than one Cooperative for the Outlet.

4.4 Electronic Funds Transfer.
Franchisor requires payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT") through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee's account into Franchisor's operating account. Franchisee must execute or re-execute and deliver to Franchisor bank-required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account all fees payable under the terms of this Agreement. Franchisee must also, in addition to those terms and conditions set forth in the Confidential Operations Manual, maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) and must maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee must not alter or close such account except upon Franchisor's prior written approval. Any failure of Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material default of this Agreement.

4.5 Fees Fully Earned; No Setoffs.
All payments made by Franchisee to Franchisor pursuant to this Article IV are fully earned and non-refundable (except as provided in section 4.1(d) above) when paid. All payments to be made by Franchisee to Franchisor will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

4.6 Late Fee; Interest on Delinquent Payments.

(a) Any payment of Royalty and Marketing and Promotion Fees and any other fee required under this Agreement not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late charge of 5% of the amount past due. In connection therewith, Franchisor and Franchisee agree that the late charge is a reasonable and good faith estimate by Franchisor and Franchisee of such costs because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event.

(b) In addition to a late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 10%, and Franchisee must reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.7 No Accord or Satisfaction.
If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.8 CPI Adjustments.
Any stated dollar amount in this Agreement may be adjusted in Franchisor's discretion based on changes in the CPI since the Effective Date.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.
The initial term of this Agreement (applicable solely to the Outlet franchised hereunder) commences on the Effective Date and expires on the 10th anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have abandoned the Outlet, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms The Hydration Room brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the initial term.

(c) Notwithstanding section 5.2(a) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell the rights to operate the Franchised Business at the Outlet to a purchaser meeting Franchisor's then current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

(iii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof.

(iv) Franchisee and Franchisor agree not to renew the Franchise.

(v) Franchisor withdraws from distributing Franchisor's products or services through Franchises in the geographic market served by Franchisee, provided that:

(A) Upon expiration of the Franchise, Franchisor agrees not to seek to enforce any covenant of the non-renewed franchisee not to compete with Franchisor or its franchisees; and

(B) The failure to renew is not for the purpose of converting the business conducted by Franchisee pursuant to this Agreement to operation by Franchisor's employees or agents for Franchisor's own account.

(vi) At the time of renewal, Franchisee or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's reasonable judgment, to have a materially adverse effect on the Marks, the System or the goodwill associated with the Marks or System.

(vii) Franchisor and Franchisee fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which Franchisor is then customarily granting renewal franchises, or if Franchisor is not then granting a significant number of renewal Franchises, the terms and conditions on which Franchisor is then customarily granting original franchise agreements. Franchisor may give Franchisee written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by Franchisee. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by Franchisee, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement") or (ii) an addendum to this Agreement extending its term for an additional 10 year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date.

(f) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to Franchisee's Outlet as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new The Hydration Room Products and Services, if any. Franchisee must also bring Franchisee's Outlet and equipment, materials and supplies into compliance with the standards then applicable to new The Hydration Room franchises.

(g) When Franchisee signs the Renewal Franchise Agreement, Franchisee must pay Franchisor a "Renewal Fee" of $1,000.

5.3 Month to Month Extension; Longer Notice of Expiration Required by Law.

(a) At Franchisor's option, to be exercised in Franchisor's sole and absolute discretion, if the renewal procedures described in section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, Franchisor may extend this Agreement on a month-to-month basis by notifying Franchisee Franchisor is doing so. Said month-to-month extension will continue until Franchisor gives Franchisee at least a 30 day notice that the Franchise rights must be formally renewed in accordance with section 5.2 or the Agreement will expire and be terminated.

(b) If applicable law requires Franchisor to give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any successor term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is of paramount importance that Franchisee's Operator, On-Premises Registered Nurse, Facilities Manager and Principal Equity Owners understand the Franchised Business and the System, and that Franchisee's Operator, Facilities Manager and other key employees have been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee's Operator, On-Premises Registered Nurse, Facilities Manager and at least one of Franchisee's Principal Equity Owners, an initial training program, providing an orientation to the System and instruction on how to operate the Franchised Business (collectively, "Initial Training"). Franchisee may not open and operate the Franchised Business until Franchisee's Operator, On-Premises Registered Nurse and Facilities Manager have satisfactorily completed Initial Training. Franchisee acknowledges and agrees that Franchisor will solely determine whether or not Franchisee and its Operator, On-Premises Registered Nurse and Facilities Manager satisfactorily completed Initial Training.

(b) The failure of Franchisee's designated Operator, On-Premises Registered Nurse and Facilities Manager to complete Initial Training to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, that before this Agreement is so terminated, Franchisee's Operator, On-Premises Registered Nurse or Facilities Manager who fails to successfully complete Initial Training will have the opportunity to either retake the

Initial Training or Franchisee may designate one replacement for the Initial Training program. Franchisee must pay Franchisor a fee of $1,500 for each Initial Training attended by a retaking or replacement Operator, On-Premises Registered Nurse or Facilities Manager.

(c) Franchisor will determine the contents and manner of conducting the Initial Training program in Franchisor's discretion, however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as The Hydration Room procedures, standards, marketing and customer service techniques, reports and equipment maintenance.

(d) There is no separate fee payable to Franchisor for the Initial Training program provided to Franchisee's initial Operator, On-Premises Registered Nurse, Facilities Manager and Franchisee's Principal Equity Owners. Franchisee may be required to pay Franchisor a fee of $1,500 for each additional attendee of Initial Training, and Franchisor has the sole right to approve any additional attendee of Initial Training.

(e) All costs and expenses (including travel, hotel and meal) of Franchisee's attendees of Initial Training will be Franchisee's sole responsibility. All persons attending Initial Training on Franchisee's behalf must have a demonstrable relationship to the management and operation of the Franchised Business.

6.2 Training and Assistance after Opening.

(a) After Franchisee opens the Franchised Business, Franchisor will provide Franchisee with access to, list Franchisee's Outlet on, and integrate other information about Franchisee's Outlet into, The Hydration Room website, which may include access to a password protected, digital copy of the Confidential Operations Manual (any future updates or modifications to Franchisee's presence on The Hydration Room website may be at Franchisee's cost and expense).

(b) After Franchisee opens the Franchised Business, Franchisor will provide Franchisee with telephone and e-mail assistance at Franchisee's request or otherwise as Franchisor deems necessary to instruct in all phases of the operation of the Franchised Business. Franchisor's representatives may visit Franchisee's Outlet from time to time, but the frequency and duration of any such visits by Franchisor's representatives is in Franchisor's sole discretion. In addition, Franchisor will be available on an ongoing basis at Franchisor's national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business. Other than providing Franchisee general guidelines for tax and federal employment compliance in the Confidential Operations Manual, Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(c) After Franchisee opens its Outlet, and upon reasonable notice, Franchisor may require attendance of Franchisee's designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) that Franchisor deems to be relevant or appropriate to the operation of the Franchised Business. Franchisee specifically agrees that only persons trained by Franchisor or under Franchisor's supervision will have overall responsibility for the operation of the Outlet and Franchised Business, and that Franchisee will send its Operator, On-Premises Registered Nurse or Facilities Manager to Franchisor for additional training if Franchisor requests this. Franchisor may at its discretion charge Franchisee an additional training fee of up to $750 per day for The Hydration Room training courses, seminars, conferences or other programs that Franchisor requires Franchisee or Franchisee's representatives to attend.

(d) Franchisor may but is not required to make available to Franchisee optional staff training courses, coaching and business mentoring programs, seminars, conferences, or other programs, in a suitable location selected by Franchisor. Franchisor may at its discretion charge Franchisee a separate fee of up to $750 per day for this optional training.

(e) In addition to updates to the Confidential Operations Manual, Franchisor may provide Franchisee with additional materials relating to the Franchised Business. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the System and the Franchised Business.

(f) All costs and expenses (including travel, hotel and meal) of Franchisee's attendees at any post-opening training, conferences or meetings will be Franchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Franchisee's behalf must have a demonstrable relationship to the management and operation of the Franchise.

(g) In the event of a Transfer of the Franchise (which must be done in full compliance with section 12.2 of this Agreement), the transferee must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred Franchise may not be opened or re-opened by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Franchise and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Mandatory Meetings.
Not more often than once each year, Franchisor may conduct a system-wide meeting or series of regional meetings to discuss The Hydration Room business activities or other matters relating to the Franchised Business. Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for Franchisee's Operator and all of Franchisee's other Principal Equity Owners). Franchisor may limit the number of Franchisee's attendees at these meetings. Franchisee must pay the cost of travel, hotel and meal expenses for Franchisee's attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference that may be coordinated by Franchisor.

6.4 Proprietary Materials.
At Initial Training and other training programs and conferences, Franchisor may provide Franchisee with Proprietary Information, as well as training materials, training curricula and related materials for Franchisee's use in training Franchisee's staff. All of these items are and will remain Franchisor's sole and exclusive property. To the extent that Proprietary Information is furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Proprietary Information and take adequate precautions to ensure that the Proprietary Information is kept in a locked receptacle at the Outlet when not in use by authorized personnel. To the extent that the Proprietary Information is furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of its Proprietary Information that is maintained in a tangible media is lost or destroyed for any reason. Franchisee must not, nor allow its employees or others to, copy, reproduce, disseminate or otherwise reveal to third parties any Proprietary Information and related materials, without Franchisor's express prior written consent.

VII. OPENING OF OUTLET AND FRANCHISED BUSINESS

7.1 Franchisee's Outlet.
The Franchised Business may only be operated from Franchisee's Outlet. If Franchisee's Outlet has not been identified when Franchisee signs this Agreement, the exact location of Franchisee's Outlet will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. In order to promote the orderly and timely service of The Hydration Room customers, Franchisee may not deliver The Hydration Room Products and Services outside Franchisee's Outlet without Franchisor's prior written consent. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all The Hydration Room Products and Services may be available to be offered to customers at some Outlets (including Franchisee's Outlet).

7.2 Building Out Franchisee's Outlet.

(a) Premises acceptable to Franchisor where Franchisee's Outlet will be operated must be located and secured by Franchisee and reviewed and consented to by Franchisor within 90 days after the Effective Date. Within 15 days thereafter Franchisor will review and either consent to or disapprove the location (and if Franchisor disapproves, Franchisee must promptly propose an alternative location). If Franchisee has not located a site for Franchisee's Outlet that is acceptable to Franchisor within 90 days after the Effective Date, Franchisor may cancel this Agreement on the basis of Franchisee's failing to find an acceptable site and if Franchisor does so, Franchisor will refund Franchisee's Initial Franchise Fee, less any expenses Franchisor incurred in processing Franchisee's Franchise and this Agreement up to the date of cancellation.

