



**BUSINESS COACH**  
**FRANCHISE DISCLOSURE DOCUMENT**  
MINNESOTA AND WISCONSIN

# FRANCHISE DISCLOSURE DOCUMENT

## Master Licensee:

Buji, LLC

An [Ohio](#) limited liability company

8233 Howe Industrial Parkway

Canal Winchester, [Ohio OH](#) 43110

(614) 929-3355

[www.gobigactioncoach.com](http://www.gobigactioncoach.com)

## Franchisor:

ActionCOACH North America, LLC

A Nevada Limited Liability Company

5781 S. Fort Apache Rd.

Las Vegas, Nevada 89148

1-888-483-2828

[www.actioncoach.com](http://www.actioncoach.com)



The franchisee (also known as a Business Coach) will operate a business that provides business coaching, mentoring and training to business owners in the small to ~~medium-sized~~ mid-market business sector. There are 43 different franchise models you may select from: (1) the "FIRM", (2) the "~~PRACTICE (Pro)~~", (3) our 'Self-Employed' model, (2) the "~~PRACTICE (Premium)~~", our 'Manager' model and (43) the "~~PRACTICE (Premium)~~ FIRM", our 'Investor' model.

The estimated total investment necessary to begin operation of an ActionCOACH business coaching franchise ranges from ~~\$322,208~~ 76,683 to ~~\$466,784~~ 101,734 for the ~~FIRM~~, ~~from \$47,958 to \$72,534 for a PRACTICE (Pro) Business Coach franchise~~, from ~~\$77,458~~ 108,658 to ~~\$102,034~~ 142,934 for a PRACTICE ~~Business Coach franchise~~ (Premium) and ~~\$107,458~~ 135,658 to ~~\$132,034~~ 913,984 for a ~~PRACTICE (Premium)~~ FIRM Business Coach franchise. These figures include the following fees that must be paid to the master licensee, franchisor or an affiliate: ~~\$300,000~~ 69,500 for the ~~FIRM~~, ~~\$40,000 for a PRACTICE (Pro)~~, ~~\$69,500~~ 99,500 for a PRACTICE (Premium), and ~~\$99,500 from \$115,000 to \$745,000~~ for a ~~PRACTICE (Premium)~~ FIRM Business Coach Franchise Agreement, for initial franchise fees and franchisee training fees. 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 master licensee, 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.**

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

Issuance Date: May 1, ~~2017~~[2018](#)

## STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit I for information about the master licensee or franchisor, or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH BUJI, LLC BY ARBITRATION IN THE STATE IN WHICH WE HAVE OUR PRINCIPAL OFFICE (CURRENTLY, OHIO) WHEN THE ARBITRATION IS FILED. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT OF DISPUTES. IT ALSO MAY COST YOU MORE TO ARBITRATE IN OHIO OR ANOTHER STATE THAN IN YOUR HOME STATE.
2. IF THE FRANCHISOR, ActionCOACH NORTH AMERICA, LLC ("ACNA") IS A PARTY TO THE DISPUTE, THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH ACNA BY ARBITRATION IN THE STATE IN WHICH ACNA HAS ITS PRINCIPAL OFFICE (CURRENTLY, NEVADA) WHEN THE ARBITRATION IS FILED. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT OF DISPUTES. IT ALSO MAY COST YOU MORE TO ARBITRATE IN NEVADA OR ANOTHER STATE THAN IN YOUR HOME STATE.
3. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE IN WHICH ACNA HAS ITS PRINCIPAL OFFICE (CURRENTLY NEVADA) IS THE LAW THAT GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
4. ACNA AND ITS AFFILIATES HAVE THE RIGHT TO ESTABLISH ACROSS-AREA MARKETING PROGRAMS (INCLUDING SALES OVER THE INTERNET AND TV INFOMERCIALS) TO SELL PRODUCTS AND SERVICES (FOR EXAMPLE, BOOKS, CDs, DVDs, AUDIO TAPES, VIDEO TAPES, SEMINARS, WORKSHOPS AND SOFTWARE) UNDER THE ActionCOACH TRADEMARK (OR OTHER TRADEMARKS). ACROSS-AREA MARKETING PROGRAMS MAY COMPETE WITH YOUR FRANCHISE IN THE SALE OF THESE PRODUCTS AND SERVICES.
5. THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY A MINIMUM MONTHLY ROYALTY FEE OF (a) \$1,950 DURING THE TERM OF THE FIRM, PRACTICE (Premium) and PRACTICE FRANCHISE AGREEMENTS, AND (b) \$2,600 FOR THE TERM OF THE PRACTICE (PRO) FRANCHISE AGREEMENT, EVEN IF YOUR FRANCHISE HAS NO REVENUE.

5. IF WE TERMINATE THE FRANCHISE BASED ON YOUR DEFAULT, YOU MUST PAY LIQUIDATED DAMAGES EQUAL TO THE PRESENT VALUE OF THE ROYALTY FEE AND MARKETING AND ADVERTISING FEE STREAM FOR THE LESSER OF 2 YEARS OR THE REMAINING TERM OF THE FRANCHISE, MINUS OUR EXPENSES SAVED.
6. THE FRANCHISE AGREEMENT DOES NOT GRANT YOU AN EXCLUSIVE TERRITORY.
7. THE FRANCHISE AGREEMENT STATES THAT FAILURE TO SUCCESSFULLY COMPLETE INITIAL TRAINING WILL RESULT IN TERMINATION OF THE FRANCHISE AND LOSS OF THE FRANCHISE FEE AND TRAINING FEE.
8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Certain states require franchisors to make additional disclosures related to the information contained in this disclosure document. Those disclosures are in Exhibit H to this disclosure document.

Effective Date: May 1, ~~2017~~2018

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## Exhibits

- A. The FIRM - Business Coach Franchise Agreement - (["Investor" Model](#))
- B(1). The PRACTICE (~~Pro~~[Premium](#)) – Business Coach Franchise Agreement – (["Manager" Model](#))
- B(2). The PRACTICE – Business Coach Franchise Agreement – (["Self-Employed" Model](#))
- ~~B(3). The PRACTICE (Premium) – Business Coach Franchise Agreement~~
- C. State-Required Addenda to Franchise Agreements
- D. Nominated Business Coach Agreement
- E. Nondisclosure and Noncompete Agreement
- F. Release
- G. Compliance Questionnaire
- H. Additional State-Required Information
- I. State Regulatory Authorities and Registered Agents in Certain States
- J. Business Coaches as of December 31, ~~2016~~[2017](#)
- K. Business Coaches who left the System during the Fiscal Year Ending December 31, ~~2016~~[2017](#)
- L. Financial Statements
- M. Training Schedule
- N. Operations Manual Table of Contents
- O. Communications System Specifications

RECEIPT (2 copies)

## ITEM 1

### THE FRANCHISOR, THE MASTER LICENSEE AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

This disclosure document describes ActionCOACH business coach subfranchises (“ActionCOACH franchises”). Throughout this disclosure document the term “franchise” will be used to refer to the subfranchise, and the term “franchisee” will be used to refer to the subfranchisee. Buji, LLC offers the franchise rights described in this disclosure document. Buji, LLC is a Master Licensee of ActionCOACH North America, LLC, the franchisor of the ActionCOACH concept in the U.S.A.

In this disclosure document:

“We,” “us,” or “our” means Buji, LLC, the Master Licensee;

“ACNA” means ActionCOACH North America, LLC, the U.S. franchisor of the ActionCOACH concept;

“You” means the individual or entity who acquires the franchise. If a corporation, limited liability company or other entity acquires the franchise, each individual who owns an interest in the entity must sign a personal guaranty in the form attached to the Business Coach Franchise Agreement.

We offer the franchise rights described in this disclosure document. Your franchise agreement will be with us and not with ACNA.

#### Master Licensee’s Business Form, Parent, Predecessors, and Affiliates

Buji, LLC (~~“Buji”~~) is a limited liability company with its principal business address at 9188 Candleridge St., Pickerington, Ohio 43147. We organized under the laws of Ohio on January 27, 2009. Our agent for service of process is listed on Exhibit I.

Effective March 3, 2009, we acquired the ActionCOACH franchise rights for the states of Minnesota and Wisconsin (the “Territory”) from Business Coaches USA, LLC, a Nevada limited liability company (“BCU”). BCU is therefore a predecessor for purposes of this disclosure documents. BCU’s last known principal address is 3545 Plymouth Boulevard, #214, Plymouth MN 55447. BCU began offering franchises in the Territory in 2003 under a Master License Agreement with Action COACH USA, Inc. (“ACUI”) dated April 4, 2003, which was renewed on April 4, 2008. (ACUI’s rights and obligations under the Master License Agreement were assigned to ACNA with effect from July 1, 2012.) BCU has never offered franchises in any other line of business.

Our affiliate, Oaktree Business Services of Ohio, LLC (“Oaktree”), is the Master Licensee of ActionCOACH franchises in the states of Ohio and Indiana. Oaktree was formed under the laws of the State of Ohio on March 1, 2001. Oaktree’s principal business address is also 9188 Candleridge St., Pickerington, Ohio 43147. Oaktree has offered ActionCOACH franchises in central and southern Ohio since April 2001 and in the State of Indiana since December 2002. Effective February 1, 2009, Oaktree acquired the franchise rights for the remainder of the state of Ohio. Neither we nor Oaktree have ever offered franchises in any other line of business.

As a Master Licensee, we subfranchise and support ~~Business~~business Coaches within our Territory. ~~Master Licensees whose agreements became effective after October 1, 2006 do not have the right to conduct business coaching services in the Territory. Master Licensees whose agreements became effective before October 1, 2006~~We may conduct limited business coaching services within the Territory. We may hire Local Area Managers who, while selling Franchises, will also provide support to new franchisees and coaching services to Clients within our Territory.

#### Franchisor's Business Form, Predecessors, and Affiliates.

ACNA is a limited liability company with its principal business address at 5781 S. Fort Apache Rd., Las Vegas, Nevada 89148. ACNA was incorporated in the State of Nevada on March 14, 2012. ACNA has appointed agents for service of process in certain states; those agents are listed in Exhibit I.

Through its Master Licensees and Business Coaches, ACNA provides business coaching, mentoring and training programs and services to business owners ("Clients") in the small to medium-size business sector.

Master Licensees and Business Coaches deliver services using a business format and materials created by Brad Sugars, an entrepreneur and business coach who founded the ActionCOACH concept (then known as Action International) in the early 1990s. ACNA is a member of a controlled group of companies owned by Mr. Sugars. Action International Pty Ltd ("AIPL") was incorporated in Australia in 1994 to develop the business, and offered franchises in Australia using the "Action International" marks from January 1995 until December 2006. Its address was Australia Fair Tower, Level 11, Suite 2, 32 Mains Parade, Southport, Queensland 4215, Australia. ACTIONCOACH LIMITED ("ActionCOACH Limited") owned the ActionCOACH marks and other intellectual property relating to the ActionCOACH System, and licensed them to MindRICH S.A.R.L. ("MindRich"). On July 1, 2012, the ActionCOACH marks and intellectual property were assigned by ActionCOACH Limited to ActionCOACH IPCo, Ltd. ("ACIP") and MindRich's license was then terminated with ACNA now holding the right, from ACIP, to sublicense the intellectual property in the Territory, among others. ACIP was incorporated in 2012 in the United Kingdom. ACIP's principal business address is Argon House, Argon Mews, Fulham Broadway, London, UK SWB 1BJ. On May 1, 2012, ActionCOACH Global Marketing Fund (Pty) Ltd. ("ACGM") was incorporated in Australia for the purpose of managing and administering the Marketing and Advertising Fees collected from franchisees beginning July 1, 2012. ACGM's registered office is Unit 1, 44 Borthwick Avenue, Murrarie, QLD 4172. Other companies in the ActionCOACH group engage in the same business activity in other regions of the world.

ACNA grants Master Licenses in specific geographic territories by means of a separate disclosure document. Each Master Licensee recruits and supports PRACTICE and FIRM franchises in the Master Licensee's assigned territory. This disclosure document does not describe the Master License opportunity.

Before ACNA granted Master Licenses in the Territory, ACUI (formerly known as "Brad Sugars Action International, Inc.") offered Master Licenses and direct Business Coach franchises using the "Action International" trademark in the U.S.A. from August 1999 until December 2006, at which time ACUI ceased licensing the "Action International" trademark in most states. Since January 2007, ACUI offered Master Licenses and direct Business Coach franchises using the "ActionCOACH" trademark. Existing franchisees were required to begin using the

ActionCOACH marks by March 31, 2007. ACNA has no other predecessor as franchisor of the ActionCOACH concept in the U.S.A.

ACNA is also affiliated with ProfitPlus Accounts Pty Ltd (“ProfitPlus Australia”) and ProfitPlus Accounts LLC (“ProfitPlus USA”), franchisors of the ProfitPlus Accounts franchise business in Australia and the U.S.A. respectively. In 2012, Mr. Sugars established through ProfitPlus Australia the ProfitPlus Accounts concept for financial reporting, business management, management reporting and business development services in Australia. In the USA, ProfitPlus USA is the licensor and franchisor of the ProfitPlus Accounts concept. ProfitPlus USA will, subject to federal and state requirements, commence sales and operations of the ProfitPlus Accounts franchises in the USA in 2014. ProfitPlus Australia was organized on September 14, 2012 in Australia and has its principal office at 2/8 Mowbray Terrace, East Brisbane, QLD 4169. ProfitPlus USA was organized in Nevada, USA on June 3, 2013 and has its principal place of business at 5781 S. Fort Apache Road, Las Vegas, NV 89148.

ACNA is also associated with the following businesses: (a) Luv4 Marketing Limited which was established in the United Kingdom in December 2014 and Luv4 Marketing LLC in Las Vegas, NV which was established in January 2015 to offer marketing services such as ranking analysis, website set-up, reputation management, pay-per-click, search engine optimization, social marketing and social media platforms, (b) Engage and Grow Global Pty Ltd, which was established in June 2016 in QLD, Australia to offer employee engagement programs, and (c) Bucket List Training, LLC, established in Las Vegas, NV in February 2017 to offer life coaching and training services. These associated companies do not offer franchises but offer products and services that may supplement or complement the ActionCOACH business coaching and mentoring services.

### The Business Coach Franchise

The ActionCOACH Business Coach Franchise business provides a number of services to owners of small and medium-sized businesses (“Clients”). The major offerings are business coaching, mentoring and training in sales, marketing and business management. The franchise business also markets a range of business-building products designed to help Clients enhance their business knowledge and personal development. These services are offered through Business Coaches. The Business Coaches are not trained or authorized by us to offer legal or accounting advice to Clients.

We offer 43 types of Business Coach franchises – (1) the FIRM, which is our ‘Investor’ model, (2) the PRACTICE (~~Pro~~Premium) which is our ‘Manager’ model and (3) the PRACTICE ~~which are our ‘Self-Employed’ models, and (4) the PRACTICE (Premium),~~ which is our ‘ManagerSelf-Employed’ model. You and we will determine together which form of franchise may be granted to you based on our subjective assessment of your background, ability and desire to coach businesses and/or build and mentor a team of Business Coaches.

This disclosure document describes the terms and conditions upon which we currently offer Business Coach franchises. We reserve the right, in our sole discretion, to grant, or not to grant, an ActionCOACH franchise to any prospective franchisee, regardless of the stage of the franchise application process or costs expended by the prospective franchisee. There may be instances where we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction. However, our mission is to grant franchises to qualified individuals and groups who believe they can achieve their personal and business goals by:

- Fully, completely and consistently implementing our operating systems;
- Enhancing our valued Brand;
- Creating and keeping VERY satisfied clients;
- Working cooperatively with the other Business Coaches;
- Helping us build market share;
- Willingly and enthusiastically participating in all aspects of our relationship; and
- Fully and completely fulfilling and performing all financial and legal obligations.

This disclosure document summarizes certain key features of ActionCOACH Business Coach franchises. Descriptions in this disclosure document are required to be brief and are for general informational purposes only. In many cases, the body of the disclosure document contains excerpts or summaries of the Franchise Agreement or other documents. The actual agreements will be controlling, and you should refer to the exhibits to this disclosure document for complete information. You should understand that a fundamental requirement of your joining and remaining part of the ActionCOACH System will be your commitment to the operation of your ActionCOACH business according to the System, as ACNA may modify it.

We urge you to carefully review this disclosure document and all agreements (including a comparison to any prior agreement if a replacement of an existing franchise agreement is involved) with persons who can provide you with legal, business and economic guidance, such as your lawyer and accountant.