(b) Franchisee must build out Franchisee's Outlet (and commence operation of the Franchised Business there) within 90 days after Franchisor approves the Outlet premises, using architects, project managers, contractors, subcontractors, architectural plans (the architectural plans provided by Franchisor's architect are prepared as a "work for hire" and as such Franchisor is the owner of such plans and asserts a copyright regarding such plans) and key equipment suppliers designated by Franchisor (or one of Franchisor's affiliated companies) or otherwise reasonably acceptable to Franchisor. Franchisee must commence operation of the Franchised Business at Franchisee's Outlet as soon as practicable after Franchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after Franchisee has located and secured suitable premises (that Franchisor consents to) for its Outlet, Franchisee has not commenced operation of the Franchised Business within 180 days after the Effective Date, Franchisor may terminate this Agreement effective on written notice and if Franchisor does so, Franchisee will not be entitled to receive any refund of the Initial Franchise Fee. If this Agreement is for a second or subsequent Outlet owned by Franchisee under the terms of an ADA Franchisee executed, Franchisee must commence operation of the Franchised Business at the Outlet within the time period specified in the Development Schedule included in the ADA. Franchisor will give Franchisee an automatic one-month extension to open the Outlet beyond the mandatory dates specified above in this section 7.2(b) if Franchisor deems in its sole discretion that Franchisee has made a diligent effort to open, but was unable to do so due to reasons beyond Franchisee's reasonable control.

(c) Franchisor may assist Franchisee in the site selection process and Franchisor reserves the sole right of final review and consent to any location of the Outlet. Franchisor uses available demographic information to help Franchisee evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances. Franchisor's final review and consent to the location of Franchisee's Outlet is not a guarantee that an The Hydration Room business can be successfully operated there or anywhere else.

(d) Franchisor will provide Franchisee with a sample prototype layout for the Outlet. At Franchisee's sole expense, Franchisee must employ architects, designers, engineers or others designated or approved by Franchisor to complete, adapt, modify or substitute the sample plans and specifications for the Outlet. Franchisee must submit a complete set of final plans and specifications to Franchisor before commencing construction of the Outlet. Franchisor will review these plans and specifications promptly and accept them as stated, or provide Franchisee with Franchisor's comments on the plans and specifications. Franchisor has complete and uncontested control over the design of the Outlet and Franchisee may not modify the design or choose third party designers without Franchisor's express written consent. And, Franchisee may not commence construction of the Outlet until Franchisor consents in writing to the final plans, specifications and contractors to be used in constructing the Outlet. Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the construction and equipping of the Outlet (and Franchisor may require the Outlet to have a certain color scheme and decorative trade dress). But it is and will remain Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Outlet. Franchisee is responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities and to comply with all covenants, conditions, easements, and restrictions of record.

(e) Franchisee must use licensed general contractors, designers, vendors and architects accepted by Franchisor before performing construction work at Franchisee's Outlet. Franchisor expressly disclaims any representation or warranty of the quality any goods or services provided by architects, contractors, or any other persons or entities which Franchisor may refer to Franchisee, including, but not limited to any warranty as to merchantability or fitness for any particular purpose. Franchisor will not be responsible for delays in the construction, equipping or decoration of the Outlet or for any loss resulting from the Outlet design or construction since Franchisor has no control over the landlord or developer and numerous construction or related problems which could occur, and consequent delay in the opening of Franchisee's Outlet. Franchisor must approve in writing any and all changes in the Outlet plans prior to construction of the Outlet or the implementation of such changes.

(f) Franchisor must have access to Franchisee's Outlet while work is in progress. Franchisor may make video records of construction in process and may require such reasonable alterations to or modifications in the construction of the Outlet as Franchisor deem necessary. Franchisee's failure to promptly commence the design, construction, inventorying, equipping and opening of the Outlet with due diligence will be grounds for the termination of this Agreement. And if Franchisee does not complete the build out of the Outlet in a reasonable time, Franchisor can complete the build out, all expenses of which will then be paid or reimbursed by Franchisee. Before opening of the Outlet and prior to final inspections by any governmental agency, Franchisor will complete a final "walk through" inspection of the Outlet and issue a written consent to open. Any deficiencies noted by Franchisor as a result of this inspection must be corrected by Franchisee within 30 days or this Agreement may be terminated without any liability to Franchisor.

(g) Unless otherwise agreed to in writing by Franchisee and Franchisor, although Franchisor will assist Franchisee with site selection, Franchisee has the sole responsibility for locating, securing, and obtaining suitable premises for Franchisee's Outlet. Franchisee and Franchisee's landlord may be required by Franchisor to execute a rider to Franchisee's lease, or other agreement or written understanding that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the Outlet premises if Franchisee is in material default of either the lease for the Outlet premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the Outlet if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the Outlet premises.

(h) Franchisor has the right to regularly inspect Franchisee's Outlet and any other site where Franchisee conducts the Franchised Business.

7.3 Initial Inventory, Fixtures and Equipment.

(a) Within the timeframes that Franchisor specifies before the Opening Date, Franchisee must also order from (and if necessary pre-pay to) designated or approved suppliers (may be an affiliate of Franchisor) the required or recommended (i) inventory of hydration bags, syringes and injection accessories, supplies and other accessories necessary for Franchisee to provide The Hydration Room Products and Services to Franchisee's customers, (ii) required furniture, fixtures and equipment, and (iii) other proprietary supplies, items and accessories as specified in the Confidential Operations Manual, with delivery scheduled for not later than two business days before the Opening Date. Thereafter, Franchisee must buy replacement or additional inventory, furniture, fixtures, equipment, accessories and other authorized items only from vendors designated by Franchisor or suppliers approved by Franchisor.

(b) Franchisee must also purchase non-proprietary fixtures, furnishings, equipment, POS System, computer hardware, software, modems and peripheral equipment as specified in the Outlet development materials and the Confidential Operations Manual, in adequate quantities and sufficiently in advance to allow Franchisee to fully operate Franchisee's Outlet on the Opening Date.

(c) Franchisee must also purchase apparel containing the Marks, other materials containing the Marks, any other signs containing the Marks,supplies, paper goods, services, packaging, forms and other products and supplies to constitute Franchisee's complete initial inventory of such items as specified in the Confidential Operations Manual, with delivery scheduled for not later than two business days before the Opening Date.

(d) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration as a result of required purchases or leases by System franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate.

7.4 Marketing and Advertising Boundaries.
Franchisee may not directly promote, advertise or otherwise market the Franchised Business outside the boundaries of the Territory or other advertising boundary that Franchisor designates, except with Franchisor's prior written consent. The marketing and advertising boundaries are determined by Franchisor and may be changed by Franchisor or overlap with the territories of other franchised Outlets as market conditions or type of media warrant, all in Franchisor's sole discretion. Such marketing and advertising boundaries may exceed the Territory provided herein, in Franchisor's sole discretion.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state law and regulations, Franchisee must be, or employ, an Operator who is a medical practitioner duly licensed by his or her state medical board and who will devote a reasonably sufficient amount of time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business. The Operator must ensure that Franchisee fulfills its obligations to Franchisee's customers in a timely and professional manner. At least one Principal Equity Owner must participate personally in the direct operation of the Outlet. Franchisee must also employ (i) an On-Premises Registered Nurse, who is responsible for the direct supervision of injection services provided to patients, and (ii) a Facilities Manager who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, to the administrative management (including patient scheduling and invoicing) of the Outlet.

(b) Franchisee understands and agrees that the maintenance of the quality of The Hydration Room Products and Services offered by each The Hydration Room franchisee is of primary importance to Franchisor in order to properly promote and protect the public image of these goods and services, and to protect the Marks under which The Hydration Room franchisees are licensed to operate. Franchisee therefore agrees to provide at its Outlet only The Hydration Room Products and Services that are properly prepared in accordance with Franchisor's confidential recipes and procedures. Franchisee must sell to customers at Franchisee's Outlet only The Hydration Room Products and Services and other authorized services and products as may be specified in the Confidential Operations Manual or otherwise by Franchisor in writing, and related products and accessories supplied by designated vendors and approved suppliers for resale by Franchisee at Franchisee's Outlet in accordance with this Agreement and the Confidential Operations Manual (as amended from time to time by Franchisor). Franchisee must only operate the Franchised Business at Franchisee's Outlet, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to Franchisee by Franchisor in writing. Franchisee must at all times maintain an adequate level of supplies and inventory in order to properly operate Franchisee's Outlet. Franchisee must use the standard signs and formats that Franchisor prescribes in operating the Outlet and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires that Franchisee comply with the methodology Franchisor prescribes in providing The Hydration Room Products and Services to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's franchisees and the strength of Franchisor's Marks in inter-brand competition, and subject to applicable antitrust laws, Franchisor may recommend retail prices for specific The Hydration Room Products and Services and other products and services Franchisor authorizes for sale at Franchisee's Outlet. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Franchised Business, we may designate maximum and minimum retail prices to be charged for The Hydration Room Products and Services and related services.

(d) Franchisee's Outlet must be open on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual. The obligation to remain open will not apply if Franchisee is subjected to an event of Force Majeure.

(e) Franchisee must employ and maintain at all times a sufficient number of security personnel on and near the Outlet premises to provide adequate care and custody of Franchisee's customers.

(f) Franchisee must promptly satisfy any *bona fide* indebtedness that Franchisee incurs in operating the Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with Franchisee.

(g) Franchisee must comply with all health, administrative and governmental regulations relating to the storage, sale, shipment and use of The Hydration Room Products and Services. Franchisee must notify Franchisor in writing within 10 days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect Franchisee's operations at the Outlet or Franchisee's ability to meet its obligations hereunder.

(h) Upon the occurrence of any event that occurs at the Outlet that has caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or its affiliates, Franchisee must immediately inform Franchisor's designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor with respect to Franchisor's response to an incident described in this section 8.1(h).

(i) If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Franchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Outlet or any of its improvements.

(j) Franchisee may not engage in any co-branding in the Outlet or otherwise in connection with the Franchised Business except with Franchisor's prior written consent. Franchisor is not required to approve any co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that co-branding chain as an approved co-brand for operation within the System. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within Franchisee's Outlet or the Franchised Business Franchisee operate in Franchisee's

Territory or is adjacent to Franchisee's Outlet and operated in a manner which is likely to cause the public to perceive it to be related to the Outlet and Franchised Business licensed to Franchisee hereunder.

(k) Franchisee must not accept cash payments from customers at the Outlet which are not reported to Franchisor or incorrectly reported. If this occurs, Franchisor can declare Franchisee in material default of this Agreement for fraud and subject this Agreement to immediate termination under section 13.2(a)(ix) hereof.

8.2 Confidential Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be provided to Franchisee. To the extent that the Confidential Operations Manual is furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Confidential Operations Manual and take adequate precautions to ensure that the Confidential Operations Manual is kept in a locked receptacle at the Outlet when not in use by authorized personnel. To the extent that the Confidential Operations Manual is furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of the Confidential Operations Manual that is maintained in a tangible media is lost or destroyed for any reason.

(b) Franchisee must keep the Confidential Operations Manual confidential and current, and the master copy of the Confidential Operations Manual maintained by Franchisor at its principal office will control in the event of a conflict related to the contents of the Confidential Operations Manual. Franchisor has the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on Franchisor's website is changed.

(c) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated The Hydration Room franchisees. As modified by Franchisor from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as modified or amended by Franchisor from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that Franchisee may have printed and maintain, the master copy of the Confidential Operations Manual that Franchisor maintains at its headquarters and available on Franchisor's website will be the controlling version and will supersede all prior versions.

(d) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee must request a replacement within three business days, and Franchisee will be deemed to be in material breach of this Agreement and all other agreements Franchisee has with Franchisor and its affiliated entities.

(e) Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee must immediately return to Franchisor any printed portions of the Confidential Operations Manual then in Franchisee's possession. Except as specifically permitted by Franchisor, at no time may Franchisee, or Franchisee's employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except Franchisee's authorized employees and agents when required in the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor's Trade Secrets or other Proprietary Information from any computers and other media storage devices Franchisee retains after expiration, cancellation or termination of this Agreement.

8.3 Schedule of Authorized Services and Standards of Operation.

(a) A standard schedule of authorized services format is required by Franchisor and must be used by Franchisee. Any changes, additions or deletions in the schedule of authorized services format to be used at the Outlet must be approved in writing by Franchisor prior to its use by Franchisee. Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees and agents harmless from and against any and all loss, damage, cost or expense, including reasonable attorney's fees, resulting from any change Franchisee makes in the standard schedule of authorized services or for any deviation of Franchisee's products and services from the descriptions contained in Franchisor's approved schedule of authorized services. Franchisor may change the standard schedule of authorized services format at any time and from time to time.

(b) Franchisor is entitled to prescribe standard uniforms and attire for all of Franchisee's The Hydration Room personnel in order to enhance the customer experience at the Outlet and to protect Franchisor's reputation for quality service. Franchisee is required to obtain such uniforms and attire only from an e-store set up by Franchisor or from other approved manufacturers or distributors.

(c) Franchisee agrees that Franchisor, Franchisee and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at Franchisee's Outlet and elsewhere in Franchisee's Territory. Therefore, Franchisee agrees to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Confidential Operations Manual as it may be revised from time to time, and as Franchisor may otherwise direct in writing. In order that Franchisor may establish and maintain an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Point of Sale System and Computer System.

(a) Franchisee must purchase, use and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use in connection with the Outlet (the "POS System"). The POS System must be connected at all times to a dedicated, state of the art Internet or other high-speed communications medium specified or approved by Franchisor, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by Franchisor in the Confidential Operations Manual or otherwise by Franchisor in writing for maintaining the POS System. Franchisee must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System. The POS System must be electronically linked to Franchisor. Franchisor may remotely access the POS System on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, and to retrieve such transaction information including sales, sales mix, usage and other operations data as Franchisor deems appropriate. Franchisee must ensure that only Franchisee's Operator, On-Premises Registered Nurse, Facilities Manager or other adequately trained employees identified to and approved by Franchisor will be allowed to conduct transactions using the POS System. Within a reasonable time upon Franchisor's request, Franchisee must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to access and purchase The Hydration Room Products and Services via such procedure, as specified by Franchisor. Franchisor may require Franchisee to update, upgrade or replace the POS System, including hardware and/or software, from time to time upon written notice, provided that Franchisee will not be required to replace the POS System any more frequently than once every three years.

(b) In addition to the POS System, Franchisee must purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use in connection with the Outlet (the "Computer System"). Franchisor requires Franchisee to maintain an e-mail account and connect the Computer System at all times to a dedicated, state of the art Internet or other high-speed communications medium specified by Franchisor, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by Franchisor in the Confidential Operations Manual or otherwise by Franchisor in writing. Franchisee must obtain all software and hardware, including digital still and video cameras, as Franchisor may specify to protect against viruses and computer malware, enable Franchisee to provide ample security on the premises of the Outlet, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit digital photos and streaming video or other multimedia signals and information to and from the Outlet, and Franchisee must, from time to time, upon Franchisor's request transmit digital photos and real time video and audio signals of the Outlet to Franchisor, and in the form and manner prescribed by Franchisor. Franchisee must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as Franchisor may from time to time require by 30 days written notice; provided however that Franchisee will not be required to update or replace the Computer System any more frequently than once every three years. Upon request, Franchisee must permit Franchisor to access the Computer System and other files and data stored therein via any means specified, including electronic polling communications.

(c) Franchisor may designate that certain computer software must be used in the operation of the POS System and/or Computer System ("Designated Software"). And if so, Franchisee must then license or sublicense such Designated Software from Franchisor's designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. From time to time, Franchisee may also be required to purchase any upgrades, enhancements or replacements to the Designated Software. Franchisee must incorporate any required modifications or additions within 30 days after receiving written notice from Franchisor, unless a longer time period is stated in the notice

(d) Franchisee may not install, and must prohibit others from installing, unauthorized software on the POS System and the Computer System. Franchisee must take all commercially reasonable measures to insure that no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the POS System or the Computer System. Franchisee must from time to time communicate to Franchisor all passwords, access keys and other security devices or systems necessary to permit Franchisor to access the POS System or the the Computer System and obtain the data Franchisor is permitted to obtain under this Agreement, including accounting, sales, marketing, client and other information to assist in and support the operation of the Franchised Business. The POS System must also be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

(e) All information on the POS System and Computer System, including but not limited to customer data and contact information, is Franchisor's property and Franchisee consents to Franchisor using this information in any way Franchisor sees fit, including to market other products not constituting The Hydration Room Products and Services directly to other persons.

(f) Franchisor may disclose information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective franchisees.

8.5 Maintenance, Upgrades and Refurbishments to the Outlet.

(a) Franchisor requires that Franchisee maintain, and from time to time refurbish, the Outlet to conform to the then-current building design, Trade Dress, and color schemes applicable for an Outlet. Such maintenance and refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Outlets or to accommodate new The Hydration Room Products and Services. In this regard, the following requirements are applicable:

(i) Franchisee must maintain all equipment and furnishings used at the Outlet in good working order and make repairs or perform maintenance on an as needed basis. And Franchisee must immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies.

(ii) Franchisee must make any and all upgrades to equipment and any technology used in Franchisee's Outlet that Franchisor may require.

(iii) Franchisor may periodically require Franchisee to update the Trade Dress used at Franchisee's Outlet. Such updates will be contained in the Confidential Operations Manual or otherwise provided to Franchisee in writing. Such updates may require Franchisee to install new color schemes, logos, signage or other visual elements. Franchisor anticipates that such Trade Dress updates will be required no more frequently than once every five years.

(b) Franchisor will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that Franchisor make a good faith determination that Franchisee's Outlet is substantially inconsistent with prevailing System-wide standards (for example, either in terms of the Trade Dress, the overall condition of the Outlet, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell The Hydration Room Products and Services) and that, as a result of its appearance or condition, Franchisee's Outlet is either (i) not adequately positioned to promote and sell The Hydration Room Products and Services as then required or (ii) damaging the integrity of The Hydration Room image, brand and/or Marks.

8.6 Relocation of Franchisee's Outlet.

(a) If Franchisee desires to relocate the Outlet, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation in Franchisor's reasonable discretion. In the event of disapproval of a proposed relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this section 8.6.

(c) Franchisee and the landlord may be required to execute a rider to Franchisee's lease for the new location for the Outlet (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated Outlet premises if Franchisee is in material default of either the lease for the relocated Outlet premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated Outlet if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated Outlet premises.

8.7 Record Keeping and Reporting Requirements.

(a) Franchisee agrees to implement and thereafter use specific accounting software as may be designated by Franchisor to track, account for and report on the financial performance of the Franchised Business. On a monthly basis (not later than 10 business days after the end of each month), Franchisee must submit to Franchisor an unaudited profit and loss statement, as well as other financial or statistical reports, records, statements or information that Franchisor reasonably deems to be required or desirable as stated in the Confidential Operations Manual or otherwise in writing.

(b) Within 90 days after the end of each of Franchisee's fiscal years (or any permitted extension for filing same), Franchisee must submit to Franchisor a copy of the Schedule C or equivalent portion of Franchisee's federal tax return relating to Franchisee's operation of the Franchised Business. Franchisor agrees to maintain the contents of the Schedules C (or equivalent portion) of Franchisee's tax returns in strict confidence and not to disclose those to any third party without Franchisee's express written consent. On the Effective Date (and any time thereafter that this date changes), Franchisee must notify Franchisor of Franchisee's fiscal year end date.

(c) All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(d) Franchisor has the right to use any financial or statistical information that Franchisee provides Franchisor, as Franchisor deems appropriate. Franchisor will not identify Franchisee, Franchisee's Outlet or Franchisee's Territory as the source of the information, and will not disclose any of this information except (i) with Franchisee's written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) Franchisor has the right, at all reasonable times, to examine, copy and audit the books and records (including applicable Schedules C or equivalent portions of Franchisee's tax returns) that relate to the Outlet and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 10%. If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 5% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

(f) Franchisee must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. Franchisor will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to post and maintain, at the Outlet, entirely at Franchisee's expense, any minimum signage recommended by Franchisor. Any signage containing the Marks will be designed by a vendor Franchisor designates and manufactured by a vendor Franchisor designates or approves.

8.9 Telephone Numbers.
At its sole expense, Franchisee must list the telephone number for Franchisee's Outlet in accordance with procedures prescribed by the Confidential Operations Manual. At the time of termination or expiration of this Agreement, for any reason, Franchisee must transfer the telephone numbers for Franchisee's Outlet to Franchisor or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

8.10 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required or reasonably prudent for Franchisee to operate Franchisee's business (for example, workers' compensation insurance). Policy coverage requirements and limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual. Any policies of insurance that Franchisee maintains must contain a separate endorsement naming Franchisor and the Owner of the Marks (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon each and every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by virtue of payment of any loss under such insurance. This provision applies regardless of whether or not Franchisor has received a waiver of subrogation endorsement from the insurer. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A VII or better and authorized to do business in the state where the Franchisee's Outlet is located, unless otherwise approved in writing by Franchisor.