We may offer the types of Business Coach franchises described below. You and we will determine which form of Business Coach Agreement you sign based on our subjective assessment of your background, ability and desire to mentor other business coaches. All Business Coaches perform the same business coaching functions, but there are certain differences, as described below.

### **Business Coaches: The Nominated Business Coach and the Employee Business Coach**

An important term in the ActionCOACH Franchise is the Business Coach, who is the individual authorized to provide coaching services to Clients on behalf of your Business. Business Coaches are classified as either a “Nominated Business Coach” (NBC) who has full operational responsibility for the Business, or an “Employee Business Coach” (EBC).

In the FIRM franchise, you will likely appoint another person to act as NBC, but may act as NBC yourself. In the PRACTICE franchises, you will, ~~generally, likely~~ act as NBC for the Business throughout the Term but may appoint an NBC other than yourself. You may appoint another person to act as NBC in your place provided that: (i) we approve in writing for you to appoint a Nominated Business Coach, and (ii) the proposed NBC has (a) been approved by us and attended the applicable training by ACNA; (b) signed a Nominated Business Coach Agreement with you and us in a format we approve; and (c) been given direct responsibility for all business operations of the ~~FIRM or PRACTICE~~ franchise, ~~as the case may be, and~~ business with the authority to bind you in any dealings with us or ACNA. ~~ACNA’s current approved form of Nominated Business Coach Agreement is in Exhibit D to this disclosure document. Only 1 person may be the Nominated Business Coach for either a FIRM or PRACTICE franchise at any given time.~~

You (or your NBC) may hire EBC's in the FIRM franchise or PRACTICE Premium franchise provided that: (a) the proposed EBC has been approved by us and attended the applicable training by ACNA; (b) signed an Employee Business Coach Agreement with you (or your NBC) in a format we approve.

## **The Business Coach Franchise Models we may grant you:**

### **Our Investor Model: "The FIRM"**

This is the top level of franchise investment we may grant to you. If you are purchasing ~~the~~ FIRM franchise, you will sign the FIRM Business Coach Franchise Agreement (see Exhibit A). With ~~the~~ FIRM franchise, you are ~~granted~~given (a) the right to operate the franchise business within a Designated Territory, (b) exclusive Direct Marketing (defined below) rights within an agreed upon ~~exclusive~~ Designated Direct Marketing Area ("DDMA") and (c) on a limited basis outside ~~the DDMA. You will appoint someone to act as NBC or you may choose to act as NBC yourself. your DDMA.~~ "Direct Marketing" means communication to prospective clients within the DDMA by direct mail, telemarketing, social media and internet marketing, email marketing, door-to-door marketing, broadcast faxing, voicemail marketing, couponing or direct selling. The Franchisor has the sole right to determine, whether or not any other activity or marketing method not defined herein is considered as Direct Marketing and its decision shall be binding on all parties.

In addition to the NBC, you ~~may also hire an unlimited number of individuals as EBC's, provided that each of those individuals has been approved by us and trained by ACNA and has signed an Employee Business Coach agreement with you in a format we approve. There are no restrictions on the maximum number of EBC's you may employ or contract with. However, you must contract or employ a minimum of 15 EBC's or the number required in the Franchise Agreement based on the size of your DDMA~~will have the right to create a team of an unlimited number of Employee Business Coaches to provide coaching services to Clients. However, you must employ or contract at least 1 additional Employee Business Coach every year until such time that your franchise meets the Minimum Coach Requirement under your FIRM Business Coach Franchise Agreement. The Minimum Coach Requirement is calculated as 1 Employee Business Coach per 1,000 businesses in your DDMA (see Exhibit A). There are no license fees due for the appointment of these EBC's. Each EBC must be approved by us, must complete the 5-day training before offering business coaching services, and must sign an EBC agreement with you in a format we approve. You must pay a training fee of \$5,000 for each EBC attending the 5-day training.

### **Our Self-Employed Models:**

#### **The PRACTICE (Pro)**

~~The PRACTICE (Pro) is a business coaching business which runs as a single Business Coach operation. If you purchase the PRACTICE (Pro) franchise, you are granted the right to operate the franchise business within a Designated Territory. You will sign the PRACTICE (Pro)~~

~~Business Coach Franchise Agreement (see Exhibit B-1). Ordinarily you (or, if an entity, a 50% or more owner of the franchise) must personally serve as the Nominated Business Coach throughout the term of the Franchise Agreement. The PRACTICE (Pro) has only 1 NBC. You may appoint another individual to serve as NBC in your place only if: (i) we consent in writing to the appointment of a different NBC; (ii) the proposed NBC has been approved by us and attended the 10-day training by ACNA; and (iii) the proposed NBC has signed a Nominated Business Coach Agreement with you and us. The appointed NBC will have direct responsibility for all business operations of the Business Coach franchise and the authority to bind you in any dealings with us or ACNA. There are no EBCs in a PRACTICE (Pro) franchise.~~

### ~~The PRACTICE~~

~~The PRACTICE is a business coaching business which runs as a single Business Coach operation. If you purchase the PRACTICE franchise, you are granted the right to operate the franchise business within a Designated Territory. You will sign the PRACTICE Business Coach Franchise Agreement (see Exhibit B-2). Ordinarily you (or, if an entity, a 50% or more owner of the franchise) must personally serve as the Nominated Business Coach throughout the term of the Franchise Agreement. The PRACTICE has only 1 NBC. You may appoint another individual to serve as NBC in your place only if: (i) we consent in writing to the appointment of a different NBC; (ii) the proposed NBC has been approved by us and attended the 10-day training by ACNA; and (iii) the proposed NBC has signed a Nominated Business Coach Agreement with you and us. The appointed NBC will have direct responsibility for all business operations of the Business Coach franchise and the authority to bind you in any dealings with us or ACNA. There are no EBCs in a PRACTICE franchise.~~

### **Our Manager Model: The “PRACTICE (Premium)”**

The PRACTICE (Premium) is a business coaching business ~~which will have~~with up to 3 Business Coaches. ~~(one the NBC and 2 EBC's).~~ If you purchase the PRACTICE (Premium) franchise, you are granted the right to operate the franchise business within a Designated Territory. You will sign the PRACTICE (Premium) Business Coach Franchise Agreement (see Exhibit B-3). Ordinarily you (or, if an entity, a 50% or more owner of the franchise) must personally serve as the NBC throughout the term of the Franchise Agreement. The PRACTICE (Premium) has only 1 NBC. You may appoint another individual to serve as NBC in your place only if: (i) we consent in writing to the appointment of a different NBC; (ii) the proposed NBC has been approved by us and attended the 10-day training by ACNA; and (iii) the proposed NBC has signed a Nominated Business Coach Agreement with you and us. The appointed NBC will have direct responsibility for all business operations of the Business Coach franchise and the authority to bind you in any dealings with us or ACNA.

If you purchase the PRACTICE (Premium) Franchise, you will also have the opportunity to appoint up to 2 EBCs ~~under the following conditions: (i) If you or an appointed NBC makes a minimum of \$20,000 in Gross Revenues per month for 3 consecutive months, you will be entitled to appoint 1 Employee Business Coach, and (ii) If the first EBC appointed under (i) makes a minimum of \$10,000 in Gross Revenues per month for 3 consecutive months, you will be entitled to appoint a second EBC.~~ There are no license fees due for ~~the~~ appointment of these 2 EBC's. Each EBC must be approved by us, must complete the 5-day training before offering business coaching services. ~~You~~ and must sign an EBC agreement with you in a

format we approve. For each EBC, you must pay a training fee of \$5,000 for ~~each EBC attending~~ the 5-day training and a Quarterly Conference and Technology Fee.

### Our Self-Employed Model: The “PRACTICE”

The PRACTICE is a business coaching business which runs as a single Business Coach operation. If you purchase the PRACTICE franchise, you are granted the right to operate the franchise business within a Designated Territory. You will sign the PRACTICE Business Coach Franchise Agreement (see Exhibit B-2). Ordinarily you (or, if an entity, a 50% or more owner of the franchise) must personally serve as the Nominated Business Coach throughout the term of the Franchise Agreement. The PRACTICE has only 1 NBC. You may appoint another individual to serve as NBC in your place only if: (i) we consent in writing to the appointment of a different NBC; (ii) the proposed NBC has been approved by us and attended the 10-day training by ACNA; and (iii) the proposed NBC has signed a Nominated Business Coach Agreement with you and us. The appointed NBC will have direct responsibility for all business operations of the Business Coach franchise and the authority to bind you in any dealings with us or ACNA. There are no EBCs in a PRACTICE franchise.

### Option to Upgrade to the Next Level of Franchise Model

After signing a Franchise Agreement with us and if you are not in breach of the Franchise Agreement, you shall have the option to upgrade to the next level of franchise model in the order indicated below. In lieu of paying the franchise fee for the new franchise, an upgrade shall be subject to the payment of an Upgrade Fee (see Item 6), our assessment and approval of your ability to successfully operate that level of franchise and any federal or state requirements for the grant of the new franchise:

- ~~1. From PRACTICE (Pro) to PRACTICE~~
1. ~~2.~~ From PRACTICE to PRACTICE (Premium)
2. ~~3.~~ From PRACTICE (Premium) to a FIRM

### The Market For Our Services

The market is developing for the type of business coaching services and executive coaching Business Coaches offer. If you are a PRACTICE and PRACTICE (Premium) franchisee, you may compete for Clients with other ActionCOACH franchisees who operate in the your Designated Territory. If you are a FIRM franchisee, you have ~~a limited, an~~ exclusive Direct Marketing territory only, so you will not compete for Clients with other ActionCOACH franchisees in your DDMA. However, ~~both PRACTICE and FIRM~~ franchisees may ~~also~~ have to compete with other national and local coaching businesses offering business and executive coaching, consulting, mentoring and business training programs and similar products and services. You will face both typical and special business risk factors, including changing market conditions; competition; cost of supplies, equipment, capital and labor; your own health and continuity of your management; availability of financing; recession or depression locally, nationally, or internationally; wars; strikes; emergencies; natural and manmade disasters; litigation; and liability and casualty losses. Your success is primarily dependent upon your

financial, management and other resources, your personal business, marketing, management judgment and other skills, your willingness to work hard, as well as your proper use of the System.

Another risk factor is your dependence upon key personnel, the loss of whom could have an adverse effect on your business. Also, our ability to fulfill our obligations under the Business Coach Franchise Agreement depends in part on our present and future financial condition. Litigation risks may exist also, including future litigation that may not be foreseeable. See Item 3 of this disclosure document for certain past and present legal matters.

#### Industry-Specific Regulation

We are not aware of any industry-specific or special laws that apply to businesses that provide business coaching, mentoring, and training services to small and medium-sized businesses. You will be subject to all of the laws, codes and regulations normally applicable to services businesses, which may include federal, state, and local laws regarding matters such as wages and hours, occupational health and safety, building codes, equal employment opportunity, and the Americans with Disabilities Act.

You should research these requirements before you invest in a franchise. You are solely responsible, at your own expense, for compliance with the federal, state, local, and any other laws that apply to your ActionCOACH Business Coach franchise.

## ITEM 2

### BUSINESS EXPERIENCE

The following is a list of all of our directors, trustees, general partners and principal officers, as well as the individuals who have management responsibility relating to the sale or operation of ActionCOACH Business Coach franchises in the Territory:

#### **President and CEO: Craig Hohnberger**

Mr. Hohnberger has been our President and CEO since our formation in January 2009. Mr. Hohnberger is also President and CEO for Oaktree and has served in those capacities since February 2001. Mr. Hohnberger also served as the Director of Franchise Recruitment for both us and Oaktree since the formation of each entity until May of 2014. Mr. Hohnberger was awarded the ActionCOACH Master Licensee of the Year in North America for ~~2010 and 2~~[three](#) times ~~prior~~.

#### **Vice President and CFO: L. Annette Hohnberger**

Ms. Hohnberger has been our Vice President and CFO since our formation in January 2009. Ms. Hohnberger has served in the same capacities for Oaktree since February 2001. Ms. Hohnberger was awarded the ActionCOACH Master Licensee of the Year in North America ~~for~~ ~~2010 and 2~~[three](#) times ~~prior~~.

The following is a list of all of ACNA's directors, trustees, general partners and principal officers, as well as the individuals who have management responsibility relating to the sale or operation of ActionCOACH Business Coach franchises in the U.S.A. Unless otherwise indicated, each individual is an officer or employee of ACNA.

**Chairman and Founder: Bradley J. Sugars**

Mr. Sugars is the founder of the ActionCOACH business concept (formerly known as Action International), and serves as Chairman of the ActionCOACH group of companies. He was Chairman, President, Secretary and Treasurer of ACUI, located in Las Vegas, Nevada from August 2002 and Chief Executive Officer thereof from August 2007 up to January 2010. Mr. Sugars is also (a) founder of the ProfitPlus Accounts business concept and serves as its Chairman since September 2012 in Las Vegas, NV; (b) LLC Manager of Luv4 Marketing Limited based in Las Vegas, NV since November 2014, (c) Director of Engage and Grow Global Pty Ltd a private limited company based in Victoria, Australia since June 2016, and (d) LLC Manager of Bucket List Training, LLC in Las Vegas, NV since February 2017. He is the author of 16 books, including the Instant Success series, a seminar speaker and the ActionCOACH spokesperson. [Mr. Sugars is also a member of Forbes Magazine's Coaches Council since August 2017.](#)

**CFO: Anthony Servidio**

Mr. Servidio joined ActionCOACH in September 2012 as Manager for International Accounts in Las Vegas, Nevada. In May 2013, Mr. Servidio was appointed Chief Operations Officer of ACNA and COO (Global) of the ActionCOACH group of companies in Las Vegas, Nevada. In June 2015, he was appointed Chief Financial Officer of ACNA and CFO (Global) of the ActionCOACH group of companies in Las Vegas, Nevada. ~~Before joining ACNA, Mr. Servidio was sole proprietor of Servidio Financial Services in Las Vegas, Nevada from December 2008 until August 2012.—~~

**COO: Angie Fairbanks**

In June 2015, Ms. Fairbanks was appointed Chief Operating Officer of ACNA and COO (Global) for the ActionCOACH group of companies in Las Vegas, NV. Prior to this appointment, Ms. Fairbanks also held the following positions within the ActionCOACH group (all in Las Vegas, NV): Chief Community Officer of ACNA from March 2015 to May 2015; CEO of ActionCOACH OneCo LLC ("ACOC") from May 2013 up to February 2015; and, Accountability Coach for ACOC in Las Vegas, Nevada from May 2012 to April 2013. ~~Before joining the ActionCOACH group, Ms. Fairbanks was Accountability Coach, Human Resources Manager and Franchise Recruiter from December 2006 until April 2012 for Golden State Business Coaching, Inc., an ActionCOACH master licensee for another territory operating from Reno, Nevada.—~~

**Chief Development Officer: Matthew Boswell**

[Mr. Boswell was appointed Chief Development Officer of ACNA and the ActionCOACH group of companies in Las Vegas, NV in January 2018. He is also Chief Development Officer of ProfitPlus Accounts, LLC in Las Vegas, NV since January 2018. Prior to this appointment, he was chief Growth Officer of Expense Reduction Analysts in Addison, TX from August 2015 to December 2017. Mr. Boswell was also VP – Sales and Marketing of Fresh One in Dallas, TX from August 2013 to August 2015 and Founder and Chief Executive Officer at IntegriServ in Little Elm, TX from January 2010 to August 2013.](#)

## Chief Marketing Officer: Robin Corral

Ms. Corral was appointed Chief Marketing Officer of ACNA and the ActionCOACH group of companies in Las Vegas, NV in February 2018. Prior to this appointment, Ms. Corral was Director of Marketing of ACNA and the ActionCOACH group of companies in Las Vegas, NV from November 2016 to February 2018; Director of Digital Marketing for Quick Marketing Group in Las Vegas, NV from September 2015 to November 2016, CSS 1/ Office Manager for Wanzek, Inc. in Alexander, ND from April 2014 to December 2014 and Editor for Bakken Living Magazine in Sidney, MT from August 2012 to December 2014.