(b) Within 30 days after the Opening Date and within 30 days after each succeeding anniversary of the Opening Date, Franchisee must deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days (10 days for non-payment) prior written notice to Franchisee and to Franchisor. Franchisee must notify Franchisor in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(c) The failure of Franchisee, for any reason, to procure and maintain the insurance coverage required under this Agreement will be deemed a material breach of this Agreement.

8.11 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours, to Franchisee's Outlet (or any other facility from which Franchisee sells The Hydration Room Products and Services or any other offices relating to Franchisee's conduct of the Franchised Business) to review and inspect Franchisee's operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor and specified in the Confidential Operations Manual.

(b) Franchisor or Franchisor's designated agents also have the right at all reasonable times, upon 10 days prior notice, to examine, copy and audit the books and records relating to the Outlet and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an annual percentage rate of 10%. If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 5% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement)

(c) Franchisee must fully cooperate in permitting Franchisor's representatives to access Franchisee's Outlet (or any other facility from which Franchisee sells The Hydration Room Products and Services or any other offices relating to Franchisee's conduct of the Franchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

8.12 Compliance with Laws.
Franchisee must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants that it will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Outlet is situated. Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, Franchisee will use The Hydration Room website and any other Internet or social media only as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing to market the Franchised Business conducted at Franchisee's Outlet. Franchisee may neither (i) establish an independent website or social networking media outlet dedicated to marketing the Franchised Business, nor (ii) register an Internet domain or social networking media outlet name using any of the Marks.

(b) All domain names used by Franchisee must be pre-approved by Franchisor who will control the usage and right to use of all domain names. Upon termination or expiration of, or transfer of the rights and obligations granted under, this Agreement, Franchisee will have no further need or right to use these domain names.

(c) Any alternative distribution methods and programs Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, are subject to Franchisor's prior written approval, which approval will be in Franchisor's sole discretion.

8.14 Intranet.

(a) Franchisor may, at its option, establish and maintain an "Intranet" through which The Hydration Room through which (i) franchisees may communicate with each other, (ii) Franchisor and Franchisee may communicate with each other and (iii) Franchisor may disseminate the Confidential Operations Manual, updates thereto and other confidential information. Franchisor will have discretion and control over all aspects of this Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

(b) If and when Franchisor establishes an Intranet, Franchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Franchisor establishes regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that disparage Franchisor or endorse or encourage default of any The Hydration Room franchise agreement, or other agreement with Franchisor or Franchisor's affiliates, (iii) confidential treatment of materials that Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications posted to it are or will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(c) So long as the Intranet is operating, Franchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet that allows Franchisor to send messages to, and receive messages from Franchisee, subject to the standards and specifications.

8.15 Franchise Advisory Council.
Franchisor may, at its option, establish a franchise advisory council (the "FAC"), which will be composed of franchisees of the System. The FAC will, among other functions requested by Franchisor, serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and Franchisor. If appointed or elected to do so, Franchisee (or its designee) must, at Franchisee's own expense, participate as a member of the FAC. Franchisor reserves the right to set reasonable standards for appointment or election to the FAC and Franchisee acknowledges that if Franchisor establishes the FAC, Franchisee may be required to pay a fee or otherwise contribute to the FAC as the FAC leadership or Franchisor may require. Franchisee acknowledges that the role of the FAC is advisory only, and Franchisor is not obligated to implement the FAC's recommendations. Neither Franchisee nor Franchisee's designee will have the right to be appointed, elected, and if appointed or elected, to continue to serve on the FAC if Franchisee is in material default of this Agreement, or is not current in Franchisee's financial obligations to Franchisor, and Franchisee's landlord (if any), suppliers and vendors.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at the Outlet. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types *other than* the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. Franchisee may only use the Marks and Franchisor's Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all of its employees and agents in order to insure the proper use of the Marks in compliance with this Agreement.

(b) Franchisee acknowledges and agrees Franchisee's use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. Franchisee acknowledges that the use of the Marks outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title and interest in and to the Marks. Franchisee agrees that as between Franchisee and Franchisor, all rights to use the Marks within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

(c) Franchisee agrees that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, Franchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, The Hydration Room Products and Services, any The Hydration Room Outlet and the System, without any form of compensation or remuneration. Franchisee also agrees (i) to have any affected employee of Franchisee who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual authorizing Franchisor to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: _______ Principal Equity Owners' Initials: _______ _______ _______ _______ _______]

(e) Franchisee acknowledges that Franchisor prescribes uniform standards respecting the nature and quality of The Hydration Room Products and Services provided by Franchisee in connection with which the Marks are used. Nothing herein gives Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Franchisee and all Principal Equity Owners agree that all materials associated with Franchisor, The Hydration Room Products and Services or other services, artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors and any other party with whom Franchisee may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. As between Franchisee and Franchisor, the Suggestions and all Intellectual Property Rights in and to the Suggestions are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship as a result of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute any and all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights which cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(g) If necessary, Franchisee agrees to join with Franchisor and share the expenses in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee hereby consents to the cancellation and agrees to join in any cancellation petition. Franchisee will bear the expense of any cancellation petition.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Outlet, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Outlet and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "The Hydration Room" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Franchisee's letterhead, contract agreements, invoices, authorized social media or Internet sites, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of Franchisor or the Owner of the Marks or (iii) any of Franchisor's other franchisees.

(e) If Franchisee is an entity and not an individual proprietor, Franchisee cannot use any of the Marks in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is licensing Franchisee access to Franchisor's Proprietary Information, Trade Secrets and other confidential data and information. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are Franchisor's confidential trade secrets and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential Operations Manual. Franchisor will disclose to Franchisee certain Trade Secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

(b) Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including Franchisor's Trade Secrets; that such information is being imparted to Franchisee only by reason of Franchisee's special status as a franchisee of the System; and that Franchisor's Proprietary Information is not generally known to Franchisor's industry or the public at large and are not known to Franchisee except by reason of such disclosure. To the extent that Trade Secrets are furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Trade Secrets and take adequate precautions to ensure that the Trade Secrets are kept in a locked receptacle at the Outlet when not in use by authorized personnel. To the extent that the Trade Secrets are furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of its Trade Secrets that is maintained in a tangible media is lost or destroyed for any reason. Franchisee further acknowledges that Franchisee will acquire no interest in the Proprietary Information and Trade Secrets disclosed to Franchisee, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement.

(c) Franchisee agrees that Franchisee will not do or permit any act or thing to be done in derogation of any of Franchisor's rights in connection with the Marks, either during the term of this Agreement or thereafter, and that Franchisee will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and Franchisee's employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(d) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all "Losses" (as defined in section 16.2 below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Franchisee or its employees and agents. Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Franchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to monetary damages.

(e) 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Franchisor and Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.
Franchisor may add to, substitute or modify any or all of the Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. Franchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Franchisee must promptly notify Franchisor of any such claim, suit, demand or misuse. Franchisee will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Franchisee agrees to cooperate fully in such matters.

(b) Franchisor will indemnify Franchisee and hold Franchisee harmless from and against any and all judgments resulting from any claim, suit or demand arising from Franchisee's authorized and use of the Marks or Franchisor's Intellectual Property in accordance with the terms of this Agreement. Franchisor has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or Franchisor's Intellectual Property being used by Franchisee or constitutes a misuse of the Marks or Franchisor's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against any and all judgments resulting from any claim, suit or demand arising from Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

X. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) Franchisor will expend, for the purposes of national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in section 4.3 hereof and collected from all of its franchisees less a 15% administrative fee. No interest on unexpended Marketing and Promotion Fees will be imputed for Franchisee's benefit or payable to Franchisee. If requested by Franchisee in writing not later than March 31 of any calendar year, Franchisor will provide Franchisee not later than May 31 of that year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by one of Franchisor's officers.

(b) In Franchisor's sole discretion and as Franchisor deems appropriate, Franchisor is obligated to spend the Marketing and Promotion Fees collected from Franchisee and all other The Hydration Room franchisees (less Franchisor's 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of The Hydration Room Products and Services, the Marks and other aspects of The Hydration Room brand, creative and production costs, and for other purposes deemed appropriate by Franchisor to enhance and promote the general recognition of The Hydration Room franchises. These may include branding and marketing studies, initiatives and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of Franchisor's principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.

With respect to local, regional or system-wide advertising, Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In Term Dealing.

(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System and Franchisor's Trade Secrets. In consideration for the use and license of such valuable information, Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to The Hydration Room Products and Services or the Franchised Business, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Franchisor and Franchisee acknowledge and agree that the Operator may continue to practice medicine at locations other than the Outlet so long as the Franchised Business is not impaired (for example, Franchisee may engage in other medical practitioners to administer the Franchised Business during times the Outlet is open and the Operator is absent because of other professional commitments, illnesses or vacations).

(b) It is the intention of both Franchisee and Franchisor that Franchisee maximizes the Franchised Business within the Territory, and any action of Franchisee that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Owner may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System, or (iii) solicit without Franchisor's prior consent any person during the term of this Agreement who is at that time employed by Franchisor or any related entity to leave their employment.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of one year after termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement ("Expiration Date"), Franchisee agrees that neither Franchisee nor any Principal Equity Owner may (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to The Hydration Room Products and Services or the Franchised Business, within a radius of 25 miles of Franchisee's Territory or any other authorized retail location selling The Hydration Room Products and Services, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. In all events, at all times following termination or expiration of this Agreement, Franchisee must refrain from any use, direct or indirect, of any of Franchisor's Proprietary Information.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then section 11.2(a) will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions regarding Non-Competition Covenants.

(a) Franchisee acknowledges that the restrictions contained in this Article XI are reasonable and necessary in order to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(b) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain as a result of any breach of this Article XI by Franchisee, any Principal Equity Owner, or Franchisee's Operator, On-Premises Registered Nurse or Facilities Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee and each Principal Equity Owner further agree that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee and each Principal Equity Owner further acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to, monetary damages.

(c) This Article XI applies to Franchisee's Operator, On-Premises Registered Nurse, Principal Equity Owners and each of Franchisee's other managers, directors, officers, general partners and affiliates.

(d) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and also agree to be bound by all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Franchisor.
Franchisor has the right to Transfer this Agreement, and all of Franchisor's rights and privileges hereunder to any other person, firm or corporation ("Franchisor's Assignee"); provided that, in respect to any Transfer ("Assignment by Franchisor") resulting in the subsequent performance by Franchisor's Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Franchisor, Franchisor's Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Franchisor's Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Franchisor in compliance with the terms set forth in the preceding sentence, Franchisor will be relieved of all obligations or liabilities after the effective date of the assignment.