### ITEM 3

#### LITIGATION

Litigation Regarding Master Licensee:

#### Pending:

~~Oaktree filed an arbitration action (AAA Case No. 01-16-0001-2574) on April 6, 2016 against franchisee DDR Group, Inc. and its owner and guarantor, David Roemer, seeking liquidated damages of \$47,931.00 for failure to pay royalties, plus attorneys' fees. DDR Group and Roemer counterclaimed for over \$200,000, alleging a financial misrepresentation under Ohio's franchise law and breaches of the franchise agreement. On November 3, 2016, Arbitrator James Curphey entered a final award in favor of Oaktree in the amount of \$48,000.00 plus reasonable attorneys' fees. Arbitrator Curphey denied the counterclaims against Oaktree in their entirety. Oaktree filed an action in Franklin County, Ohio Common Pleas Court on January 18, 2017 to confirm the award (Case No. 17CV000585), which action is still pending.~~

~~On~~In February ~~15,~~15, 2017, Buji filed with the American Arbitration Association an arbitration against former ActionCOACH franchisee Christopher Penasa and his business entity, Small Business Growth Partners, Inc. ("SBGP") seeking to enjoin them from competing following expiration of Mr. Penasa's franchise agreement. Buji also ~~seeks~~sought to collect damages against Mr. Penasa and SBGP for breach of the non-competition covenant in the franchise agreement. After Buji served its arbitration demand, Mr. Penasa disclosed that ~~on~~in December ~~23,~~23, 2016 he had filed, but not served ~~(until February 16, 2017),~~ a complaint against Buji and Oaktree Business Services of Ohio ("Oaktree") in the Wisconsin Circuit Court of Ozaukee County (Case No. 2016CV000474). Buji and Oaktree removed the ~~cased~~case to the United States District Court for the Eastern District of Wisconsin (Case No. 17-cv-361). In his Complaint, Mr. Penasa ~~makes~~made various claims for declaratory judgment relating to the enforceability of a non-compete provision in the franchise agreement between Penasa and Buji. Mr. Penasa ~~does~~did not seek damages. Mr. Penasa also filed in the arbitration and the court case a motion to stay the arbitration. On August 11, 2017, the parties entered into a settlement agreement by which Penasa agreed to pay to Buji \$160,000 over a certain period in exchange for a release of certain terms of the non-competition covenant. However, Penasa was still prohibited from using any ActionCoach materials or taking ActionCoach clients in Wisconsin for a period of two years.

#### Concluded:

[Oaktree filed an arbitration action \(AAA Case No. 01-16-0001-2574\) against franchisee DDR Group, Inc. and its owner and guarantor, David Roemer, seeking liquidated damages of \\$47,931.00 for failure to pay royalties, plus attorneys' fees. DDR Group and Roemer counterclaimed for over \\$200,000, alleging a financial misrepresentation under Ohio's franchise law and breaches of the franchise agreement. On November 3, 2016, Arbitrator James Curphey entered a final award in favor of Oaktree in the amount of \\$48,000.00 plus reasonable attorneys' fees. Arbitrator Curphey denied the counterclaims against Oaktree in their entirety. The Franklin County Common Pleas \(Case No. 17CV000585\) entered judgment confirming the arbitration award on May 12, 2017. Roemer filed a Chapter 13 bankruptcy petition on September 22, 2017.](#)

Laurie Althaus and LFA Coaching, LLC v. Oaktree Business Services of Ohio, LLC, et. al, Court of Common Pleas, Hamilton County, Ohio, Case No. A1101863, filed March 3, 2011. A franchisee of Oaktree, our affiliate, brought an action seeking a declaratory judgment that although the franchisee had been operating under a franchise agreement with Oaktree through the date of filing the action, a series of separation agreements, signed in May 2008, and related to four other franchise agreements, had also released her obligation under the current franchise agreement. The franchisee also sought a declaration invalidating or narrowing the noncompetition covenant contained in the franchise agreement. Oaktree moved to dismiss the claims or in the alternative to stay the franchisee's claim pending arbitration as provided in the franchise agreement. The matter was settled in August 2011. Under the terms of the settlement, the franchisee agreed to pay Oaktree \$16,000, relating to one of the earlier license agreements, and also agreed that until November 1, 2012, the franchisee would not directly or indirectly engage in business coaching in the Territory and would comply with the post-termination non-competition covenants set forth in the franchise agreement. The franchisee was allowed to continue life coaching services to existing clients for revenue not to exceed \$7,500 a month until November 1, 2012 with any monthly revenue exceeding \$7,500 being paid to Oaktree.

[Hannah Business Coaching, Inc. and Roger Engelau vs. Oak Tree Business Services of Ohio, LLC and ActionCOACH USA, Inc. \(Superior Court of the State of Indiana, Morgan County, Cause No. 55D01-1308-PL-1331\)](#)

[See description of this litigation below under "Litigation Regarding Franchisor and its Predecessor."](#)

Other than these [34](#) actions, no litigation or administrative action involving us, any predecessor or affiliate or any of our officers, directors or employees listed in Item 2 is required to be disclosed in this Item.

Litigation Regarding Franchisor and its Predecessor:

Concluded:

*In the Matter of Brad Sugars Action International, Inc. ~~Administrative~~Administrative Proceeding before the Securities Commissioner of Maryland, Case No. 2002-0571.*

As a result of an investigation into ACUI's (f/k/a Brad Sugars Action International, Inc.) franchise-related activities, the Maryland Securities Commissioner (the "Commissioner") concluded that grounds existed to allege that ACUI violated the registration, disclosure and anti-fraud provisions of the Maryland Franchise Law in relation to the offers and sale of ACUI master franchises in Maryland. Specifically, the Maryland Securities Commissioner concluded that grounds existed to allege that ACUI (a) offered and granted an option to a Pennsylvania resident, The Coaching Company, LLC, for the purchase of a Master License to operate a ACUI franchise business in Maryland, and offered and sold a Master License to a Maryland resident, Mid-Atlantic Business Coaching, Inc., during times when ACUI was not registered to offer and sell franchises in Maryland; (b) did not provide the correct offering circular to prospective Maryland franchisees; (c) did not provide the required disclosure within the time periods prescribed by the Maryland Franchise Law; (d) failed to comply with the fee deferral requirement imposed by the Commissioner and the Maryland Franchise Law; (e) signed a franchise agreement with a master franchisee which did not conform to the form of agreement required by the Commissioner; (f) provided advertising to prospective franchisees which contains earnings claims in violation of the Maryland Franchise Law; and (g) failed to maintain documents required by the Maryland Franchise Law. On September 19, 2002, the Commissioner and ACUI agreed to enter into a Consent Order without ACUI admitting or denying any violation of law. Under the Consent Order, ACUI agreed to: (a) immediately and permanently cease violating the Maryland Franchise Law; (b) offer to rescind Mid-Atlantic Business Coaching, Inc.'s Master License agreement and refund all franchise fees and cancel any indebtedness upon request; and (c) implement a franchise compliance program approved by the Commissioner. Mid-Atlantic Business Coaching, Inc. declined the rescission offer on October 15, 2002. Pursuant to the Consent Order, the National Franchise Council provided a compliance training program to ACUI's executives and office staff on October 28, 2002.

*California Department of Corporations Desist and Refrain Order*

On September 23, 1999, the California Department of Corporations (the "Department") issued a Desist and Refrain Order to Bradley J. Sugars, International Chairman of Action International, Inc. [sic], Claude G. Xuereb, President & CEO of Action International, Inc. [sic], and Action International, Inc. [sic]. The Department issued the Desist and Refrain Order based on its opinion that *Action International* franchises had been offered for sale in California without first being registered with the Department. In May 2002 and July 2002, ACUI (f/k/a Brad Sugars Action International, Inc.) voluntarily entered into agreements with two Licensed Coaches in California to terminate the franchise relationships, and ACUI refunded the franchisees a total of \$207,000. The Department has not contacted ACUI regarding this matter since November 2002. ACUI understands that the inquiry is closed; the Department approved ACUI's application to offer franchises in California in February 2005.

[Hannah Business Coaching, Inc. and Roger Engelau vs. Oak Tree Business Services of Ohio, LLC and ActionCOACH USA, Inc. \(Superior Court of the State of Indiana, Morgan County, Cause No. 55D01-1308-PL-1331\)](#)

[On August 7, 2013, Hannah Business Coaching, Inc. and Roger Engelau \(collectively, "Engelau"\), former franchisee and guarantor, respectively, under a Practice Business Coach](#)

Franchise Agreement, dated as of September 27, 2010 (the "Agreement"), filed a Complaint for Declaratory Judgment against Oaktree Business Services of Ohio, LLC ("Oaktree"), and ActionCOACH USA, Inc. ("ACUI"), Master Licensee and Franchisor, respectively. The complaint was served on ACUI on September 3, 2013. In the complaint, Engelau alleged fraud, violation of the Indiana Franchise Statutes and unconscionability relating, among other things, to: whether ACUI developed and owns the trademarks, the System and the Confidential Information; whether allegedly promised advertising was conducted in Engelau's area; whether the non-compete provision in the Agreement violates state law; and whether the dispute resolution procedures should be enforced. Engelau sought, among other things: (a) to have the Agreement declared void and repudiated, (b) to have the personal guaranty executed by Roger Engelau declared void and repudiated, and (c) a refund of all franchise fees paid by Hannah Business Coaching. On September 6, 2013, ACUI filed notice to remove the case to the U.S. District Court for the Southern District of Indiana (Case No. 1:13-cv-01423). On March 17, 2014, the parties entered into a Settlement Agreement with the following terms: (a) Engelau shall pay Oaktree and ACUI the sum of \$170,000 ("Settlement Amount"). On June 9, 2014, after payment by Engelau was satisfied, the parties filed a Stipulation with Dismissal upon which the court, on June 11, 2014, issued an order dismissing the case with prejudice.

Other than these items, no litigation or administrative action involving us, ACNA or ACUI is required to be disclosed in this disclosure document.

#### ITEM 4

#### BANKRUPTCY

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

Mr. Matthew Boswell, ACNA's Chief Development Officer, filed a bankruptcy petition under the provisions of Chapter 7 of the U.S. Bankruptcy Code on October 10, 2010. The petition was filed with the U.S. Bankruptcy Court, Eastern District of Texas, Case No. 10-4334 Doc. 16. The bankruptcy court entered a discharge on January 25, 2011.

Mr. Anthony Servidio, CFO of ACNA, filed a bankruptcy petition under the provisions of Chapter 7 of the U.S. Bankruptcy Code on May 22, 2012. The petition was filed with the U.S. Bankruptcy Court, District of Nevada, Case No. 12-16175-mkn. The bankruptcy court entered a discharge on August 22, 2012.

#### ITEM 5

#### INITIAL FEES

#### The FIRM

For a FIRM franchise you will pay us ~~an initial~~ a minimum franchise fee of ~~\$275,000~~ 90,000 for a DDMA with a business population of up to 5,000 businesses. Generally, the DDMA size will be from 15,000 ~~businesses~~ to 40,000 businesses, unless the DDMA is in a remote location, far from a Metropolitan Statistical Area in which case it may be smaller. We reserve the right, in our sole discretion, to determine the minimum size DDMA we will sell in a certain geographic

location. For a DDMA with more than ~~15,000~~5,000 businesses the franchise fee will be calculated ~~by dividing the number of businesses at the rate of \$18 for every business in the DDMA by 15,000 businesses and then multiplied by \$275,000.~~ For example, the franchise fee for a FIRM DDMA with a business population of 16,500 businesses will be calculated as follows: ~~(16,500/15,000) x \$275,000 = \$302,500. In the year ending December 31, 2016, there were no variances in the franchise fees paid by FIRM franchisees.~~ x \$18 = \$297,000.

The franchise fee is payable in a lump sum and is non-refundable. The franchise fees charged are uniform. However, we participate in the Veterans Transition Franchise Initiative (VetFran) program and offer \$5,000 discount on the franchise fee to eligible military veterans.

You must also pay us a non-refundable franchisee training fee of \$25,000 for you to attend the 10 day training. The fee is due upon signing of the franchise agreement. You must also pay us a non-refundable EBC training fee of \$5,000 for every EBC attending the 5-day training at least 14 days before the start of the scheduled EBC training.

If you are signing a FIRM franchise agreement in connection with the renewal of a previous one or the transfer of an existing one, in lieu of the franchise fee described above, you will pay the renewal fee or transfer fee currently at \$5,000 each.

### **The PRACTICE (Pro)**

~~For a PRACTICE (Pro) Business Coach franchise, you will pay an initial franchise fee of \$15,000. The franchise fee is payable in a lump sum and is non-refundable. The franchise fees charged are uniform. Although we participate in the Veterans Transition Franchise Initiative (VetFran) program, no discount on the franchise fee is given for this particular franchise. You must also pay us a non-refundable training fee (currently \$25,000) for you or your NBC for attendance at ACNA's 10-Day training. The training fee is due upon signing of the franchise agreement.~~

~~If you are signing a PRACTICE (Pro) Franchise Agreement in connection with the renewal of a previous agreement or the transfer of an existing agreement, in lieu of the franchise fee described above, you will pay the renewal fee or transfer fee specified in that agreement. Both renewal fee and the transfer fee for a PRACTICE (Pro) Franchise are \$2,500 each.~~

### **The PRACTICE**

~~For a PRACTICE Business Coach franchise, you will pay an initial franchise fee of \$44,500. The franchise fee is payable in a lump sum and is non-refundable. The franchise fees charged are uniform. However, we participate in the Veterans Transition Franchise Initiative (VetFran) program and offer \$5,000 discount on the franchise fee to eligible military veterans. You must also pay us a non-refundable franchisee training fee (currently \$25,000) for each person who attends the 10-day training. The fee is due upon signing of the franchise agreement.~~

~~If you are signing a PRACTICE Franchise Agreement in connection with the renewal of a previous agreement or the transfer of an existing agreement, in lieu of the franchise fee described above, you will pay the renewal fee or transfer fee specified in that agreement. Both renewal fee and the transfer fee for a PRACTICE Franchise are \$2,500 each.~~

### **The PRACTICE (Premium)**

For a PRACTICE (Premium) Franchise, you will pay us an initial franchise fee of \$74,500. The franchise fee is payable in a lump sum and is non-refundable. The franchise fees charged are uniform. However, we participate in the Veterans Transition Franchise Initiative (VetFran) program and offer \$5,000 discount on the franchise fee to eligible military veterans. You must also pay us a non-refundable franchisee training fee (currently \$25,000) for each person who attends the 10- day training. The fee is due upon signing of the franchise agreement. You must also pay us a non-refundable EBC training fee of \$5,000 for every EBC attending the 5-day training at least 14 days prior to the start of the scheduled EBC training.

If you are signing a PRACTICE (Premium) Franchise Agreement in connection with the renewal of a previous agreement or the transfer of an existing agreement, in lieu of the franchise fee described above, you will pay the renewal fee or transfer fee specified in that agreement. Both renewal fee and the transfer fee is \$~~1,250~~2,500 each.

**The PRACTICE**

For a PRACTICE Business Coach franchise, you will pay us an initial franchise fee of \$44,500. The franchise fee is payable in a lump sum and is non-refundable. The franchise fees charged are uniform. However, we participate in the Veterans Transition Franchise Initiative (VetFran) program and offer \$5,000 discount on the franchise fee to eligible military veterans. You must also pay us a non-refundable franchisee training fee (currently \$25,000) for each person who attends the 10- day training. The fee is due upon signing of the franchise agreement.

If you are signing a PRACTICE Franchise Agreement in connection with the renewal of a previous agreement or the transfer of an existing agreement, in lieu of the franchise fee described above, you will pay the renewal fee or transfer fee specified in that agreement. Both renewal fee and the transfer fee for a PRACTICE Franchise are \$2,500 each.

**ITEM 6**

**OTHER FEES**

The following table shows the Other Fees for the **FIRM** franchise.

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	a) <del>The monthly</del> <u>A Monthly Base Royalty Fee of \$1,950.</u> b) c) <u>plus.</u> d) e) <u>Percentage Base</u> Royalty Fee- <del>will be \$1,950 if Gross Revenues for the preceding month is below \$15,000--;</del> f)	The 1 <sup>st</sup> of each month.	Starts on the 4th month after you or your NBC completes the training program. See Note 1 below for definition of "Gross Revenues".