12.2 Assignment by Franchisee.

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its Principal Equity Owners and the trust and confidence Franchisor reposes in Franchisee and in them. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor more than 50% of the equity interest in Franchisee (if Franchisee is an entity), nor all or substantially all of the assets of the Franchised Business, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first refusal provided for in section 12.3 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 12.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, the Outlet, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, delivered to Franchisor in accordance with section 16.1 hereof and include all of the following:

(i) The name and address of the proposed assignee ("Franchisee's Assignee");

(ii) A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) Franchisee's Assignee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees, if those forms are readily made available to Franchisee. If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 16.1 hereof within 15 calendar days. As soon as practicable after the receipt of Franchisee's Assignee's application, Franchisor will notify Franchisee and Franchisee's Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, Franchisor will communicate the standards to Franchisee within 15 calendar days.

(c) Within 60 days after the receipt of all of the necessary information and documentation required pursuant to section 12.2(b) above, or as specified by written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise its right of first refusal, or should such right of first refusal be inapplicable, as herein provided, the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor will include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Franchisee's Assignee must complete Franchisor's application for a Franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all of the terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees that (A) an Operator, On-Premises Registered Nurse and Facilities Manager successfully trained by Franchisor must at all times be employed to operate the Outlet and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by Franchisee's Assignee's Operator, On-Premises Registered Nurse, Facilities Manager and other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, that Franchisee's Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, Franchisee must pay Franchisor a non-refundable "Transfer Fee" equal to the greater of (i) 50% of the then current initial franchise fee being charged by Franchisor, or (ii) if Franchisor is not then involved in selling franchises, the sum of $25,000 (the Transfer Fee is not payable if Franchisor exercises its right of first refusal pursuant to section 12.3 of this Agreement).

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Franchisee to assign or any purported Assignment by Franchisee in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Outlet. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) enter into an assignment of the lease for the Outlet premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Outlet).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Franchisee's heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan, Franchisee's right to Transfer Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Franchisee must deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new The Hydration Room franchisee, and any other related information requested by Franchisor. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept the Assignment by Franchisee itself or on behalf of Franchisor's nominee upon the terms and conditions specified in the notice.

(d) If Franchisor elects not to exercise its right of first refusal and consent to the Assignment by Franchisee, Franchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by Franchisor), or if said 60-day period expires, Franchisor will again have such right of first refusal with respect thereto and Franchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Franchisor no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members.
Franchisee or a Principal Equity Owner, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in Franchisee's franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.
Franchisee or a Principal Equity Owner may without Franchisor's consent, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee's franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction. Also Franchisee acknowledges and agrees that any Transfer to an affiliate will not relieve Franchisee from its obligations under this Agreement.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Franchisee's death or legal incapacity, if Franchisee is an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest in the franchisee entity ("Majority Equity Owner") if Franchisee is an entity (corporation, limited liability company or partnership), the transfer of Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her heirs, personal representatives or conservators, as applicable, will not be deemed an Assignment by Franchisee provided that a responsible management employee or agent of Franchisee that has been satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of the death of a sole proprietor Franchisee or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, Franchisor may (but is not obligated to) immediately commence operating the Outlet on Franchisee's behalf for a period of up to 90 days, renewable as necessary for up to one year and Franchisor will periodically discuss the status with the heirs of the decedent. For such management assistance, Franchisee or the successor in interest must pay a reasonable *per diem* management fee/charge to Franchisor for serving as the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Franchisee's (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.7 Other Transfers.
Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in section 12.3 hereof, Franchisee or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in Franchisee's franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to Franchisor and only with Franchisor's written consent, which will not be unreasonably withheld. Franchisor will exercise Franchisor's good faith business judgment in determining whether to give or withhold Franchisor's consent to a Transfer under this section 12.7. Such exercise of good faith business judgment may include Franchisor's consideration of certain skills and qualifications of the prospective transferee which are of business concern to Franchisor, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or Franchisor or any of Franchisor's affiliates.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated only for good cause, which means a failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event will be less than 60 days from the date of the notice of noncompliance, to cure the failure (provided that this section 13.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 13.2 below).

(b) If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 60 days in which to cure the default. A material breach of this Agreement by Franchisor means any unauthorized action or omission seriously impairing or adversely affecting Franchisee or the relationship between Franchisor and Franchisee created by this Agreement. However, if Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court orders otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the default within 60 days, Franchisor will be given additional time (up to 60 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right to exercise any and all remedies available to it at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee admits its inability to pay its debts as they come due, or Franchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Franchisee Abandons the Franchise by failing to operate the Outlet for five consecutive business days during which Franchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Franchisee fails, for a period of 10 business days after notification of noncompliance, to comply with any federal, state or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) after curing any failure in accordance with section 13.3 below, Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Franchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Franchisee is convicted of a felony or any other criminal misconduct (including intentional conversion of cash proceeds received from Franchisee's customers but not reported as Gross Revenues) which is relevant to the operation of the Franchise;

(x) an audit or investigation conducted by Franchisor (A) discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of Franchisee's Gross Revenues, or (B) reveals an underreporting or under recording error on any single occasion of 5% or more; or

(xi) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee 60 days in which to cure the default. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within 60 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure the default within 60 days, Franchisee will be given additional time (up to 15 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at its option, declare Franchisee in default of all of the other franchise agreements or other agreements Franchisee has with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for Franchisee's failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) The description of any default in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

(e) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to effect the termination not later than 10 days after Franchisee receives it, or the mutual agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

13.4 Description of Default.
The description of any default in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.
Notwithstanding anything to the contrary in this Article XIII, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

13.6 Extended Cure Period.
Notwithstanding anything contained herein to the contrary, including, without limitation, section 13.3(c) hereof, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right, to be exercised in its sole discretion, to grant to Franchisee in writing only, in lieu of termination of this

Agreement, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

13.7 Franchisor's Right to Cure Franchisee's Defaults.
In addition to all other remedies herein granted, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure the default for Franchisee's account and on Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof will be due and payable by Franchisee to Franchisor on demand.

13.8 Waiver and Delay.
No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Recovery of Lost Royalty.
If this Agreement is terminated because of Franchisee's material breach, based on the estimated time it takes for a replacement franchise outlet to achieve a similar revenue stream, in addition to any other damages or relief, Franchisor is entitled to recover damages equal to the amount of the Royalty actually paid by Franchisee, or what Franchisee was obligated to pay, whichever is greater, during the 12 months prior to (i) the date this Agreement was terminated or (ii) if the Opening Date is less than 12 months before the termination date, during the time since the Opening Date.

13.10 Collection Costs.
Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11 Continuance of Business Relations.
Any continuance of business relations between Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered into a long term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet (without their respective legal counsel) in person at Franchisor's principal executive office (or in Franchisor's discretion by videoconference) within five business days after a party notifies the other party that a Dispute has arisen to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in section 14.1 above, within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation at a location in Orange County, California (or another location mutually agreeable to both parties) conducted by a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the Dispute is not referred to mediation within 10 business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(c) and 13.3(c) above, any Dispute between Franchisor (and/or its affiliated entities) and Franchisee (and/or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by one arbitrator from JAMS, Inc. ("JAMS"), and administered by JAMS in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by one arbitrator administered by any other mutually agreeable arbitration organization. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14.2.

(b) All hearings and other proceedings will take place at the JAMS business location in Orange County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest in the county where Franchisee's (or an applicable Principal Equity Owner's) principal place of business is then located.

(c) A limited amount of discovery (including e-discovery) is permitted within the discretion of the arbitrator (including affidavits and a maximum of three discovery depositions for each side, with each side's depositions not to consume more than a total of 15 hours) and either party may present briefs and affidavits of witnesses who are unable to attend hearings. However, no interrogatories or requests to admit will be allowed and requests for documents will be limited to documents which are directly relevant to significant issues in the case or to the case's outcome, will be restricted in terms of timeframe, subject matter and persons or entities to which the request pertain and will not include broad phraseology such as "all documents directly or indirectly related to" (in accordance with JAMS Discovery Protocols and JAMS Arbitration Rule 16.2). Regarding permissible e-discovery in an arbitration arising out of or related to this Agreement, the following restrictions will apply:

(i) There will be production of electronic documents only from sources used in the ordinary course of business. Absent a showing of compelling need, no such documents are required to be produced from backup servers, tapes or other media.

(ii) Absent a showing of compelling need, the production of electronic documents will normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the e-documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence.

(iii) The description of custodians from home electronic documents may be collected will be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the Dispute.

(iv) Where the costs and burdens of e- discovery are disproportionate to the nature of the Dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator will either deny such requests or order disclosure on condition that the requesting party advanced the reasonable costs of production to the other side, subject to the allocation of costs in the final award ((in accordance with JAMS Discovery Protocols and JAMS Arbitration Rule 16.2).

(d) Any party wishing to make a dispositive motion must first submit a brief letter (not exceeding five pages) explaining why the motion has merit and why it would speed the proceeding and make it more cost-effective, and the other side will have a brief period in within which to respond. Based on the letters, the arbitrator will decide whether to proceed with allowing the parties to present a brief and argument on the proposed motion. If the arbitrator decides to go forward with the motion, the arbitrator will place page limits on the briefs and set an accelerated schedule for the disposition of the motion. Under ordinary circumstances, the pendency of such a motion will not serve to stay any aspect of the arbitration or adjourn any pending deadlines.

(e) The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(f) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES, OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE ACKNOWLEDGES FRANCHISEE IS AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY RIGHT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(g) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(h) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(i) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: ______ Franchisee's Initials: ________]
[Principal Equity Owners' Initials: _______ _______ _______ _______ ______]

14.3 Injunctive Relief.
Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the CPI since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief on account of this section 14.3. Franchisee acknowledges that it is one of a number of licensed franchisees using the Marks and that failure on Franchisee's part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

14.5 Survival.
The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other The Hydration Room brand or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Franchisee must contact online review sites and other online directories and websites which have made reference to Franchisee's Outlet during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former franchised Outlet (and the physical address of the former Outlet) and all use of former reviews from the period Franchisee was an The Hydration Room franchisee. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Franchisee must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

(i) Remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) Permanently discontinue all advertising of Franchisee that states or implies Franchisee is associated or affiliated with Franchisor or the System (if Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

(iv) Assign all interest and right to use all telephone numbers and all listings applicable to the Outlet in use at the time of such termination to Franchisor and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(iv) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Outlet or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating any and all of Franchisee's rights in any trade name Franchisee has used that contains any of the Marks.