Type of Fee	Amount	Due Date	Remarks
	<ul style="list-style-type: none"> <li><u>g)</u> • <del>Plus</del> 9% of Gross Revenues between \$15,000 and \$64,999.99;</li> <li><u>h)</u> • Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;</li> <li><u>i)</u> • Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;</li> <li><u>j)</u> • Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;</li> <li><u>k)</u> • Plus 5% of Gross Revenues above \$144,999.99.</li> </ul>		
<b>Marketing and Advertising Fee</b>	5% of your Gross Revenues during the preceding month	The 5 <sup>th</sup> of each month.	No fee with respect to Gross Revenues in the month in which you or your NBC complete the training program. The Marketing & Advertising fee may be capped at \$750 <u>per month</u> , provided that the FIRM employs a full-time marketing manager who is approved by the Franchisor. See Note 1 below for definition of "Gross Revenues".
<b><del>Quarterly-Administrative</del> Mandatory Annual Regional Conference and Technology Fee</b>	<del>\$600</del> <u>\$300 per quarter</u>	On the 1st day of each quarter	Paid to ACNA; Starts on the quarter after you or your NBC <del>attend</del> <u>attends</u> training. <u>Pays for email, website, access to ActionMEMBERS and one person (you or your NBC) to attend the annual regional conference.</u>
<b>Renewal Fee</b>	\$5,000	When you sign Renewal Franchise Agreement	Paid if you choose to renew at the end of the initial franchise term.
<b>Transfer Fee</b>	\$5,000	With submission of request for approval of transfer	Paid if you sell your franchise.
<b>Relocation Fee</b>	\$10,000	When we approve your request	This fee applies only if you relocate your franchise from the Territory to the territory of

Type of Fee	Amount	Due Date	Remarks
			another Master Licensee. It does not apply if you relocate within your DDMA
<b>Franchisee Training (before renewal)</b>	\$25,000 <u>per trainee</u>	14 days before training session begins	Applies if we require you to remedy non-compliance by attending franchisee training before we will renew your franchise.
<b>Employee Business Coach-<del>Training</del> and/or Key Personnel Training</b>	\$5,000 per trainee subject to change by ACNA.	14 days before training session begins	Each EBC and Key Personnel (after you begin operating the FIRM) you appoint must complete ACNA's 5-day training program at the then-current fee. We will publish the current fee when the training session is announced. Fees do not cover travel, lodging and the meals outside of the training sessions.
<del><b>FIRM Owner-Supplemental Training (optional)</b></del>	<del>-\$7,500 to attend in person; zero to watch on-line</del>	<del>14 days before training session begins</del>	<del>You may elect to attend this optional 3-day supplemental training either in person at our offices, or on-line at your location. If you elect to attend this training in person, we charge you \$7,500. If you elect to watch it on-line, there is no charge.</del>
<b>Additional Training</b>	Up to \$1,000 per day	14 days before training session begins	Payable only if we require you to attend additional training at our offices based on your failure to meet Minimum Performance requirements.
<del><b>Mandatory Annual Regional Conferences</b></del> <u>Conference</u>	Approximately \$2,500 per year <del>for conference fees.</del>	Before conference begins	<del>Conference fee payable to us or ACNA. You are responsible for your travel costs</del> <u>ACNA registration fee and estimated travel expenses (airlines, hotel, etc.) for any additional people, other than you or your NBC, to attend.</u> <del>We may conduct interim conferences that are not</del>

Type of Fee	Amount	Due Date	Remarks
			<del>mandatory.</del>
<b>Interest Charges</b>	1.5 % per month or maximum legal rate.	With payment of underlying amount due	Payable only if you are late in payment.
<b>Inspection and Audit Costs</b>	Actual cost of examination or audit by a Big-4 accounting firm, including travel expenses for the examiner or auditor.	Within 5 business days after your receipt of inspection or audit report	Payable only if the inspection or audit shows an understatement of 5% or more of the correct amount due.
<b>Insurance Reimbursement</b>	Amount paid by us or ACNA	On demand for reimbursement	Payable only if you fail to obtain coverage and we or ACNA purchase it on your behalf.
<b>Liquidated Damages upon your default</b>	Present value of Royalty Fee and Marketing and Advertising Fee stream for lesser of 2 years or remaining term, minus our expenses saved	On termination of Franchise Agreement	Payable only if we terminate your agreement for default.
<b>Liquidated Damages upon your breach of obligations relating to Marks or Confidential Information or breach of restrictive covenants</b>	\$250,000 plus enforcement costs if we prevail in any legal action	Upon specified breaches of Section 15 or 16 <a href="#">of</a> the Franchise Agreement	Payable only if you breach the Franchise Agreement obligations relating to the Marks or Confidential Information or the restrictive covenants contained in the Franchise Agreement.
<b>Enforcement Costs</b>	Actual costs	On demand for reimbursement	You must pay all of our and ACNA's investigation costs, collection costs, and attorneys' fees resulting from your default under the Franchise Agreement, if we or ACNA prevail in any legal action or arbitration.
<b>Indemnification Costs</b>	Actual losses or expenses incurred by us, ACNA, and ACIP	On demand for reimbursement	You must indemnify us, ACNA and ACIP against all claims, expenses, and liabilities arising from the operation of your Business Coach franchise. Does not apply to liabilities that arise from gross negligence or willful acts by us or ACNA or

Type of Fee	Amount	Due Date	Remarks
			its affiliates.
<b>Amendment Fee</b>	Our reasonable costs, estimated at \$500 to \$700	On demand for reimbursement	If you request an amendment to the Franchise Agreement during the term of your agreement, you must reimburse us (and ACNA, if applicable) for the reasonable costs we incur in connection with the amendment, including reasonable attorneys' fees.

NOTES:

- (1) "Gross Revenues" means the total receipts derived from services performed and products sold by or in connection with your ActionCOACH business. Gross Revenues are determined on an accrual basis. Any property or services ~~you~~[your franchise](#) receive from Clients in exchange for your services must be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds ~~you~~[your franchise](#) may receive from business interruption insurance. Gross Revenues do not include sales taxes or other taxes that ~~you collect~~[your franchise collects](#) from Clients and pay directly to the appropriate governmental authorities. The figures listed above in Royalty Fee are not a financial performance representation and should not be considered as a guide for possible revenues. Please refer to Item 19 for our information relating to Financial Performance Representations.
- (2) Unless otherwise indicated, the fees and payments described above are not refundable, and are uniformly applied (except to the extent required by different terms that may be contained in earlier forms of the franchise agreement). For each type of fee or payment, you must use the payment method we designate. You must furnish us and your bank with any authorizations necessary to make payment by the methods we require.

The following table shows the Other Fees for the **PRACTICE** (~~Pro~~-franchise-Premium)[franchise](#).

Type of Fee	Amount	Due Date	Remarks
<b>Royalty Fee</b>	<del>\$2,600 or 20% of preceding month's Gross Revenue ("GR"), whichever is higher</del> <a href="#">a</a> <u>A Monthly Base Royalty Fee of \$1,950;</u>  <u>plus.</u>	The 1 <sup>st</sup> of each month.	Starts on the 2 <sup>nd</sup> <a href="#">4th</a> month after you or your NBC completes the training program. <a href="#">See Note 1 below for definition of "Gross Revenues"</a>

Type of Fee	Amount	Due Date	Remarks
	<p><u>b) Percentage Base Royalty Fee at the following rates:</u></p> <ul style="list-style-type: none"> <li>• <u>9% of Gross Revenues between \$15,000 and \$64,999.99;</u></li> <li>• <u>Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;</u></li> <li>• <u>Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;</u></li> <li>• <u>Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;</u></li> <li>• <u>Plus 5% of Gross Revenues above \$144,999.99.</u></li> </ul>		
<b>Marketing and Advertising Fee</b>	5% of Gross Revenues ('GR') during the preceding month, but not more than <del>\$750</del> <u>\$750.</u>	The 5 <sup>th</sup> of each month.	Starts on the month after you or your NBC completes the training program. See Note 1 below for definition of "Gross Revenues."
<b><del>Quarterly-Administrative</del> Mandatory Annual Regional Conference and Technology Fee</b>	<del>\$600</del> <u>\$300 per quarter</u>	On the 1st day of each quarter	Paid to ACNA; Starts on the quarter after you or your NBC <del>attend</del> <u>attends</u> training. <u>Pays for email, website, access to ActionMEMBERS and one person (you or your NBC) to attend the annual regional conference.</u>
<b>Renewal Fee</b>	\$2,500	When you sign Renewal Franchise Agreement	Paid if you choose to renew at the end of the initial franchise term.
<b>Transfer Fee</b>	\$2,500	With submission of request for approval of transfer	Paid if you sell your franchise.

Type of Fee	Amount	Due Date	Remarks
<b>Relocation Fee</b>	\$5,000	When we approve your request	This fee applies only if you relocate your franchise from the Territory to the territory of another Master Licensee. It does not apply if you relocate within your Designated Territory
<b>Upgrade Fee</b>	<del>\$40,000</del> a) <u>\$15,000;</u> <u>plus</u> b) <u>The difference between the Franchise Fee you originally paid and the current FIRM Franchise Fee based on your DDMA.</u>	Upon signing of the <b>PRACTICEFIRM</b> Franchise Agreement	Payable only if you are not in breach of your franchise agreement and you want to upgrade to the <b>PRACTICEFIRM</b> Franchise. This fee is in lieu of the franchise fee for the <b>PRACTICEFIRM</b> franchise. An upgrade is subject to applicable federal and state requirements for the sale of the <b>PRACTICEFIRM</b> franchise.
<b>Franchisee Training (before renewal, replacement NBC)</b>	\$25,000	14 days before training session begins	Applies if we require you to remedy non-compliance by attending franchisee training before we will renew your franchise, or if you appoint another person to be the NBC who must complete ACNA's training program before acting as your NBC.
<b><u>Employee Business Coach and/or Key Personnel Training Fee</u></b>	<u>\$5,000 per trainee, subject to change by ACNA</u>		<u>Payable to ACNA at least 14 days before the 5-Day training session. Fees do not cover travel, lodging and the meals outside of the training sessions.</u>
<b>Additional Training</b>	Up to \$1,000 per day	14 days before training session begins	Payable only if we require you to attend additional training at our offices based on your failure to meet Minimum Performance requirements.
<b><del>Mandatory Annual Regional Conferences</del> <u>Conference</u></b>	Approximately \$2,500 per year- <del>for conference fees.</del>	Before conference begins	<del>Conference fee is waived for</del> <u>ACNA registration fee and estimated travel expenses (airlines, hotel, etc.) for any additional people, other than you (or your NBC attending on-</u>

Type of Fee	Amount	Due Date	Remarks
			<del>your behalf). You are responsible for your travel costs to the Regional Conference, to attend. We may conduct interim conferences that are not mandatory.</del>
<b>Interest Charges</b>	1.5 % per month or maximum legal rate.	With payment of underlying amount due	Payable only if you are late in payment.
<b>Inspection and Audit Costs</b>	Actual cost of examination or audit by a Big-4 accounting firm, including travel expenses for the examiner or auditor.	Within 5 business days after your receipt of inspection or audit report	Payable only if the inspection or audit shows an understatement of 5% or more of the correct amount due.
<b>Insurance Reimbursement</b>	Amount paid by us or ACNA	On demand for reimbursement	Payable only if you fail to obtain coverage and we or ACNA purchase it on your behalf.
<b>Liquidated Damages upon your default</b>	Present value of Royalty Fee and Marketing and Advertising Fee stream for lesser of 2 years or remaining term, minus our expenses saved	On termination of Franchise Agreement	Payable only if we terminate your agreement for default.
<b>Liquidated Damages upon your breach of obligations relating to Marks or Confidential Information or breach of restrictive covenants</b>	\$250,000 plus enforcement costs if we prevail in any legal action	Upon specified breaches of Section 15 or 16 the Franchise Agreement	Payable only if you breach the Franchise Agreement obligations relating to the Marks or Confidential Information or the restrictive covenants contained in the Franchise Agreement.
<del><b>Liquidated Damages for inaccurate reporting of Gross Revenue</b></del>	<del>\$50,000</del>	<del>Upon receipt of invoice</del>	<del>Payable only if the inspection or audit shows an understatement of 5% or more of the correct amount due.</del>
<b>Enforcement Costs</b>	Actual costs	On demand for reimbursement	You must pay all of our and ACNA's investigation costs, collection costs, and attorneys' fees resulting from your default under the Franchise Agreement, if we or ACNA prevail in any legal action or arbitration.
<b>Indemnification</b>	Actual losses or expenses	On demand for	You must indemnify us, ACNA

Type of Fee	Amount	Due Date	Remarks
<b>Costs</b>	incurred by us, ACNA and ACIP	reimbursement	and ACIP against all claims, expenses, and liabilities arising from the operation of your Business Coach franchise. Does not apply to liabilities that arise from gross negligence or willful acts by us or ACNA or its affiliates.
<b>Amendment Fee</b>	Our reasonable costs, estimated at \$500 to \$700	On demand for reimbursement	If you request an amendment to the Franchise Agreement during the term of your agreement, you must reimburse us (and ACNA, if applicable) for the reasonable costs we incur in connection with the amendment, including reasonable attorneys' fees.

NOTES:

NOTES:

(1) ~~(1)~~ "Gross Revenues" means the total receipts derived from services performed and products sold by or in connection with your ActionCOACH business. Gross Revenues are determined on an accrual basis. Any property or services ~~you~~your franchise receive from Clients in exchange for your services must be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds ~~you~~your franchise may receive from business interruption insurance. Gross Revenues do not include sales taxes or other taxes that ~~you collect~~your franchise collects from Clients and pay directly to the appropriate governmental authorities. The figures listed above in Royalty Fee are not a financial performance representation and should not be considered as a guide for possible revenues. Please refer to Item 19 for our information relating to Financial Performance Representations.

(2) Unless otherwise indicated, the fees and payments described above are not refundable, and are uniformly applied (except to the extent required by different terms that may be contained in earlier forms of the franchise agreement). For each type of fee or payment, you must use the payment method we designate. You must furnish us and your bank with any authorizations necessary to make payment by the methods we require.

The following table shows the Other Fees for the **PRACTICE franchise**.

Type of Fee	Amount	Due Date	Remarks
<b>Royalty Fee</b>	<del>a) The monthly</del> <u>A Monthly Base Royalty Fee of \$1,950; plus</u> b)	The 1 <sup>st</sup> of each month.	Starts on the 2 <sup>nd</sup> month after you or your NBC completes the training program.

Type of Fee	Amount	Due Date	Remarks
	<p>c) <u>Percentage Base</u> Royalty Fee <del>will be \$1,950 if Gross Revenues for the preceding month is below \$15,000</del> <u>at the following rates:</u></p> <p>d)</p> <p>e) • Plus 9% of Gross Revenues between \$15,000 and \$64,999.99;</p> <p>f) • Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;</p> <p>g) • Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;</p> <p>h) • Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;</p> <p>i) • Plus 5% of Gross Revenues above \$144,999.99.</p>		
<b>Marketing and Advertising Fee</b>	5% of Gross Revenues ("GR") during the preceding month but not more than \$750 <u>per month</u>	The 5 <sup>th</sup> of each month.	Starts on the month after you or your NBC completes the training program. See Note 1 below for definition of "Gross Revenues."
<b><del>Quarterly Administrative</del> <u>Mandatory Annual Regional Conference and Technology Fee</u></b>	<del>\$600</del> <u>300 per quarter</u>	On the 1st day of each quarter	Paid to ACNA; Starts on the quarter after you or your NBC <del>attend</del> <u>attends</u> training. <u>Pays for email, website, access to ActionMEMBERS and one person (you or your NBC) to attend the annual regional conference.</u>
<b>Renewal Fee</b>	\$2,500	When you sign Renewal Franchise Agreement	Paid if you choose to renew at the end of the initial franchise term.
<b>Transfer Fee</b>	\$2,500	With submission of request for approval of transfer	Paid if you sell your franchise.
<b>Relocation Fee</b>	\$5,000	When we approve your request	This fee applies only if you relocate your franchise from the Territory to the territory of

Type of Fee	Amount	Due Date	Remarks
			another Master Licensee. It does not apply if you relocate within your Designated Territory
<b>Upgrade Fee</b>	a) <del>\$40,000</del> <u>10,000;</u> b) c) <u>plus,</u> d) e) <u>The difference between the Franchise Fee you originally paid and the current PRACTICE (Premium) Franchise Fee.</u>	Upon signing of the PRACTICE (Premium) Franchise Agreement	Payable only if you are not in breach of your franchise agreement and you want to upgrade to the PRACTICE (Premium) Franchise. This fee is in lieu of the franchise fee for the PRACTICE (Premium) franchise. An upgrade is subject to applicable federal and state requirements for the sale of the PRACTICE (Premium) franchise.
<b>Franchisee Training (before renewal, replacement NBC)</b>	\$25,000 <u>per trainee</u>	14 days before training session begins	Applies if we require you to remedy non-compliance by attending franchisee training before we will renew your franchise, or if you appoint another person to be the NBC who must complete ACNA's training program before acting as your NBC.
<b>Additional Training</b>	Up to \$1,000 per day	14 days before training session begins	Payable only if we require you to attend additional training at our offices based on your failure to meet Minimum Performance requirements.
<b><del>Mandatory</del> Annual Regional Conferences <u>Conference</u></b>	Approximately \$2,500 per year for conference fees	Before conference begins	<del>Conference fee payable to us or ACNA. You are responsible for your travel costs to the North American Conference</del> <u>ACNA registration fee and estimated travel expenses (airlines, hotel, etc.) for any additional people, other than you or your NBC, to attend. We may conduct interim conferences that are not mandatory.</u>
<b>Interest Charges</b>	1.5 % per month or maximum legal rate	With payment of underlying amount due	Payable only if you are late in payment.
<b>Inspection and</b>	Actual cost of examination or	Within 5 business	Payable only if the inspection or

Type of Fee	Amount	Due Date	Remarks
<b>Audit Costs</b>	audit by a Big-4 accounting firm, including travel expenses for the examiner or auditor.	days after your receipt of inspection or audit report	audit shows an understatement of 5% or more of the correct amount due.
<b>Insurance Reimbursement</b>	Amount paid by us or ACNA	On demand for reimbursement	Payable only if you fail to obtain coverage and we or ACNA purchase it on your behalf.
<b>Liquidated Damages upon your default</b>	Present value of Royalty Fee and Marketing and Advertising Fee stream for lesser of 2 years or remaining term, minus our expenses saved	On termination of Franchise Agreement	Payable only if we terminate your agreement for default.
<b>Liquidated Damages upon your breach of obligations relating to Marks or Confidential Information or breach of restrictive covenants</b>	\$250,000 plus enforcement costs if we prevail in any legal action	Upon specified breaches of Section 15 or 16 the Franchise Agreement	Payable only if you breach the Franchise Agreement obligations relating to the Marks or Confidential Information or the restrictive covenants contained in the Franchise Agreement.
<b>Enforcement Costs</b>	Actual costs	On demand for reimbursement	You must pay all of our and ACNA's investigation costs, collection costs, and attorneys' fees resulting from your default under the Franchise Agreement, if we or ACNA prevail in any legal action or arbitration.
<b>Indemnification Costs</b>	Actual losses or expenses incurred by us, ACNA and ACIP	On demand for reimbursement	You must indemnify us, ACNA and ACIP against all claims, expenses, and liabilities arising from the operation of your Business Coach franchise. Does not apply to liabilities that arise from gross negligence or willful acts by us or ACNA or its affiliates.
<b>Amendment Fee</b>	Our reasonable costs, estimated at \$500 to \$700	On demand for reimbursement	If you request an amendment to the Franchise Agreement during the term of your agreement, you must reimburse us (and ACNA, if applicable) for the reasonable costs we incur in connection with the amendment, including

Type of Fee	Amount	Due Date	Remarks
			reasonable attorneys' fees.

NOTES:

- (1) "Gross Revenues" means the total receipts derived from services performed and products sold by or in connection with your ActionCOACH business. Gross Revenues are determined on an accrual basis. Any property or services ~~you receive~~your franchise receives from Clients in exchange for your services must be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds ~~you~~your franchise may receive from business interruption insurance. Gross Revenues do not include sales taxes or other taxes that ~~you collect~~your franchise collects from Clients and pay directly to the appropriate governmental authorities.
- (2) Unless otherwise indicated, the fees and payments described above are not refundable, and are uniformly applied (except to the extent required by different terms that may be contained in earlier forms of the franchise agreement). For each type of fee or payment, you must use the payment method we designate. You must furnish us and your bank with any authorizations necessary to make payment by the methods we require.

The following table shows the ~~Other Fees for the PRACTICE (Premium) franchise.~~

<del>Type of Fee</del>	<del>Amount</del>	<del>Due Date</del>	<del>Remarks</del>
<del><b>Royalty Fee</b></del>	<del>The monthly Royalty Fee will be \$1,950 if Gross Revenues for the preceding month is below \$15,000—  <ul style="list-style-type: none"> <li>• Plus 9% of Gross Revenues between \$15,000 and \$64,999.99;</li> <li>• Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;</li> <li>• Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;</li> <li>• Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;</li> <li>• Plus 5% of Gross Revenues above \$144,999.99.</li> </ul></del>	<del>The 1<sup>st</sup> of each month.</del>	<del>Starts on the 4th month after you or your NBC completes the training program. See Note 1 below for definition of "Gross Revenues"</del>
<del><b>Marketing and Advertising Fee</b></del>	<del>5% of Gross Revenues ("GR") during the preceding month but no more than \$750</del>	<del>The 5<sup>th</sup> of each month.</del>	<del>Starts on the month after you or your NBC completes the training program. See Note 1 below for definition of "Gross</del>

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
			Revenues.”
<b>Quarterly Administrative Fee</b>	\$600	On the 1st day of each quarter	Paid to ACNA; Starts on the quarter after you or your NBC attend training
<b>Renewal Fee</b>	\$1,250	When you sign Renewal Franchise Agreement	Paid if you choose to renew at the end of the initial franchise term.
<b>Transfer Fee</b>	\$1,250	With submission of request for approval of transfer	Paid if you sell your franchise.
<b>Relocation Fee</b>	\$2,500	When we approve your request	This fee applies only if you relocate your franchise from the Territory to the territory of another Master Licensee. It does not apply if you relocate within your Designated Territory.
<b>Upgrade Fee</b>	\$210,000	Upon signing of the FIRM Franchise Agreement	Payable only if you are not in breach of your franchise agreement and you want to upgrade to the FIRM Franchise. This fee is in lieu of the franchise fee for the FIRM franchise. An upgrade is subject to applicable federal and state requirements for the sale of the FIRM franchise.
<b>Franchisee Training (before renewal, replacement NBC)</b>	\$25,000	14 days before training session begins	Applies if we require you to remedy non-compliance by attending franchisee training before we will renew your franchise, or if you appoint another person to be the NBC who must complete ACNA’s training program before acting as your NBC.

<b><del>Type of Fee</del></b>	<b><del>Amount</del></b>	<b><del>Due Date</del></b>	<b><del>Remarks</del></b>
<b><del>EBC Training Fee</del></b>	<del>\$5,000 for each of your Employee Business Coaches</del>		<del>Payable to ACNA at least 14 days before the 5 Day training session (if and when you become eligible and actually appoint an Employee Business Coach). Fees do not cover travel, lodging and the meals outside of the training sessions.</del>
<b><del>Additional Training</del></b>	<del>Up to \$1,000 per day</del>	<del>14 days before training session begins</del>	<del>Payable only if we require you to attend additional training at our offices based on your failure to meet Minimum Performance requirements.</del>
<b><del>Mandatory Annual Regional Conferences</del></b>	<del>Approximately \$2,500 per year for conference fees.</del>	<del>Before conference begins</del>	<del>A conference fee is payable to us or ACNA. You are responsible for your travel costs. We may conduct interim conferences that are not mandatory.</del>
<b><del>Interest Charges</del></b>	<del>1.5 % per month or maximum legal rate.</del>	<del>With payment of underlying amount due</del>	<del>Payable only if you are late in payment.</del>
<b><del>Inspection and Audit Costs</del></b>	<del>Actual cost of examination or audit by a Big 4 accounting firm, including travel expenses for the examiner or auditor.</del>	<del>Within 5 business days after your receipt of inspection or audit report</del>	<del>Payable only if the inspection or audit shows an understatement of 5% or more of the correct amount due.</del>
<b><del>Insurance Reimbursement</del></b>	<del>Amount paid by us or ACNA</del>	<del>On demand for reimbursement</del>	<del>Payable only if you fail to obtain coverage and we or ACNA purchase it on your behalf.</del>
<b><del>Liquidated Damages upon your default</del></b>	<del>Present value of Royalty Fee and Marketing and Advertising Fee stream for lesser of 2 years or remaining term, minus our expenses saved</del>	<del>On termination of Franchise Agreement</del>	<del>Payable only if we terminate your agreement for default.</del>
<b><del>Liquidated Damages upon your breach of obligations relating to Marks or Confidential Information or breach of restrictive</del></b>	<del>\$250,000 plus enforcement costs if we prevail in any legal action</del>	<del>Upon specified breaches of Section 15 or 16 the Franchise Agreement</del>	<del>Payable only if you breach the Franchise Agreement obligations relating to the Marks or Confidential Information or the restrictive covenants contained in the Franchise Agreement.</del>

<del>Type of Fee</del>	<del>Amount</del>	<del>Due Date</del>	<del>Remarks</del>
<del>covenants</del>			
<del>Enforcement Costs</del>	<del>Actual costs</del>	<del>On-demand for reimbursement</del>	<del>You must pay all of our and ACNA's investigation costs, collection costs, and attorneys' fees resulting from your default under the Franchise Agreement, if we or ACNA prevail in any legal action or arbitration.</del>
<del>Indemnification Costs</del>	<del>Actual losses or expenses incurred by us, ACNA and ACIP</del>	<del>On-demand for reimbursement</del>	<del>You must indemnify us, ACNA and ACIP against all claims, expenses, and liabilities arising from the operation of your Business Coach franchise. Does not apply to liabilities that arise from gross negligence or willful acts by us or ACNA or its affiliates.</del>
<del>Amendment Fee</del>	<del>Our reasonable costs, estimated at \$500 to \$700</del>	<del>On-demand for reimbursement</del>	<del>If you request an amendment to the Franchise Agreement during the term of your agreement, you must reimburse us (and ACNA, if applicable) for the reasonable costs we incur in connection with the amendment, including reasonable attorneys' fees.</del>

**NOTES:**

- (1) ~~“Gross Revenues” means the total receipts derived from services performed and products sold by or in connection with your ActionCOACH business. Gross Revenues are determined on an accrual basis. Any property or services you receive from Clients in exchange for your services must be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds you may receive from business interruption insurance. Gross Revenues do not include sales taxes or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.~~
- (2) ~~Unless otherwise indicated, the fees and payments described above are not refundable, and are uniformly applied (except to the extent required by different terms that may be contained in earlier forms of the franchise agreement). For each type of fee or payment, you must use the payment method we designate. You must furnish us and your bank with any authorizations necessary to make payment by the methods we require.~~

ITEM 7

ESTIMATED INITIAL INVESTMENT  
YOUR ESTIMATED INITIAL INVESTMENT  
FOR A FIRM FRANCHISE

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Franchise Fee (note 2)	<del>\$275,000</del> <u>90,000 to \$720,000</u>	Lump sum	When you sign Franchise Agreement	Master Licensee
Franchisee Training Fee (note 3)	\$25,000 per trainee	Lump sum	When you sign the Franchise Agreement	Master Licensee, but Master Licensee forwards to ACNA
Travel to <del>Initial-</del> <u>Franchisee</u> Training (note 3)	\$250 to \$1,000 per trainee	As incurred	As incurred	Airlines, etc.
<u>EBC/Key Personnel Training Fee (note 3)</u>	<u>\$0 to \$5,000</u>	<u>Lump sum</u>	<u>14 days before training session begins</u>	<u>Payable to ACNA at least 14 days prior to the training session. Fees do not cover travel, lodging and the meals outside of the training sessions.</u>
<u>Travel to EBC Training (note 3)</u>	<u>\$750 to \$2,500</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Airlines, etc.</u>
<del>Registration Fees/-</del> <u>Travel Expenses for Mandatory</u> Annual Regional Conference (note 3)	<del>\$0750 to \$2,500</del> <u>5,000</u> depending on timing of conferences, <u>and class of airline tickets</u>	As incurred	Before conference and/or as incurred	<del>ACNA (registration-fee), airlines</del> <u>Airlines, hotel, etc.</u>
<del>Quarterly-Administrative</del> <u>Mandatory Annual Regional Conference and Technology</u> Fee (note 4)	<del>\$600</del> <u>300 per quarter</u>	Lump sum	1 <sup>st</sup> day of each quarter	ACNA
<u>Annual Regional Conference (EBC's or key personnel)</u>	<u>\$0 to \$1,200</u>	<u>Lump sum</u>	<u>When registering an attendee for</u>	<u>ACNA</u>

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
<b>(note 4)</b>			<u>conference</u>	
Computer, Telephone & Office Equipment <b>(note 5)</b>	\$0 to \$25,000	As incurred	As incurred	Equipment suppliers
Non-Coach Email Addresses <b>(note 6)</b>	\$70 fee for setup per user	As incurred	As incurred	ACNA
Marketing Materials & Inventory <b>(note 7)</b>	<del>\$1,000</del> to \$15,000	As incurred	Upon ordering or at delivery	Suppliers
Insurance <b>(note 8)</b>	\$1,000 to \$2,000	As incurred	Before you start business	Third party insurance providers
Additional Funds (for first 3 months of operation) <b>(note 9)</b>	\$17,000 to \$78,000	As incurred	Varied times	Suppliers and/or Vendors
Own Web Site (Optional and only if approved by ACNA)	\$0 to \$5,000	As incurred	As incurred	Third Party supplier
CRM <b>(note 10)</b>	\$38 to \$114	As incurred	As incurred	Third Party supplier
Rent <b>(note 11)</b>	<del>\$1,500</del> to \$22,500	As incurred	Monthly	Third Party
Security Deposit <b>(note 12)</b>	\$750 to \$7,500	As incurred	As incurred	Third Party
FIRM Owner Training (Optional) <b>(note 13)</b>	\$7,500	As Incurred	As incurred	ACNA
TOTAL <b>(note 14)</b>	<del>\$322,208</del> <u>135,658</u> to <del>\$466,784</del> <u>913,984</u>			

NOTES:

- (1) All payments to us and ACNA are non-refundable. Whether any of the costs payable to third parties are refundable will depend upon the arrangements you make with those parties.
- (2) ~~The franchise fee for a FIRM will only be greater than \$275,000 if the business population of the DDMA is more than 15,000 businesses. See Item 5 for calculation of initial franchise fee for larger DDMA's.~~ If you are entitled to the VetFran discount on the franchise fee, you will pay \$5,000 less on the franchise fee.

- (3) You will pay 1 training fee for your attendance at initial training. All transportation costs to and from training are your responsibility. However, lodging and normal meals during training are included in the training fee. Any incidental costs incurred during any of the training sessions are your responsibility. The estimates are for travel by ~~the FIRM franchisee~~ 1 trainee only and assume that training will be held in Las Vegas, Nevada. The high range of the estimate for the EBC training fee assumes that you will appoint, and Franchisor will train, 1 EBC during the first 3 months of your FIRM's operations. The estimated travel costs for the EBC training is also for 1 trainee only. At least once per year, ACNA organizes a Regional Conference (including the Business Excellence Forum) that you must attend. ~~Conference~~ The conference fee for you at the regional conference is included in the ~~Quarterly Administrative Fee~~ Mandatory Annual Regional Conference and Technology Fee (see note 4). However, travel to and from, accommodation during and meals outside the regional conference are for your account. The low range estimate assumes travel for you alone, while the high range estimate assumes travel for both you and one EBC. In addition, at least once per year, ACNA organizes a Global Conference which may be held outside of the U.S. You and your Business Coaches are not required to attend the Global Conference. You will have to pay a registration fee for each person attending the Global Conference ~~and your own~~ as well as travel, accommodation and meal costs. It is possible that one of the mandatory conferences will occur during the initial months of your franchise.

~~You will not incur any EBC Training Fees during the first 6 months of your business, because you may not send your first EBC to this training until after you have been in business at least 6 months. That is why no estimate is given for EBC Training Fees in the above chart.~~

- (4) You must pay ACNA a ~~quarterly administrative fee~~ Mandatory Annual Regional Conference and Technology Fee. This fee covers conference fee for one person (you or your NBC) at the annual regional conference (including the Business Excellence Forum), the use of the ActionCOACH website, website hosting, an ActionCOACH email address and related technology support. Any EBC's or other personnel you send will be required to pay a separate Annual Conference Fee to attend. The high range assumes you will hire and purchase a ticket for one EBC to the Annual Regional Conference.
- (5) You must have a computer, specific software, Internet access, printer, scanner, fax and general office equipment. If you already have equipment meeting ACNA's specifications, no expenditure will be necessary. See Item 11 for a list of recommended computer equipment and Exhibit O for our current communications system specifications. You should consider obtaining a toll-free telephone number if you plan to serve Clients outside of your local calling area.
- (6) E-mail addresses are not transferable. New users cannot re-use by adjusting names on existing e-mail addresses.
- (7) At start-up, we will provide you with on-line selection of marketing materials for initial publicity and marketing. The estimate is for additional products, media and stationery, and marketing materials.
- (8) You must obtain general business insurance that meets requirements that ACNA specifies periodically, but in no event less than the minimum insurance requirements under applicable law. Currently, we require \$1,000,000 of professional liability

insurance, \$1,000,000 of general liability insurance, disability or business interruption insurance, worker's compensation insurance, and any other insurance required by law or your office lease or mortgage. We and ACNA must be listed as an additional insured in the policy or policies.