15.2 Franchisor's Rights.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any of Franchisor's rights against Franchisee and such termination, cancellation, expiration or assignment will not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Franchisor which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) Franchisor may direct that all applicable suppliers immediately cease providing Franchisee with equipment, inventory, marketing materials, email access, website access, accessories and other items comprising or to be used to provide The Hydration Room Products and Services.

(c) Franchisee is obligated to return, at no expense to Franchisor, any and all copies of the Confidential Operations Manual and all other The Hydration Room proprietary materials and any other items that were supplied by Franchisor for Franchisee's use without additional charge in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retains after expiration, cancellation or termination of this Agreement.

(d) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (we have the right to receive clear title to and possession of all items purchased from Franchisee under this section 15.2(d)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 15.2(d) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 15.2(d) will not apply:

(i) if and when Franchisee declines a *bona fide* offer of renewal from Franchisor;

(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

(iii) to any termination or nonrenewal of the Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all Franchise activity within the relevant geographic market area in which the Franchise is located;

(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor:

MD HYDRATION FRANCHISE, INC.
404 WESTMINSTER AVE STE 4
NEWPORT BEACH CA 92663-4237
Phone: (949) 650-0866

(ii) If to Franchisee:

____
____
____
Phone:

(b) Unless actually delivered in person by an agent of the sending party, notices between Franchisee and Franchisor will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) Franchisee and its Principal Equity Owners, jointly and severally, hereby agree to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Outlet and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material default of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, its Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, negligence of, or material breach by, Franchisee (or any of its Principal Equity Owners, or other owners, affiliates, officers, directors, employees or attorneys of Franchisee) of any terms of, or Franchisee's obligations arising under, this Agreement.

(c) In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all of its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

16.3 Franchisee's Relationship to Franchisor as Franchisee; Customer Reviews.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee and all Principal Equity Owners jointly and severally agree none will hold itself out as Franchisor's agent, employee, partner or co-venturer or the Owner of the Marks. All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor or the Owner of the Marks, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

(b) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee, its employees and agents, in a diligent and professional manner and Franchisee agrees to cooperate with representatives of Franchisor or the Owner of the Marks in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

16.4 No Third Party Beneficiaries.
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.
The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.6 Successors and Assigns.
Subject to restrictions on Assignment by Franchisee contained herein, this Agreement is binding upon (i) Franchisor and inures to the benefit of Franchisor's successors and assigns, (ii) Franchisee and inures to the benefit of Franchisee's successors and assigns, and (iii) Principal Equity Owners and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.
If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.8 Titles for Convenience Only.
Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9 Gender.
All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.
This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee and each of the Principal Equity Owners certify that none of Franchisee, the Principal Equity Owners, employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity

Owners will comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each of the Principal Equity Owners certify, represent and warrant that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee entered into with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges that Franchisee is not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor does Franchisee or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. Franchisee and the Principal Equity Owners agree that Franchisee will notify Franchisor in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

[Franchisee's Initials: _______ Principal Equity Owners' Initials: _______ _______ _______ _______ _______]

16.13 Governing Law.
The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of California govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement, the Confidential Operations Manual, and the representations made by Franchisor in The Hydration Room Franchise Disclosure Document ("FDD") that was provided to Franchisee, supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Confidential Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Franchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to Franchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by Franchisee and by Franchisor and only after Franchisee was provided an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee and each of Franchisee's Principal Equity Owners hereby jointly and severally represent and warrant that the following statements in this section 18.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee and all of Franchisee's Principal Equity Owners.

(g) Franchisee and its Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply with the terms hereof and be bound hereby. Franchisee also recognizes that the Franchise involves significant risks, making the success of the Outlet largely dependent on Franchisee's abilities and attention. Franchisor expressly disclaims the making of, and Franchisee agrees that Franchisee has not received or relied on, any representation or warranty from Franchisor regarding the likelihood of Franchisee's success at Franchisee's Outlet or in Franchisee's operating the Franchised Business.

(h) IN ENTERING INTO THIS AGREEMENT, FRANCHISEE HAS NOT RELIED ON ANY REPRESENTATION BY FRANCHISOR, OR ANY OF FRANCHISOR'S OFFICERS, MANAGERS, DIRECTORS, PARTNERS, SHAREHOLDERS, EMPLOYEES OR AGENTS, CONCERNING THE FRANCHISED BUSINESS CONTRARY TO THE TERMS OF THIS AGREEMENT, THE DOCUMENTS INCORPORATED INTO THIS AGREEMENT (OR ATTACHED TO IT), OR THE FDD THAT WAS PROVIDED TO FRANCHISEE.

(i) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees that Franchisor has no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other The Hydration Room franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(j) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(k) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(l) Franchisee and each Principal Equity Owner acknowledge that in operating the System, Franchisor must take into account the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

(m) Franchisee and each Principal Equity Owner acknowledge that the success of the business venture is speculative and depends in large part on Franchisee's participation in the daily affairs of the Franchised Business.

18.2 Additional Information Respecting Franchisee and Franchisee's Principal Equity Owners.

(a) Attached as Exhibit 2 is a schedule containing complete information regarding Franchisee's Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to section 16.1 hereof) where Franchisee's financial and other records are maintained is either [ ] the same address as provided in section 16.1 hereof, or [ ] the following address:

____

____.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

FRANCHISEE:

____

By: ______________________________

____
[PRINTED NAME AND TITLE]

FRANCHISEE'S PRINCIPAL EQUITY OWNERS:
(*Note: each Principal Equity Owner is signing below as a party to this Agreement, and is individually obligated to perform or guarantee the performance by an entity franchisee of all duties and obligations of the franchisee under this Agreement)*

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

FRANCHISOR:

MD HYDRATION FRANCHISE, INC.

By: ______________________________
Brett Florie, D.O., M.D.
Chief Executive Officer

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory and Location of Outlet

Exhibit 2 – Names and Addresses of Principal Equity Owners

EXHIBIT 1 - TERRITORY AND LOCATION OF OUTLET

The Territory is either [ ] a radius of ___ miles around the Outlet or [ ] the geographical area surrounding the Outlet as depicted in a map attached to this Exhibit 1.

The Outlet is located at:

____

____

____

(If the address of the Outlet is unknown when this Agreement is signed, as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Franchisee is an entity, list below the names, residential addresses and respective percentage equity ownership interests of each Principal Equity Owner:

1. ______________________________

____

____

_____ %

2. ______________________________

____

____

_____ %

3. ______________________________

____

____

_____ %

4. ______________________________

____

____

_____ %

5. ______________________________

____

____

_____ %

THE HYDRATION ROOM

LIST OF FRANCHISE OUTLETS

EXHIBIT C

LIST OF FRANCHISE OUTLETS

There are no franchised outlets opened and operating as of September 24, 2017.

As of September 24, 2017, no franchisee had signed a franchise agreement but not yet opened its outlet.

THE HYDRATION ROOM

LIST OF TERMINATED FRANCHISES

EXHIBIT D

LIST OF TERMINATED FRANCHISES

No Hydration Room franchisee had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during the past 12 months.

No franchisee has failed to communicate with us within the 10 weeks ending on the date of this disclosure document (September 24, 2017).

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

THE HYDRATION ROOM

AREA DEVELOPMENT AGREEMENT

EXHIBIT E

THE HYDRATION ROOM

AREA DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is made on ________________, 20____ (the "Effective Date") by and between MD Hydration Franchise, Inc., a California corporation doing business as "The Hydration Room" ("Franchisor"), ____ ("Franchisee"), and (if Franchisee is not a sole proprietorship) each person owning 20% or more of the Franchisee entity, who will sign and be a party to this Agreement (in such context, "Principal Equity Owner").

Franchisee or its affiliated company is concurrently entering into a Franchise Agreement with Franchisor, under the terms of which Franchisee is being granted a right to open and operate a The Hydration Room franchised business ("Outlet") at a location Franchisor has consented to, under The Hydration Room trademarks and in accordance with Franchisor's business format.

In consideration of the mutual promises, covenants, agreements and conditions contained in this Agreement, and other good and valuable consideration, Franchisee and Franchisor hereby agree as follows.

I. GRANT OF RIGHTS TO OPEN ADDITIONAL OUTLETS

1.1 Additional Outlets.

(a) Subject to the terms and conditions contained herein, Franchisor hereby grants to Franchisee the right to, and Franchisee hereby agrees to, establish and operate a number of additional Outlets in accordance with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule").

(b) So long as Franchisee's obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, Franchisor will not itself operate an Outlet within the geographical area (the "Development Area") indicated in the Development Schedule, nor allow any of its affiliates, or other licensees or franchisees, to do so.

(c) Franchisee's rights to open and operate Outlets under this Agreement do not extend to a "Non-Traditional Venue" (defined as a business operated under the "The Hydration Room" marks that is located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office facilities, and any site for which the lessor, owner or operator thereof has indicated its intent to prefer or limit the operation of its facilities to a master concessionaire or contract service provider).

(d) If Franchisor becomes insolvent or declares bankruptcy or is no longer authorized to offer and sell franchises in Franchisee's state because of a lapse of applicable franchise registration or other reason, Franchisee will continue to have the right to operate under this Agreement until and unless a court orders otherwise.

1.2 Franchise Agreements.

(a) When Franchisee opens an additional Outlet under the Development Schedule, Franchisee must enter into Franchisor's then current form of Franchise Agreement for that additional Outlet (provided that the economic terms, specifically royalty and advertising fees, of such Franchise Agreements for the additional Outlet will not change from the economic terms of the first Franchise Agreement Franchisee enters into with Franchisor). So long as Franchisee is in good standing under this Agreement, Franchisee will continue to have the right to open and operate Outlets in the Development Area in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that Franchisor and its affiliates may not open or operate, or franchise or license the operation of, any other Outlet within the protected "Territory" of the Outlet (a defined area surrounding the Outlet) opened by Franchisee pursuant to such Franchise Agreement.

1.3 Term.

The term of this Agreement commences on the Effective Date and, unless sooner terminated by Franchisee's material breach hereof, will continue until termination as provided in section 2.4 hereof. There will be no extensions or renewal periods relating to the Development Schedule unless done so in writing. Upon termination of this Agreement, Franchisee will no longer have the right to open future Outlets under the Development Schedule.

1.4 No Subfranchising Rights.
Franchisee does not have the right under this Agreement to enter into subfranchised The Hydration Room franchise agreements with anyone.

II. DEVELOPMENT OBLIGATIONS

2.1 Development Obligations.

(a) Franchisee must construct, equip and open each additional Outlet not later than the date specified in Exhibit 1 applicable to the Outlet, and thereafter continue to operate the Outlet or assign it with Franchisor's consent to another The Hydration Room franchisee.

(b) Any Outlet developed hereunder that is open and operating and which has been assigned to an affiliate of Franchisee, or to another The Hydration Room franchisee, or to a third party with Franchisor's consent will continue to be considered as partial satisfaction of Franchisee's obligations under the Development Schedule for so long as the assignee remains in good standing under the Franchise Agreement relating to that Outlet.

2.2 Timing of Execution of Leases and Franchise Agreements.

(a) Notwithstanding anything to the contrary contained herein, on or before the date that is 90 days before the date an Outlet is required to be opened, Franchisee must have executed a lease and Franchise Agreement, and paid the balance of the required Initial Franchise Fee, for that Outlet.

(b) Regarding the location, equipping, opening and operation of an additional Outlet Franchisee is opening under the Development Schedule, Franchisee must comply with the Franchise Agreement that is applicable to that Outlet.

2.3 Force Majeure.

(a) The term "*Force Majeure*" means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a *Force Majeure*, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act that is otherwise a *Force Majeure*. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency will not be a *Force Majeure* hereunder.

(b) Subject to Franchisee's continuing compliance with section 2.3(c) below, should Franchisee be unable to meet Franchisee's development obligation for a scheduled additional Outlet solely as the result of a *Force Majeure* which results in Franchisee's inability to construct or operate the Outlets pursuant to the terms of this Agreement, the date on which the scheduled additional Outlet is to be opened will be extended by an amount of time equal to the time period during which the *Force Majeure* exists.

(c) In the event of the occurrence of a *Force Majeure*, Franchisee must notify Franchisor in writing within 10 business days following commencement of the alleged *Force Majeure* of the specific nature and extent of the *Force Majeure*, and how it has impacted Franchisee's performance hereunder. Franchisee must continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Franchisee's progress and diligence in responding to and overcoming the *Force Majeure*.

(d) Franchisor will not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee by reason of any conduct not due to Franchisor's gross negligence or intentional misfeasance.

2.4 Termination of Agreement and Limited Additional Development Rights.

(a) Once Franchisee opens all additional Outlets specified in the Development Schedule, this Agreement becomes moot and unless a new Development Schedule is agreed to by the parties, this Agreement will automatically terminate. However all rights under each Franchise Agreement Franchisee enters into respecting the additional Outlets remain in full force and effect. If Franchisee desires to engage in further development in excess of the obligations committed to under the Development Schedule, Franchisee must at the earlier of (i) 180 days prior to the scheduled expiration of the term hereof or (ii) the date on which acceptance of the proposed site for the last Outlet required to meet the Development Schedule is issued, notify Franchisor in writing of Franchisee's desire to develop additional Outlets and present its plan for such development over a new term, setting forth the number of proposed Outlets and the deadlines for the development of each of them within such proposed term. Franchisor has the sole discretion to determine whether such additional development is desirable, and if Franchisor agrees to allow Franchisee to develop additional Outlets, it will be subject to the conditions set forth in section 2.4(b) below. Otherwise, the development rights granted under this Agreement may not be extended.

(b) Franchisee's rights to additional development described in this section 2.4 are subject to Franchisee's fulfillment of the following conditions:

(i) Franchisee (and each of Franchisee's affiliates that have developed or operate Outlets) must have fully performed all of Franchisee's obligations under this Agreement and all other agreements between Franchisee (or the applicable affiliate) and Franchisor.

(ii) Franchisee must have demonstrated to Franchisor Franchisee's financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule. In determining if Franchisee is financially capable, Franchisor will apply the same criteria to Franchisee as Franchisor apply to prospective The Hydration Room Area Development developers at that time.

(iii) Franchisee and Franchisor must agree to, and initial, a restated or revised Development Schedule.

III. DEVELOPMENT FEE

3.1 Development Fee.

(a) When Franchisee signs this Agreement, Franchisee must pay Franchisor the sum of $____________ as a "Development Fee" for Franchisor granting Franchisee the exclusive right to open up to ___ additional Outlets pursuant to the Development Schedule. The Development Fee is computed by multiplying the number of additional Outlets by $15,000 (for example, if Franchisee agrees to open three additional Outlets pursuant to the Development Schedule, the Development Fee would be $45,000).

(b) If Franchisee does not successfully complete initial franchise training required by the first The Hydration Room Franchise Agreement Franchisee enters into, Franchisor will refund Franchisee's Development Fee, less any expenses Franchisor incurred relating to this Agreement. **Otherwise, the Development Fee is not refundable**.

3.2 Franchise Agreements for Additional Outlets.
Each additional Outlet to be opened pursuant hereto will require execution by Franchisee and Franchisor of a separate Franchise Agreement (using Franchisor's then current form thereof) granting Franchisee the right to operate that additional Outlet, with a credit of $15,000 to be applied against the initial franchise fee due under the Franchise Agreement for that additional Outlet, and Franchisee would then pay the remaining balance of the initial franchise fee.

IV. TRANSFER OR ASSIGNMENT

4.1 Assignability.

(a) This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal qualifications, trust and confidence that Franchisor reposes in Franchisee. Accordingly, although Franchisee may assign individual Franchise Agreements, Franchisee may not assign this Agreement except as provided in Section 4.2 below.

(b) Franchisor may assign this Agreement in Franchisor's sole discretion and without Franchisee's consent, and Franchisee acknowledges that Franchisor is permitted to do so without liability or obligation to Franchisee, and Franchisee expressly and specifically waives any claims, demands or damages arising from or related to any such assignment.

4.2 Transfers from Franchisee to an Affiliated Entity.
Franchisee may at any time without Franchisor's consent, but upon 30 days prior written notice to Franchisor, assign and transfer this Agreement to an entity that is (i) organized for the purpose of operating as a developer of Outlets and (ii) entirely owned by Franchisee. Any assignment and transfer to an affiliated entity must be evidenced by a written instrument, in form reasonably satisfactory to Franchisor, under the terms of which said business entity expressly assumes all of Franchisee's obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Franchisee is. A copy of said instrument, executed by both Franchisee and said business entity must be delivered to Franchisor before the effective date of the transfer.

V. NON-COMPETITION

5.1 Restriction on Competitive Activities.
During the term of this Agreement and for one year after it is terminated or expires, Franchisee and each of its "Principal Equity Owners" (as defined in the Franchise Agreement) must comply with the non-competition covenants contained in the last effective Franchise Agreement entered into by Franchisee and Franchisor.

5.2 Website and Unauthorized Advertising.
During the term of this Agreement, neither Franchisee nor any of its Principal Equity Owners may establish a website or register an Internet domain name using, or otherwise advertise on the Internet or anywhere else, the trademark "The Hydration Room", or any combination or derivations thereof, or similar marks, or any other of Franchisor's trademarks, except as Franchisor specifically authorizes in writing.

VI. DEFAULT AND TERMINATION

6.1 General.
In addition to a termination pursuant to section 2.4 above, this Agreement may be terminated by Franchisor if Franchisee (i) fails to substantially comply with any obligation, duty or promise under this Agreement, including failure to open an Outlet within the time specified in the Development Schedule, after being given a notice of default and reasonable opportunity to cure the default (no more than 60 days), or (ii) is in material breach of any Franchise Agreement that Franchisee (or Franchisee's affiliated entity) entered into with Franchisor.

6.2 Operation of Opened Outlets after Termination or Expiration.
If Franchisor terminates this Agreement for the reasons described in section 6.1 above, Franchisee will be able to maintain ownership and operation of the Outlets which Franchisee has developed so long as Franchisee is not in material breach of the applicable Franchise Agreements; however, Franchisee will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Outlets that were not developed.

VII. DISPUTE RESOLUTION

7.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered into a long term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisor and Franchisee are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 7.1, the other party may immediately commence an arbitration proceeding pursuant to section 7.2 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in section 7.1 above, within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation at a location in Orange County, California (or another location mutually agreeable to both parties) conducted by a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the Dispute is not referred to mediation within 10 business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 7.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

7.2 Arbitration.

(a) Any Dispute between Franchisor (and/or its affiliated entities) and Franchisee (and/or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 7.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by one arbitrator from JAMS, Inc. ("JAMS"), and administered by JAMS in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by one arbitrator administered by any other mutually agreeable arbitration organization. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 7.2.

(b) All hearings and other proceedings will take place at the JAMS business location in Orange County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest in the county where Franchisee's (or an applicable Principal Equity Owner's) principal place of business is then located.

(c) A limited amount of discovery (including e-discovery) is permitted within the discretion of the arbitrator (including affidavits and a maximum of three discovery depositions for each side, with each side's depositions not to consume more than a total of 15 hours) and either party may present briefs and affidavits of witnesses who are unable to attend hearings. However, no interrogatories or requests to admit will be allowed and requests for documents will be limited to documents which are directly relevant to significant issues in the case or to the case's outcome, will be restricted in terms of timeframe, subject matter and persons or entities to which the request pertain and will not include broad phraseology such as "all documents directly or indirectly related to" (in accordance with JAMS Discovery Protocols and JAMS Arbitration Rule 16.2). Regarding permissible e-discovery in an arbitration arising out of or related to this Agreement, the following restrictions will apply:

(i) There will be production of electronic documents only from sources used in the ordinary course of business. Absent a showing of compelling need, no such documents are required to be produced from backup servers, tapes or other media.

(ii) Absent a showing of compelling need, the production of electronic documents will normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the e-documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence.

(iii) The description of custodians from home electronic documents may be collected will be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the Dispute.

(iv) Where the costs and burdens of e-discovery are disproportionate to the nature of the Dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator will either deny such requests or order disclosure on condition that the requesting party advanced the reasonable costs of production to the other side, subject to the allocation of costs in the final award ((in accordance with JAMS Discovery Protocols and JAMS Arbitration Rule 16.2).

(d) Any party wishing to make a dispositive motion must first submit a brief letter (not exceeding five pages) explaining why the motion has merit and why it would speed the proceeding and make it more cost-effective the other side will have a brief period in within which to respond. Based on the letters, the arbitrator will decide whether to proceed with allowing the parties to present a brief and argument on the proposed motion. If the arbitrator decides to go forward with the motion, the arbitrator will place page limits on the briefs and set an accelerated schedule for the disposition of the motion. Under ordinary circumstances, the pendency of such a motion will not serve to stay any aspect of the arbitration or adjourn any pending deadlines.