- (9) This estimate is for additional funds that you may need before operations begin and during the first 3 months of operation. The estimate is based upon information reported by ACNA's existing Business Coaches and we have not verified it. The estimate includes miscellaneous startup costs such as deposits, license fees (if any), and legal and accounting fees, and any ongoing operating expenses such as the Marketing and Advertising Fee, ~~employee expenses~~, equipment leases, inventory, and supplies. It also includes fees you may pay professional advisors to assist you with specific know-how, methods, or technology you deem necessary to be able to competently provide services to your Clients. It does not include any compensation you may choose to pay yourself. The high range of the estimate also includes expenses for hiring or contracting 1 FBC. You will need capital to support these and other ongoing costs of your business. Your costs will depend on factors such as how closely you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business and competition. We do not guarantee that the estimated amounts will be adequate for your business. You may need substantial additional funds during the first 3 months of operation or afterwards. The figures provided are not an estimate of the funds you will need to reach "break-even" or any other financial position.
- (10) You will be required to purchase ~~a~~ CRM software. Estimates provided are rates from a current provider.
- (11) You must operate your FIRM from a professional office space located within ~~the~~your DDMA. The minimum space requirement of your office is 300 square feet. We suggest that you lease the office space and if possible, for the first 6 months, lease serviced office space with suitable meeting and conference rooms. Our estimate of rent costs is based on a serviced office or similar arrangement. Traditional commercial office leasing may require a fit-out and will cost significantly more. Due to the large variance in commercial office lease costs we are unable to provide cost estimates for that type of office.
- (12) It is likely that you will be required to pay a security deposit for your office space.
- ~~(13) The FIRM Owner Training program is currently optional additional training and is only available to FIRM Owners. We have included the cost as part of your estimated initial investment since we recommend all FIRM Owners attend this additional training program. FIRM Owners will receive all the tools and training as part of the Franchisee Training to operate the FIRM. See Item 6.(14)~~ The above table outlines the estimated initial investment to establish a typical FIRM Business Coach franchise. As noted above, the figures listed are not all-inclusive. For example, they do not include tax obligations or provide for your cash needs to cover any financing incurred by you, Marketing and Advertising Fee, other employee and management salaries and benefits, or other ongoing operating expenses. Your costs will vary, and may exceed the estimate set out above.

**YOUR ESTIMATED INITIAL INVESTMENT  
FOR PRACTICE (~~Pro~~Premium) FRANCHISE**

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Franchise Fee (note 2)	<del>\$15,000</del> <u>74,500</u>	Lump sum	When you sign Franchise Agreement	Master Licensee
Franchisee Training Fee (note 3)	\$25,000	Lump sum	When you sign the Franchise Agreement	Master Licensee, but Master Licensee forwards to ACNA
<u>Travel to Franchisee Training (note 3)</u>	<u>\$250 to \$1,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Airlines, etc.</u>
<del>Quarterly Administrative and/or Key Personnel Training Fee</del> <u>EBC Personnel Training Fee</u> (note 3)	<del>\$600 per quarter</del> <u>0 to \$5,000</u>	Lump sum	<del>1st day of each quarter</del> <u>14 days before training session begins</u>	<u>Payable to ACNA at least 14 days prior to the training session. Fees do not cover travel, lodging and the meals outside of the training sessions.</u>
<del>Travel to 10-Day</del> <u>EBC Training</u> (note 3)	<del>\$250</del> <u>750 to \$1,000</u> <u>2,500</u>	As incurred	As incurred	Airlines, etc.
<del>Travel Expenses for Mandatory</del> <u>to Annual Regional Conference</u> (note 3)	<del>\$0</del> <u>750 to \$2,500</u> <u>5,000</u> depending on timing of conferences <u>and class of airline tickets</u>	As incurred	Before conference and/or as incurred	Airlines, hotel, etc.
<u>Mandatory Annual Conference and Technology Fee</u> (note 4)	<u>\$300 per quarter</u>	<u>Lump sum</u>	<u>1st day of each quarter</u>	<u>ACNA</u>
<u>Annual Regional Conference (EBC's or key personnel)</u>	<u>\$0 to \$1,200</u>	<u>Lump sum</u>	<u>When registering an attendee for</u>	<u>ACNA</u>

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
<a href="#">(note 4)</a>			<a href="#">conference</a>	
Computer, Telephone & Office Equipment <b>(note 45)</b>	\$0 to \$4,000	As incurred	As incurred	Equipment suppliers
Non-Coach Email Addresses <b>(note 56)</b>	\$70 fee for setup per user	As incurred	As incurred	ACNA
Marketing Materials & Inventory <b>(note 67)</b>	\$1,000 to \$2,500	As incurred	Upon ordering or at delivery	Suppliers
Insurance <b>(note 78)</b>	\$1,000 to \$2,000	As incurred	Before you start business	Third party insurance providers
Additional Funds (for first 3 months of operation) <b>(note 89)</b>	\$5,000 to \$11,000	As incurred	Varied times	Suppliers and/or Vendors
Own Web Site ( <del>Only</del> <a href="#">Optional and only</a> if approved by ACNA)	\$0 to \$5,000	As incurred	As incurred	Third Party supplier
CRM <b>(note 910)</b>	\$38 to <del>\$</del> 114	As incurred	As incurred	Third Party supplier
Rent <b>(note 1011)</b>	\$0 to \$3,000	As incurred	Monthly	Third Party
Security Deposit <b>(note 1112)</b>	\$0 to \$750	As incurred	As incurred	Third Party
TOTAL <b>(note 1213)</b>	<del>\$47,958</del> <a href="#">108,658</a> to <del>\$72,534</del> <a href="#">142,934</a>			

NOTES:

- (1) All payments to us and ACNA are non-refundable. Whether any of the costs payable to third parties are refundable will depend upon the arrangements you make with those parties.
- (2) ~~Although we participate in VetFran, we do not give any discount for franchise fees for this particular franchise.~~ [If you are entitled to the VetFran discount, you will pay \\$5,000 less on the franchise fee. See Item 5 for details.](#)
- (3) You [will](#) pay 1 training fee for your [attendance at](#) initial training. All transportation [costs](#) to and from ~~the~~ [10-Day](#) training are your responsibility. However, [accommodations](#)[lodging](#) and normal meals during training are included in the training

fee. Any incidental costs incurred during any of the training sessions are your responsibility. The estimates are for travel by 1 trainee only and assume that training will be held in Las Vegas, Nevada. The high range of the estimate for the EBC training fee assumes that you will appoint, and Franchisor will train, 1 EBC during the first 3 months of your FIRM's operations. The estimated travel costs for the EBC training is also for 1 trainee only. At least once per year, ACNA organizes a Regional Conference (including the Business Excellence Forum) that you must attend. ~~Conference~~ The conference fee for you at the regional conference is included in the ~~Quarterly Administrative Fee~~ Mandatory Annual Regional Conference and Technology Fee (see note 4). However, travel to and from, accommodation during and meals outside the regional conference are for your account. The low range estimate assumes travel for you alone, while the high range estimate assumes travel for both you and one EBC. In addition, at least once per year, ACNA organizes a Global Conference which may be held outside of the U.S. You and your Business Coaches are not required to attend the Global Conference. You will have to pay a registration fee for each person attending the Global Conference ~~and you own~~ as well as travel, accommodation and meal costs. It is possible that ~~4~~ one of the mandatory conferences will occur during the initial ~~3~~ months of ~~operation of~~ your franchise.

- (4) You must pay ACNA a Mandatory Annual Regional Conference and Technology Fee. This fee covers conference fee for one person (you or your NBC) at the annual regional conference (including the Business Excellence Forum), the use of the ActionCOACH website, website hosting, an ActionCOACH email address and related technology support. Any EBC's or other personnel you send will be required to pay a separate Annual Conference Fee to attend. The high range assumes you will hire and purchase a ticket for one EBC to the Annual Regional Conference with you.
- ~~(45)~~ You must have a computer, specific software, Internet access, printer, scanner, fax and general office equipment. If you already have equipment meeting ACNA's specifications, no expenditure will be necessary. See Item 11 for a list of recommended computer equipment and Exhibit O for our current communications system specifications. You should consider obtaining a toll-free telephone number if you plan to serve Clients outside of your local calling area.
- ~~(56)~~ E-mail addresses are not transferable. New users cannot re-use by adjusting names on existing e-mail addresses.
- ~~(67)~~ At start-up, we will provide you with on-line selection of marketing materials for initial publicity and marketing. The estimate is for additional products, media and stationery, and marketing materials.
- ~~(73)~~ You must obtain general business insurance ~~that meets~~ meeting requirements that ACNA specifies periodically, but in no event less than the minimum insurance requirements under applicable law. Currently we require \$1,000,000 of professional liability insurance, \$1,000,000 of general liability insurance, disability or business interruption insurance, worker's compensation insurance and any other insurance required by law or your office lease or mortgage. We and ACNA must be listed as an additional insured in the policy or policies.
- ~~(89)~~ This estimate is for additional funds that you may need before operations begin and during the first 3 months of operation. The estimate is based upon information reported

by ACNA's existing Business Coaches and we have not verified it. The estimate includes miscellaneous startup costs such as deposits, license fees (if any), and legal and accounting fees, and any ongoing operating expenses such as the ~~Royalty Fee,~~ Marketing and Advertising Fee, ~~employee expenses,~~ equipment leases, inventory, and supplies. It also includes fees you may pay professional advisors to assist you with specific know-how, methods, or technology you deem necessary to be able to competently provide services to your Clients. It does not include any compensation you may choose to pay yourself. The high range of the estimate also includes expenses for hiring or contracting 1 EBC. You will need capital to support these and other ongoing costs of your business. Your costs will depend on factors such as how closely you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business and competition. We do not guarantee that the estimated amounts will be adequate for your business. You may need substantial additional funds during the first 3 months of operation or afterwards. The figures provided are not an estimate of the funds you will need to reach "break-even" or any other financial position.

- ~~(9) You will be required to purchase a CRM software. Estimates provided are rates from a current provider.~~
- (10) ~~You may operate from home. If you do lease office space, we suggest that you lease, if possible, for the first 6 months, lease serviced office space with suitable meeting and conference rooms. Our estimate of rent costs is based on a serviced office or similar arrangement. Traditional commercial office leasing may require a fit-out and will cost significantly more. Due to the large variance in commercial office lease costs we are unable to provide cost estimates for that type of office.~~ will be required to purchase CRM software. Estimates provided are from a current provider.
- (11) ~~It is likely that you will be required to pay a security deposit for your office space.~~ You may operate from home. However, as soon as appointment of your EBC is approved by us and ACNA, you must operate from a professional office space located within the Designated Territory. If you do lease office space, we suggest that you lease, if possible, for the first 6 months, lease serviced office space with suitable meeting and conference rooms. Our estimate of rent costs is based on a serviced office or similar arrangement. Traditional commercial office leasing may require a fit-out and will cost significantly more. Due to the large variance in commercial office lease costs we are unable to provide cost estimates for that type of office.
- (12) It is likely that you will be required to pay a security deposit for your office space.
- (13) The above table outlines the estimated initial investment to establish a typical PRACTICE (~~Pre~~Premium) franchise. As noted above, the figures listed are not all-inclusive. For example, they do not include tax obligations or provide for your cash needs to cover any financing incurred by you, ~~Royalty Fees,~~ Marketing and Advertising Fee, ~~employee and management salaries and benefits,~~ or other employee and management salaries and benefits, or other ongoing operating expenses. Your costs will vary, and may exceed the estimate set out above.

**YOUR ESTIMATED INITIAL INVESTMENT  
FOR PRACTICE FRANCHISE**

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Franchise Fee (note 2)	\$44,500	Lump sum	When you sign Franchise Agreement	Master Licensee
Franchisee Training Fee (note 3)	\$25,000	Lump sum	When you sign the Franchise Agreement	Master Licensee, but Master Licensee forwards to ACNA
<del>Quarterly Administrative Fee (note 3)</del>	<del>\$600 per quarter</del>	<del>Lump sum</del>	<del>1st day of each quarter</del>	<del>ACNA</del>
Travel to Initial Training (note 3)	\$250 to \$1,000	As incurred	As incurred	Airlines, etc.
<u>Mandatory Annual Regional Conference and Technology Fee (note 4)</u>	<u>\$300 per quarter</u>	<u>Lump sum</u>	<u>1st day of each quarter</u>	<u>ACNA</u>
<del>Registration Fees/-</del> <u>Travel Expenses for Mandatory to Annual Regional Conference (note 34)</u>	<del>\$0750</del> to \$2,500 depending on timing of conferences <u>and class of airline tickets</u>	As incurred	<del>Before conference and/or as</del> <u>As incurred</u>	<del>ACNA (registration fee), airlines, hotel</del> <u>Airlines, hotels</u> , etc.
Computer, Telephone & Office Equipment (note 45)	\$0 to \$4,000	As incurred	As incurred	Equipment suppliers
Non-Coach Email Addresses (note 56)	\$70 fee for setup per user	As incurred	As incurred	ACNA
Marketing Materials &	<del>\$1,000</del> to \$2,500	As incurred	Upon ordering or at delivery	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Inventory ( <a href="#">note 67</a> )				
Insurance ( <a href="#">note 78</a> )	\$1,000 to \$2,000	As incurred	Before you start business	Third party insurance providers
Additional Funds (for first 3 months of operation) ( <a href="#">note 89</a> )	\$5,000 to \$11,000	As incurred	Varied times	Suppliers and/or Vendors
Own Web Site (Optional and only if approved by ACNA)	\$0 to \$5,000	As incurred	As incurred	Third Party supplier
CRM ( <a href="#">note 910</a> )	\$38 to \$114	As incurred	As incurred	Third Party supplier
Rent ( <a href="#">note 1011</a> )	\$0 to \$3,000	As incurred	Monthly	Third Party
Security Deposit ( <a href="#">note 1112</a> )	\$0 to \$750	As incurred	As incurred	Third Party
TOTAL ( <a href="#">note 1213</a> )	<del>\$77,458</del> <a href="#">76,683</a> to <del>\$102,034</del> <a href="#">101,734</a>			

NOTES:

- (1) All payments to us and ACNA are non-refundable. Whether any of the costs payable to third parties are refundable will depend upon the arrangements you make with those parties.
- (2) If you are entitled to the VetFran discount, you will pay \$5,000 less on the franchise fee. See Item 5 for details.
- (3) You pay 1 training fee for your initial training. All transportation costs to and from the training are your responsibility. However, lodging and normal meals during training are included in the training fee. Any incidental costs incurred during any of the training sessions are your responsibility. The estimates are for travel by 1 trainee and assume that training will be held in Las Vegas, Nevada.
- (4) At least once per year, ACNA organizes a Regional Conference ([including the Business Excellence Forum](#)) that you must attend. Conference fee for you at the regional conference is included in the ~~Quarterly Administrative~~[Mandatory Annual Regional Conference and Technology](#) Fee. However, travel to and from, accommodation during and meals outside the regional conference are for your account. In addition, at least once per year, ACNA organizes a Global Conference which may be held outside of the

U.S. You are not required to attend the Global Conference. You will have to pay a registration fee and your own travel costs. It is possible that 1 of the mandatory conferences will occur during the initial 3 months of operation of your franchise.

- (45) You must have a computer, specific software, Internet access, printer, scanner, fax and general office equipment. If you already have equipment meeting ACNA's specifications, no expenditure will be necessary. See Item 11 for a list of recommended computer equipment and Exhibit O for our current communications system specifications. You should consider obtaining a toll-free telephone number if you plan to serve Clients outside of your local calling area.
- (56) E-mail addresses are not transferable. New users cannot re-use by adjusting names on existing e-mail addresses.
- (67) At start-up, we will provide you with on-line selection of marketing materials for initial publicity and marketing. The estimate is for additional products, media and stationery, and marketing materials.
- (78) You must obtain general business insurance that meets requirements that ACNA specifies periodically, but in no event less than the minimum insurance requirements under applicable law. Currently we require \$1,000,000 of professional liability insurance, \$1,000,000 of general liability insurance, disability or business interruption insurance, worker's compensation insurance and any other insurance required by law or your office lease or mortgage. We and ACNA must be listed as an additional insured in the policy or policies.
- (89) This estimate is for additional funds that you may need before operations begin and during the first 3 months of operation. The estimate is based upon information reported by ACNA's existing Business Coaches and we have not verified it. The estimate includes miscellaneous startup costs such as deposits, license fees (if any), and legal and accounting fees, and any ongoing operating expenses such as the Royalty Fee, Marketing and Advertising Fee, employee expenses, equipment leases, inventory, and supplies. It also includes fees you may pay professional advisors to assist you with specific know-how, methods, or technology you deem necessary to be able to competently provide services to your Clients. It does not include any compensation you may choose to pay yourself. You will need capital to support these and other ongoing costs of your business. Your costs will depend on factors such as how closely you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business and competition. We do not guarantee that the estimated amounts will be adequate for your business. You may need substantial additional funds during the first 3 months of operation or afterwards. The figures provided are not an estimate of the funds you will need to reach "break-even" or any other financial position.
- (910) You will be required to purchase a-CRM software. Estimates provided are from a current provider.
- (1011) You may operate from home. If you do lease office space, we suggest that you lease, if possible, for the first 6 months, lease serviced office space with suitable meeting and conference rooms. Our estimate of rent costs is based on a serviced office or similar arrangement. Traditional commercial office leasing may require a fit-out and

will cost significantly more. Due to the large variance in commercial office lease costs we are unable to provide cost estimates for that type of office.