(e) The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(f) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES, OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE ACKNOWLEDGES FRANCHISEE IS AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY RIGHT FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(g) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(h) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(i) The provisions of this section 7.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 7.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _______ Franchisee's Initials: ________]
[Principal Equity Owners' Initials: _______ _______ _______ ______ ______]

7.3 Injunctive Relief.
Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 7.1 and 7.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 7.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 7.1 or 7.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief on account of this section 7.3. Franchisee acknowledges that it is one of a number of licensed franchisees using the Marks and that failure on Franchisee's part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

7.4 Legal Fees and Expenses.
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other Expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 7.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

7.5 Survival.
The terms of this Article VII survive termination, expiration or cancellation of this Agreement.

VIII. NOTICES

8.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement will be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor:

MD HYDRATION FRANCHISE, INC.
404 WESTMINSTER AVE STE 4
NEWPORT BEACH CA 92663-4237
Phone: (949) 650-0866

(ii) If to Franchisee, to:

____
____
____
Phone:

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided.

(c) Notices will be deemed given on the earlier of (i) the next business day after deposit with a reliable overnight delivery service or (ii) when actually delivered.

IX. GENERAL TERMS AND PROVISIONS

9.1 Governing Law.
The laws of California govern this Agreement, without regard to conflicts of laws. If any provision of this Agreement is impermissible under the governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision.

9.2 Modification.
This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto.

9.3 Waiver and Delay.
No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect by Franchisor either to exercise any of its rights hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

9.4 Severability; Partial Invalidity.
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed appropriately modified, and the remaining parts thereof will continue in full force and effect.

9.5 Titles for Convenience Only.
Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

9.6 No Third Party Beneficiaries.
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor has granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

9.7 Survival of Covenants.
The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.8 Successors and Assigns.
Subject to the restrictions on any assignment by Franchisee contained herein, this Agreement is binding upon (i) Franchisor and inures to the benefit of its successors and assigns and (ii) Franchisee and inures to the benefit of its successors and assigns.

9.9 Counterparts.
This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

9.10 Entire Agreement.
This Agreement contains all of the terms and conditions agreed upon by Franchisee and Franchisor regarding the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the The Hydration Room franchise disclosure document that was provided to Franchisee. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. Franchisee acknowledges that it executed this Agreement without reliance upon any unauthorized representation or promise.

IN WITNESS WHEREOF, the parties executed this Agreement as of the Effective Date.

FRANCHISEE:

____

By: ______________________________

____
[PRINTED NAME AND TITLE]

FRANCHISOR:

MD HYDRATION FRANCHISE, INC.

By: ______________________________
Brett Florie, D.O., M.D.
Chief Executive Officer

FRANCHISEE'S PRINCIPAL EQUITY OWNERS:
(*Note: each Principal Equity Owner is signing below as a party to this Agreement, and is individually obligated to perform or guarantee the performance by an entity franchisee of all duties and obligations of the franchisee under this Agreement)*

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

x_______________________________

____
[PRINTED NAME]

EXHIBIT 1 - DEVELOPMENT SCHEDULE

The initial Outlet (or Outlet 1) is to be opened and operated under the concurrently signed Franchise Agreement. Additional Outlets will be opened at sites Franchisor reviews and consents to, all of which will be located in the "Development Area" described either [ ] in the map immediately following this Exhibit 1 or [ ] as follows:

____

____

____

Franchisee must open (and thereafter maintain) Outlets in accordance with the following schedule (if more than five Outlets are committed to be opened, the schedule will be expanded appropriately):

NUMBER OF OUTLET	DATE BY WHICH OUTLET MUST BE OPENED
1	
2	
3	
4	
5	

Franchisor may defer a scheduled opening date in the table above if Franchisor determines, in its sole discretion, Franchisee made a diligent effort to open an Outlet according to the schedule, but was unable to do so for reasons beyond its reasonable control.

THE HYDRATION ROOM

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT F

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some or all of the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:
Commissioner of Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814
(916) 445-7206 or Toll Free (866) 275-2677

Hawaii:
Commissioner of Securities,
Dept. of Commerce and Consumer Affairs, Business Registration Div.,
Securities Compliance Branch
335 Merchant St., Rm. 203
Honolulu, HI 96813-2921
(808) 586-2722

Illinois:
Office of the Attorney General
Franchise Division
500 S. 2nd St.
Springfield, IL 62701-1771
(217) 782-4465

Indiana:
Indiana Securities Division
Franchise Section
302 W. Washington St., Rm. E111
Indianapolis, IN 46204-2738
(317) 232-6681

Maryland:
Office of the Attorney General
Division of Securities
200 Saint Paul Pl.
Baltimore, MD 21202-2020
(410) 576-6360

Michigan:
Michigan Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909-7713
(517) 373-7117

Minnesota:
Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101-3165
(651) 539-1600

New York:
Office of New York Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Flr.
New York, NY 10271-0332
(212) 416-8236

North Dakota:
Securities Department
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island:
Dept. of Business Regulations
Division of Securities
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920-4407
(401) 462-9527

South Dakota:
Division of Securities
Securities Regulation
124. S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

Virginia:
State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219-3630
(804) 371-9051

Washington:
Dept. of Financial Institutions
Securities Division
150 Israel Rd. Sw
Tumwater, WA 98501-6456
(360) 902-8760

Wisconsin:
Securities Division
201 W. Washington Ave., Ste. 300
Madison, WI 53703-2640
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some or all of the following states, in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:
Commissioner of Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814-4052
(916) 445-7206

Hawaii:
Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:
Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:
Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:
Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:
Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

Minnesota:
Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:
New York Secretary of State
One Commerce Plaza
99 Washington Ave., 6th Flr.
Albany, NY 12231-0001
(518) 473-2492

North Dakota:
North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:
Director, Rhode Island Department of
Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:
Division of Insurance
Securities Regulation
124. S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

Virginia:
Clerk, Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:
Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:
Administrator, Wisconsin
Division of Securities
201 W. Washington Ave.
Madison, WI 53703
(608) 261-9555

THE HYDRATION ROOM

STATEMENT OF FRANCHISEE

EXHIBIT G

STATEMENT OF FRANCHISEE

MD Hydration Franchise, Inc. and you are entering into a Franchise Agreement under the terms of which you will operate a The Hydration Room franchise outlet. The purposes of this Statement of Franchisee are (i) to verify compliance with franchise disclosure legal requirements and (ii) to determine whether any statements or promises were made to you that we did not authorize or that may be untrue, inaccurate or misleading. *This Statement of Franchisee must be completed, signed and dated on the same day you sign your initial The Hydration Room Franchise Agreement.* (This Statement of Franchisee will not apply to any Franchise Agreement for an additional outlet being opened under an Area Development Agreement.)

A. The following dates are true and correct:

1. ________________, 20___ (Date)	__________ (Initials)	The date on which I received a Franchise Disclosure Document ("FDD") about a The Hydration Room franchise.
2. ________________, 20___ (Date)	__________ (Initials)	The date on which I signed The Hydration Room Franchise Agreement (must be at least 15 days after the date in A.1).
3. ________________, 20___ (Date)	__________ (Initials)	The earliest date on which I delivered cash, check or other consideration to a The Hydration Room franchise sales representative (must be at least 15 days after the date in A.1).

B. Representations:

1. No oral, written or visual claim or representation that contradicted or was not disclosed in The Hydration Room FDD was made to me, except:

____

____ Initial: ________

(If none, the franchisee must write none).

2. MD Hydration Franchise, Inc. made no oral, written or visual claim or representation that stated or suggested any financial performance, sales, income or profit levels to me, except:

____

____ Initial: ________

(If none, the prospective franchisee must write none).

I/we certify the above is true and correct to the best of my/our knowledge.

By: ___________________________________ Date: _______________

By: ___________________________________ Date: _______________

THE HYDRATION ROOM

APPENDIX FOR CALIFORNIA FRANCHISEES

EXHIBIT H

APPENDIX FOR CALIFORNIA FRANCHISEES

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, in a form and containing information that the Commissioner of the Department of Business Oversight may by rule or order require, before solicitation of a proposed material modification of an existing franchise.

3. The Franchise Agreement requires binding arbitration. The arbitration will occur in Orange County, California, or other county where the franchisor's headquarters is then located, with the costs being borne equally by both parties but reimbursable to the prevailing party. 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 provision of a franchise agreement that restricts venue to a forum outside of California.

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

5. The Franchise Agreement contains a covenant not to compete that extends beyond the termination or transfer of the franchise. This provision may not be enforceable under California Law.

6. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

7. 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.

8. The agreements contain a liquidated damage clause, under Civil Code, Section 1671; certain liquidated damage clauses are enforceable.

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

10. Neither the franchisor, nor any person or franchise broker listed 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. §78A *et seq.*), suspending or expelling these persons from membership in such association or exchange.

THE HYDRATION ROOM

RECEIPTS

EXHIBIT I

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 MD Hydration Franchise, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If MD Hydration Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the Department of Business Oversight at any of its offices.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Dr. Brett Florie, The Hydration Room, 404 Westminster Avenue, Suite 4, Newport Beach, California 92663; telephone (949) 650-0866.

Date of Issuance: September 24, 2017.

MD Hydration Franchise, Inc. authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated September 24, 2017, that included the following Exhibits:

"A"	Franchise Agreement *Exhibits to Franchise Agreement*: Exhibit 1: Territory and Location of Business Office Exhibit 2: Names and Addresses of Principal Equity Owners
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	Area Development Agreement *Exhibit to Area Development Agreement*: Exhibit 1: Development Schedule
"F"	State Franchise Administrators and Agents for Service of Process
"G"	Statement of Franchisee
"H"	Appendix for California Franchisees
"I"	Receipts

DATED: ____________________
(Do not leave blank)

If a business entity:

____
(Name of Business Entity)

____
(Signature of Primary Contact Owner)

____
(Print Name and Title)

If an individual:

____
(Signature of Prospective Franchisee)

____
(Print Name)

Please date and sign this page, and then keep it for your records

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 MD Hydration Franchise, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If MD Hydration Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the Department of Business Oversight at any of its offices.

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"G"	Statement of Franchisee
"H"	Appendix for California Franchisees
"I"	Receipts

DATED: ____________________
(Do not leave blank)

If a business entity:

____
(Name of Business Entity)

____
(Signature of Primary Contact Owner)

____
(Print Name and Title)

If an individual:

____
(Signature of Prospective Franchisee)

____
(Print Name)

Please date and sign this page, and then return it either by first class mail to MD Hydration Franchise, Inc., 404 Westminster Avenue, Suite 4, Newport Beach, California 92663 or by e-mail to drflorie@thehydrationroom.com.