(12) It is likely that you will be required to pay a security deposit for your office space.

(13) The above table outlines the estimated initial investment to establish a typical PRACTICE franchise. As noted above, the figures listed are not all-inclusive. For example, they do not include tax obligations or provide for your cash needs to cover any financing incurred by you, Royalty Fees, Marketing and Advertising Fee, employee and management salaries and benefits, or other ongoing operating expenses. Your costs will vary, and may exceed the estimate set out above.

**YOUR ESTIMATED INITIAL INVESTMENT  
FOR PRACTICE (Premium) FRANCHISE**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To whom payment is to be made (note 1)</b>
<b>Franchise Fee (note 2)</b>	\$74,500	Lump sum	When you sign Franchise Agreement	Master Licensee
<b>Franchisee Training Fee (note 3)</b>	\$25,000	Lump sum	When you sign the Franchise Agreement	Master Licensee, but Master Licensee forwards to ACNA
<b>Quarterly Administrative Fee (note 3)</b>	\$600 per quarter	Lump sum	1st day of each quarter	ACNA
<b>Travel to Initial Training (note 3)</b>	\$250 to \$1,000	As incurred	As incurred	Airlines, etc.
<b>Registration Fees/ Travel Expenses for Mandatory Annual Regional Conference (note 3)</b>	\$0 to \$2,500 depending on timing of conferences	As incurred	Before conference and/or as incurred	ACNA (registration fee), airlines, hotel, etc.
<b>Computer, Telephone &amp; Office Equipment (note 4)</b>	\$0 to \$4,000	As incurred	As incurred	Equipment suppliers
<b>Non-Coach Email Addresses (note 5)</b>	\$70 fee for setup per user	As incurred	As incurred	ACNA
<b>Marketing Materials &amp; Inventory (note 6)</b>	\$1,000 to \$2,500	As incurred	Upon ordering or at delivery	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Insurance (note 7)	\$1,000 to \$2,000	As incurred	Before you start business	Third party insurance providers
Additional Funds (for first 3 months of operation) (note 8)	\$5,000 to \$11,000	As incurred	Varied times	Suppliers and/or Vendors
Own Web Site (Optional and only if approved by ACNA)	\$0 to \$5,000	As incurred	As incurred	Third Party supplier
CRM (note 9)	\$38 to \$114	As incurred	As incurred	Third Party supplier
Rent (note 10)	\$0 to \$3,000	As incurred	Monthly	Third Party
Security Deposit (note 11)	\$0 to \$750	As incurred	As incurred	Third Party
TOTAL (note 12)	\$107,458 to \$132,034			

NOTES:

- (1) ~~All payments to us and ACNA are non-refundable. Whether any of the costs payable to third parties are refundable will depend upon the arrangements you make with those parties.~~
- (2) ~~If you are entitled to the VetFran discount, you will pay \$5,000 less on the franchise fee. See Item 5 for details.~~
- (3) ~~You pay 1 training fee for your initial training. All transportation costs to and from the training are your responsibility. However, lodging and normal meals during training are included in the training fee. Any incidental costs incurred during any of the training sessions are your responsibility. The estimates are for travel by 1 trainee and assume that training will be held in Las Vegas, Nevada. At least once per year, ACNA organizes a Regional Conference that you must attend. Conference fee for you at the regional conference is included in the Quarterly Administrative Fee. However, travel to and from, accommodation during and meals outside the regional conference are for your account. In addition, at least once per year, ACNA organizes a Global Conference which may be held outside of the U.S. You are not required to attend the Global Conference. You will have to pay a registration fee and your own travel costs. It is possible that 1 of the mandatory conferences will occur during the initial 3 months of operation of your franchise.~~
- (4) ~~You must have a computer, specific software, Internet access, printer, scanner, fax and general office equipment. If you already have equipment meeting ACNA's specifications, no expenditure will be necessary. See Item 11 for a list of recommended computer equipment and Exhibit O for our current communications system.~~

specifications. You should consider obtaining a toll-free telephone number if you plan to serve Clients outside of your local calling area.

- ~~(5) E-mail addresses are not transferable. New users cannot re-use by adjusting names on existing e-mail addresses.~~
- ~~(6) At start-up, we will provide you with on-line selection of marketing materials for initial publicity and marketing. The estimate is for additional products, media and stationery, and marketing materials.~~
- ~~(7) You must obtain general business insurance meeting requirements that ACNA specifies periodically, but in no event less than the minimum insurance requirements under applicable law. Currently we require \$1,000,000 of professional liability insurance, \$1,000,000 of general liability insurance, disability or business interruption insurance, worker's compensation insurance and any other insurance required by law or your office lease or mortgage. We and ACNA must be listed as an additional insured in the policy or policies.~~
- ~~(8) This estimate is for additional funds that you may need before operations begin and during the first 3 months of operation. The estimate is based upon information reported by ACNA's existing Business Coaches and we have not verified it. The estimate includes miscellaneous startup costs such as deposits, license fees (if any), and legal and accounting fees, and any ongoing operating expenses such as the Marketing and Advertising Fee, employee expenses, equipment leases, inventory, and supplies. It also includes fees you may pay professional advisors to assist you with specific know-how, methods, or technology you deem necessary to be able to competently provide services to your Clients. It does not include any compensation you may choose to pay yourself. You will need capital to support these and other ongoing costs of your business. Your costs will depend on factors such as how closely you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business and competition. We do not guarantee that the estimated amounts will be adequate for your business. You may need substantial additional funds during the first 3 months of operation or afterwards. The figures provided are not an estimate of the funds you will need to reach "break-even" or any other financial position.~~
- ~~(9) You will be required to purchase a CRM software. Estimates provided are from a current provider.~~
- ~~(10) You may operate from home. However, as soon as appointment of your EBC is approved by us and ACNA, you must operate from a professional office space located within the Designated Territory. If you do lease office space, we suggest that you lease, if possible, for the first 6 months, lease serviced office space with suitable meeting and conference rooms. Our estimate of rent costs is based on a serviced office or similar arrangement. Traditional commercial office leasing may require a fit-out and will cost significantly more. Due to the large variance in commercial office lease costs we are unable to provide cost estimates for that type of office.~~
- ~~(11) It is likely that you will be required to pay a security deposit for your office space.~~

~~(12) The above table outlines the estimated initial investment to establish a typical PRACTICE (Premium) franchise. As noted above, the figures listed are not all inclusive. For example, they do not include tax obligations or provide for your cash needs to cover any financing incurred by you, Marketing and Advertising Fee, employee and management salaries and benefits, or other ongoing operating expenses. Your costs will vary, and may exceed the estimate set out above~~

#### For all Franchise models

Although we make no estimates or representations regarding financial performance of your ActionCOACH Business, you should not plan to draw income during the start-up and development stage of your ActionCOACH business, the duration of which will vary and cannot be predicted by us, and may be longer than the 3 month initial period referred to above. You should have additional sums available to cover other expenses and any operating losses you may sustain. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including whether you are converting an existing ActionCOACH Business Coach franchise, your rate of growth, and the performance of your business.

Neither we nor ACNA offers financing for any portion of your investment. If you obtain financing from others, the cost of financing will depend upon many factors, such as your creditworthiness, the collateral you offer, the lender's lending policies, economic conditions, etc.

These figures are just estimates and we cannot guarantee that you will not have higher costs, or that you will ever achieve profitability. ACNA relied on ACUI's experience in the U.S.A. to compile these estimates. Your costs will depend upon factors such as how closely you follow ACNA's methods and procedures; your management skill, experience and business acumen; the level of demand for coaching services; and competitive conditions. Since costs can vary significantly, we recommend that you obtain independent estimates from third-party vendors and your accountant of the costs which would apply to your establishment and operation of an ActionCOACH Business Coach franchise, and carefully evaluate the adequacy of your total financial resources and reserves. You should review all of these figures carefully with a business advisor before making any decision to invest in a franchise.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

ActionCOACH products. ACNA offers a range of books, printed materials, CDs, DVDs, and board games for business owners. These items are proprietary to ActionCOACH IPCo, Ltd., an affiliate of ACNA. You must purchase these materials from ACNA's approved suppliers if you want them.

You must acquire a customer relationship management (CRM) software and related services from 1 of ACNA's approved suppliers. All branded materials or items (those containing proprietary marks or information) must be acquired through a supplier approved by ACNA. If ACNA publishes standards for non-proprietary equipment, software, telephone lines, Internet service, supplies, stationery, or other items, you may purchase these items from any reputable manufacturer or supplier as long as the items meet the applicable standards. If you receive

notice from us or ACNA of a change in the standards, you must comply with the new or revised standards as soon as practicable.

However, if you choose to build and maintain a web site, you must obtain our prior approval of the design, content and appearance of the website and use ACNA's approved supplier for design, development and web hosting to ensure compliance with ACNA's requirements for usage of the ActionCOACH marks and intellectual property. You must acquire from sources of your choice, and at your expense, a computer and communications system and software and Internet access that meet ACNA's specifications. See Item 7, note 4 and Item 11.

Specifications and Supplier Approvals. There are no written criteria, no fees, and no formal process for supplier approval at this time. ACNA may issue specifications and standards in the Manuals or separate directives, in writing or orally, and may modify them at any time. ACNA issues specifications based on its subjective determination of quality, value and appearance.

Currently we and ACNA are not approved suppliers, but we may be approved suppliers in the future.

We estimate that your purchases of goods and services subject to ACNA's specifications will constitute about 10% of your total purchases and leases (excluding your initial franchise fee and training fee) in establishing the business. We estimate that, during the operation of your Business Coach business, your purchases of goods and services subject to ACNA's specifications will constitute about 50% to 75% of your total expenses for goods and services.

Strategic Alliance Relationships. ACNA occasionally establishes "Strategic Alliance" relationships with independent companies for the benefit of ActionCOACH Business Coach franchisees. These relationships are formed so you may have access to the beneficial products and services these companies provide. These products and services will generally be made available to you at costs below what the general public or other users would pay for the same product, service, or information.

As of December 31, ~~2016~~,2017, ACNA had preferred vendor relationships with the following companies:

<b>Related Companies</b>	<b>Products</b>
<a href="#"><u>Bucket List</u></a>	<a href="#"><u>Life coaching services</u></a>
Engage and Grow	Employee engagement programs
Luv4 Marketing	SEO, social media and online marketing services
ProfitPlus Accounts	Bookkeeping and business planning services

Although these related companies offer products and services which may supplement or complement ActionCOACH business coaching services, franchisees are not required to purchase products or services from these related companies.

<b>Independent Companies</b>	<b>Products</b>
Assessment 24/7	DISC and VAK

<a href="#">BizEquity</a>	<del>Business valuation software</del>
Empire Business Brokers	Business broker services
FedEx	Shipping services
GoToMeeting/GoToWebinar	Virtual meeting and webinar platform
Henry Wurst	Stationary supplies, print materials, CDs and DVDs
Hewlett-Packaged (HP)	Computer Equipment
Lands End Apparel	Apparel and Gear
Office Depot	Office supplies and printing services
Paycom	HR and payroll services
<a href="#">Refer.com</a>	Referral marketing services
Sally Hogshead	The Fascinate program
Sofffront	CRM
Timetrade	Online appointment scheduling software
T-Mobile	Cellular products and services
TriNet	HR services
UPS	Shipping services
Vista Print	Signage, clothing, awards and promotional products
WSI	Website creation and CRM

In some cases, the above companies are currently the only source of the product or service. While ACNA encourages you to form relationships with the above companies and to use their products and services since they offer high quality goods and services to our franchisees for less than typical market prices, you are, however, not required to use them unless (i) the products and services you require involve the use of ACNA's proprietary marks or information; (ii) you are building or maintaining your web site; or (iii) for CRM software and related services. In those cases, you must use the applicable approved supplier. We currently do not receive rebates as a result of these Strategic Alliance relationships.

As of the year ~~ending ended~~ December 31, ~~2016, 2017~~, ACNA derived ~~\$50,120.05~~ [\\$30,685.87](#) in revenues from purchases of products/services made by franchisees. In the cases where any revenues such as volume discounts, rebate fees or discount bonuses (whether by way of cash, kind or credit) are received by ACNA from any such supplier, whether or not on account of purchases made (i) by ACNA for its own account or for yours, or (ii) by you directly for your own account, ACNA shall be entitled to retain the whole of the amount or any part of such volume discounts, rebate fees or discount bonuses.

Other than the related companies named in the 1<sup>st</sup> table above, there are no approved suppliers in which any of ACNA's officers or affiliates owns an interest.

Neither we nor ACNA provides material benefits to you (for example, additional renewal rights or additional franchises) because of your purchases of particular products or services or your use of designated or approved 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.**

<b>Obligation</b>	<b>Section in FIRM Franchise and PRACTICE Agreements</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Section 9	Item 11
b. Pre-opening purchases/leases	Sections 3, 9, 13 & 14	Item 7
c. Site development and other pre-opening requirements	Sections 3, 9, 11.2(A), 11.2(B), 13 & 14	Item 11
d. Initial and ongoing training	Sections 7.1(A), 7.1(D), 7.2, 11.2(A)& Attachment 1	Introduction, Item 5, 6, 15 & 17
e. Opening	Sections 2 & 11	Item 11
f. Fees	Sections 2.2(H), 2.2(I), 3–5, 17, 18.4 & 20.3(E), Attachment 1	Item 5 & 6
g. Compliance with standards and policies/operating manual	Sections 7.1(G), 10 & 11	Item 11 & Exhibit N
h. Trademarks and proprietary information	Section 15 & 17.2(C) & Attachment 1	Item 13 & 14
i. Restrictions on products/services offered	Sections 1, 11 & 16	Item 8 & 16
j. Warranty and customer service requirements	Section 11	None
k. Territorial development and sales quotas	Section 8, 11, 12 & Attachment 1	Item 11 & 12
l. Ongoing product/service purchases	Sections 13 & 14	Item 16
m. Maintenance, appearance and remodeling requirements	Section 9 & 11.2	None
n. Insurance	Section 14	Item 7
o. Advertising	Sections 4.2, 5, 7.1(C) & 8	Item 11
p. Indemnification	Section 14	None
q. Owner's participation/		

Obligation	Section in FIRM Franchise and PRACTICE Agreements	Disclosure Document Item
management/staffing	Section 11	Item 15
r. Records and reports	Section 6	None
s. Inspection and audits	Section 6	None
t. Transfer	Section 20	Items 1 & 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Sections 6.2, 11.8, 15 , 16 & 18	Item 17
w. Non-competition covenants	Section 16	Item 17
x. Dispute resolution	Section 22.9	Item 17

## ITEM 10

### FINANCING

Neither we nor ACNA nor its affiliates offer any direct or indirect financing to you. We will not guarantee any note, lease, or other obligation you may make to others.

## ITEM 11

### MASTER LICENSEE'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

#### Master Licensee's Obligations Before You Start Business

Before you begin your business, we will (references to the Franchise Agreement are the same for the FIRM and the Practice):

1. Arrange for you to attend the initial training program provided by ACNA. (Franchise Agreement - Section 7.1(A)).
2. Help you write the initial "Your Action Plan" document, which serves as a blueprint for your start-up. (Franchise Agreement – Section 7.1(B))
3. Provide you pre-opening guidance and supply you on-line access to advertising and promotional materials. (Franchise Agreement – Section 7.1(C)).
4. Assist you in determining the location of your office. However, the final selection of the location is your responsibility. (Franchise Agreement – Section 7.1(D)).

5. Loan you a copy of the *Confidential Operating Manuals* via on-line access containing mandatory and suggested specifications, standards, operating procedures and guidelines prescribed by ACNA. (Franchise Agreement - Section 7.1(G)). The Manuals are confidential and remain the property of ACNA. ACNA modifies the Manuals but the modifications will not alter your status and rights under the Franchise Agreement. ACNA has implemented an online WIKI format version of the Manuals and will no longer provide written Manuals. The Table of Contents of the online Manual is in Exhibit N to this disclosure document.
6. Arrange for ACNA to provide you access to the ActionCOACH intranet (assuming that you have the necessary computer and communications equipment in place before opening; otherwise, access will be provided once the equipment is in place).

### Time to Open

The typical length of time between signing the ActionCOACH Business Coach Franchise Agreement and starting business is about 1 to 2 months. The principal factors that affect this length of time are the scheduling of your ActionCOACH initial training and the time needed for your pre-opening preparations.

### Master Licensee's Obligations After Opening

After you open for business:

1. Provide opening assistance, once your office is ready for operation. (Franchise Agreement - Section 7.1(C)).
2. Each week for the first 90 days after you start business, we will provide you an opportunity to communicate either via personal telephone calls, team captain calls or team calls to discuss your operational challenges and to provide guidance for your marketing, sales and coaching activities. (Franchise Agreement - Section 7.1(D))
3. We will arrange for you to attend ACNA's annual conferences to discuss marketing strategies, coaching techniques, training, performance standards, advertising programs and procedures. (Franchise Agreement – Section 7.1(F))
4. We will conduct marketing programs for the Territory, and ACNA will conduct marketing programs on a regional or national basis. (Franchise Agreement – Section 5.2)
5. We will inform you of any changes and improvements to the System that ActionCOACH IPCo, Ltd. or ACNA may develop and authorize for use by Business Coaches. (Franchise Agreement – Section 7.1(H))
6. We will provide assistance in conducting workshops and seminars for Clients and potential clients, our schedule permitting. (Franchise Agreement – Section 7.1(I))

### Marketing and Advertising

Franchises generally contribute to the Marketing and Advertising Fund at the monthly rate of 5% of its Gross Revenues during the preceding month capped at \$500 in any given month. Franchises operating as a single unit and transitioning into retirement (at a minimum franchisee

or NBC age of 70 years) may be allowed a reduced rate of contribution equal to 2.5% of its Gross Revenues during the preceding month or a maximum of \$250 in any given month subject to other eligibility requirements under the Manuals such as completion of the initial term and compliance with the terms of its initial franchise agreement.

ACGM, under the direction of ACNA, administers all or a portion of the Marketing and Advertising Fees collected from franchisees in the Territory. We will remit all or a portion of the Marketing and Advertising Fees to ACGM, and we, ACNA or ACGM will use these funds for regional or national marketing. Neither we, ACNA nor ACGM has any contractual obligation to contribute our own funds for marketing or advertising purposes.

ACNA directs all marketing programs supported by the Marketing and Advertising Fees collected from franchisees (see Item 6), with final discretion over creative concepts, materials, and media used in the programs and their placement. Marketing and Advertising fees may be used for any activities that ACNA believes would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts (see Section 5 of the Franchise Agreement.) The media where advertising may be disseminated may be print, mail, telephone, radio, television, Internet, or any other media. Coverage of the media may be local, regional, or national. Creative materials may be produced in-house or by a national or local advertising agency.

During ACNA's fiscal year ended December 31, ~~2016~~, 2017, ACGM spent ~~\$179,071.02~~ \$261,722.14 on marketing and advertising for the USA. These expenditures were allocated as follows:

Media placement (including Business Coaches' website)	<del>17.09</del> <u>34.35</u> %
Administrative Expenses	<del>68</del> <u>57.25</u> %
Others (including R&D)	<del>14.91</del> <u>8.40</u> %
Total	100%

During our fiscal year ended December 31, ~~2016~~, 2017, we only collected 40% of the Marketing and Advertising Fee (all of which was remitted to ACNA) from the Marketing and Advertising Fees remitted by Business Coaches in the Territory and allowed the Business Coaches in the Territory to retain the other 60% for their own use.

These figures are not audited. We or ACNA may make financial information relating to these expenditures available for your review, but we have no contractual obligation to do so.

Any Marketing and Advertising Fees not spent in the fiscal year in which we collect them are retained for use in future years. Neither we nor ACNA uses Marketing and Advertising Fees to solicit for the sale of franchises. Neither we nor ACNA is required to spend any specific amount on advertising in your local area or for the benefit of your Business Coach franchise. Neither we nor ACNA represents or guarantees that you will benefit from marketing programs in proportion to your contributions.

You may not publish or distribute any advertising or promotional material without our approval. If we object to any advertising or promotional material that you are using, you must immediately stop using it. If you operate a web site, you must obtain our prior approval as to the design, content, and appearance of the website, and we require that you use our approved supplier for design, development, and hosting. We may require you to make your web site accessible only from our site or to not create links to other sites.

ACNA does not have a council of franchisees that advises on advertising policies. You do not have to participate in a local or regional advertising cooperative.

### Computer and Communications Systems

You must acquire, maintain, update and/or upgrade computer hardware and software for managing the business, performing accounting functions, and communicating with us. We do not require you to purchase computer hardware from a specific manufacturer and you can choose to purchase either a laptop or desktop computer. We do require you to obtain a modern system (Intel or AMD) that is capable of running ~~Misereoseft~~Microsoft Windows 7 and Microsoft Office 2007 with PowerPoint or a system capable of running the latest version of MacOS. You must also have or acquire an external hard drive, Adobe Reader software, Quickbooks or equivalent finance software, anti-virus software, a web browser, broadband connectivity, fax capabilities and an uninterruptible power supply and surge protect. More detailed specifications are found in Exhibit O.

You must also acquire ~~from an approved supplier~~ a Customer Relationship Management (CRM) software for managing your interactions with clients and sales prospects. This software provides sales reporting and analysis, information management and communication management.

If you already have equipment meeting ACNA's specifications, no expenditure will be necessary. The estimated cost for these purchases for the PRACTICE may run up to \$4,000 and for the FIRM up to \$25,000, depending on the equipment you may already own.

ACNA reserves the right to make changes in the computer and communications system specifications. Neither we, ACNA, any affiliate, nor any third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system.

You must acquire, maintain, upgrade and update hardware, software, and ISP or other communications system during the term of the franchise, at your own expense. There are no limitations on ACNA's right to require upgrades and updates. ACNA does not currently recommend or require a specific type of maintenance, updating, upgrading or support contract.

The estimated annual cost for maintaining, updating and upgrading the computer system is \$1,000 for a PRACTICE Franchise and \$5,000 for the FIRM Franchise. The fees paid for CRM software do not include maintenance or upgrades.

You will use the information and communications system to report to and communicate with us, for your accounting, and for other tasks we may designate. You must transmit information to us daily or at other intervals that we specify and in the form and manner we specify. You must also give us and ACNA independent access to the ActionCOACH-related information that will be generated and stored in your computer system. There are no contractual limits on our right

to access the information, including sending our representatives to your office location to access your computer system.

Selection of Business Location

We do not select the location of your office or the seminar/meeting venues you use. However you must obtain our written approval of your office location. You can locate your office anywhere in the DDMA (for a FIRM) and in the Designated Territory (for a PRACTICE). The office must at all times be well presented and of a professional nature. You must notify us (in advance, if possible) if you intend to change your office or if you are unable to operate from your then-current office location (because of a taking by eminent domain, termination of your lease, mortgage default, damage, or repair, etc.). You can request permission to relocate your ActionCOACH business from the Territory to another master licensee’s territory ( see Item 12 for details).

Training Program

**10-DAY TRAINING PROGRAM  
For Franchisees and their NBCs**

<b>Subject</b>	<b>Hours Of Classroom Training</b>	<b>Hours Of On-The-Job Training</b>	<b>Location</b>
Business System Overview	14	0	currently Las Vegas, NV
Coaching System	16	0	currently Las Vegas, NV
Sales & Recruitment	16	0	currently Las Vegas, NV
Marketing	14	0	currently Las Vegas, NV
Sales	13	0	currently Las Vegas, NV
Business Rich & Growth CLUB	14	0	currently Las Vegas, NV
Coaching System	13	0	currently Las Vegas, NV
Coaching Process	14	0	currently Las Vegas, NV
Presenting System	14	0	currently Las Vegas, NV
Business System	12	0	currently Las Vegas, NV
Review	8	0	currently Las Vegas, NV

This mandatory training program will take place in Las Vegas, Nevada unless ACNA designates a different location. We will inform you of the upcoming training dates and locations before you sign the Business Coach Franchise Agreement. This training program currently lasts 10 days. You will attend this training program after signing the Franchise Agreement and paying the franchise fee and franchisee training fee and before opening for business. Satisfactory completion of this Training program is mandatory. If you fail to complete this training program, we may terminate your Franchise Agreement. See below for information on trainers for this training program.

**5- DAY TRAINING PROGRAM**  
For EBCs [and Key Personnel](#)

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Business System Overview	8	0	currently Las Vegas, NV
Coaching System	16	0	currently Las Vegas, NV
Sales & Recruitment	8	0	currently Las Vegas, NV
Marketing	8	0	currently Las Vegas, NV

This mandatory training program will take place in Las Vegas, Nevada unless ACNA designates a different location. If you purchase a FIRM or PRACTICE Premium franchise, we will inform you of the upcoming training dates and locations before you appoint an Employee Business Coach. This training program currently lasts 5 days. If you purchase a FIRM or PRACTICE (Premium), your EBC must satisfactorily complete this training program before providing business coaching services. See below for information on trainers for this training program.

The above training programs and the trainers are under the direction of ACNA personnel. The instructors are ActionCOACH franchisees and business coaches who have varying lengths (but at least 12 months) of personal experience in marketing, sales, coaching, and diagnostic methods that they have used in their own businesses. Instructional materials and techniques used include the Manuals, discussion notes, PowerPoint slides, case studies, flipcharts, and role-playing. See Exhibit M to this disclosure document for our current training outlines.

*Subsequent Training.* Except if you have failed to meet Minimum Performance requirements, we offer, but do not require you or any of your personnel and Business Coaches to attend additional or advanced training. If you elect to attend additional training or we require you to attend for failure to meet Minimum Performance requirements, you must pay whatever charge is made by us or by third party trainers, if any, plus travel, food, and accommodations, and all other necessary expenses, which are subject to increase.

*Mandatory Attendance at Conferences.* You must attend ACNA's Annual Regional (North American) Conference. ~~You may, but are not obligated to attend, ACNA's annual Global Conference. You may, but are not obligated to, have your Business Coaches attend the Regional Conference or the Global Conference. (including the Business Excellence Forum). If you purchase a FIRM or PRACTICE (Premium) franchise, all your Business Coaches must also attend ACNA's Annual Regional (North American) Conference (including the Business Excellence Forum).~~ Conference fee for you at the regional conference is included in the Quarterly ~~Administrative Fee. However, travel to and from, accommodation during and meals outside the regional conference are for your account.~~ Conference and Technology Fee. See also Items 6 and 7. However, travel to and from, accommodation during and meals outside the regional conference are for your account. You, your NBC and EBCs (if you are permitted under your franchise agreement to appoint EBCs) may, but are not obligated to attend, ACNA's annual Global Conference.

## ITEM 12

### TERRITORY

#### The FIRM

We grant you the right to operate the franchise from 1 specific location approved by us. You are granted a limited, ~~non~~-exclusive Direct Marketing territory referred to as the Designated Direct Marketing Area (DDMA). The DDMA is described in Attachment ~~1 and 4~~3 of the FIRM Business Coach Franchise Agreement by contiguous zip codes, postal codes and/or counties. After we grant you a FIRM franchise, we will not grant a franchise nor license others to engage in any Direct Marketing ~~(defined below)~~ to businesses within your DDMA. However, if any existing franchisee(s) have an existing right to provide Coaching Services and engage in Direct Marketing within the DDMA you have selected, we will provide details of each franchisee in Attachment 3 of the Franchise Agreement, and those franchisees will retain their Direct Marketing rights within your DDMA and will compete with you. ~~“Direct Marketing” means communication to prospective clients within the DDMA by direct mail, telemarketing, email marketing, door-to-door marketing, broadcast faxing, voicemail marketing, couponing or direct selling. The Franchisor has the sole right to determine, whether or not any other activity or marketing method not defined herein is considered as Direct Marketing and its decision shall be binding on all parties.~~

The standard DDMA for a FIRM is 15,000 to 40,000 businesses and under no circumstances will it have less than ~~15,000~~5,000 businesses, at the time of granting you a FIRM Business Coach Franchise Agreement. We will use third party demographic information service suppliers ~~(currently Demographics Now)~~ to determine the number of businesses in the DDMA you have chosen.

Your DDMA may be materially different to the DDMA of other franchisees due to differences in business population, density, business type, number of employees employed by the business, annual revenues or other local economic and market conditions. We are under no obligation to grant you similar or like demographic profiles as other franchisees.

The DDMA may fluctuate in size during the term due to factors beyond our control, such as an increase or decrease in the number of existing businesses due to economic or other conditions or a change in demographics. A reduction in the number of businesses or change in the demographic of the DDMA will not result in a refund or reduction in the franchise fee. An increase in the number of businesses of the DDMA will not result in your payment of an additional franchise fee ~~nor affect your TSF (see below) or~~ but may increase the required number of EBCs during the term of your franchise agreement.

You can locate your office anywhere in the DDMA at a location we approve. Your initial office location will be specified in the Franchise Agreement. If you wish to relocate your office within your DDMA, you must obtain our prior consent. The primary factor we consider in evaluating any proposed location is whether it is professionally presented. We will not unreasonably withhold our consent to your relocation within your DDMA.

You may request our approval to relocate your Business Coach business to the territory of another ActionCOACH Master Licensee. If both we and the other Master Licensee approve, we will assign your Franchise Agreement to the Master Licensee for the new territory, and upon the

assignment you must pay us a relocation fee of \$10,000 to compensate us for our lost future income from your franchise.

You can market and provide your services in or to any part of ~~the DDMA~~[your Designated Territory](#), but you may not advertise in any media whose primary circulation or footprint is outside of ~~the DDMA~~[your Designated Territory](#) and you may not engage in Direct Marketing to prospective Clients outside of ~~the~~[your Designated Territory or within another franchisee's DDMA](#). If you receive a request from a Client or prospective Client to provide services outside of ~~the DDMA~~[your Designated Territory](#), you must refer the request to us. If the Client's or prospective Client's principal office is outside of ~~the DDMA~~[your Designated Territory](#) and no Master Licensee or Business Coach has been licensed to operate in that area, we may refer the prospective Client back to you.

We may grant you the right to provide coaching services outside of ~~DDMA~~[the Designated Territory](#) on a limited basis provided that no more than 20% of your monthly Gross Revenues are earned outside your DDMA. ~~Additionally we may authorize others to provide Coaching Services within your DDMA on a limited basis on the same terms and conditions as we may permit you to provide coaching services outside your DDMA. You do not have the right to Direct Market to Blue Chip Accounts and you do not have the right to provide coaching services to Blue Chip Accounts outside of your DDMA. A Blue Chip Account is a Fortune 500 Company that is listed in the past and present annual list compiled and published by Fortune magazine or similar publication. Typically Blue Chip Accounts will be owned and serviced by the Franchisor through channels other than PRACTICE or FIRM franchisees.~~

### **The PRACTICE (Pro), PRACTICE and PRACTICE (Premium)**

You are granted the right to operate the franchise from 1 specific location approved by us. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we own.

You will be assigned a non-exclusive Designated Territory that will be described in an attachment to the Franchise Agreement. See Exhibits B1, B2 and B3. ~~The Designated Territory will be our master license territory within the state you reside excluding all DDMA's granted by us to FIRM franchisees. You cannot directly market to clients or prospect outside of the Designated Territory and you may not advertise in any media whose primary circulation or footprint is outside of the Designated Territory. If you receive a request from a Client or prospective Client to provide services outside of your Designated Territory, you must refer the request to us. If the Client's or prospective Client's principal office is outside of the Designated Territory and no Master Licensee or Business Coach has been licensed to operate in that area, we may refer the prospective Client back to you.~~[\(1\) and B\(2\).](#)

You can locate your office anywhere within your Designated Territory at a location we approve. Your initial office location will be specified in the Franchise Agreement. If you wish to relocate your office within your Designated Territory, you must obtain our prior consent. The primary factor we consider in evaluating any proposed location is whether it is professionally presented. We will not unreasonably withhold our consent to your relocation within your Designated Territory.

You may request our approval to relocate your Business Coach business to the territory of another ActionCOACH Master Licensee. If both we and the other Master Licensee approve, we will assign your Franchise Agreement to the Master Licensee for the new territory, and upon the

assignment you must pay us a relocation fee of \$5,000 to compensate us for our lost future income from your franchise.

**For All Franchise Models**

There are no circumstances under which we can modify your Designated Territory ~~(PRACTICE Pro, PRACTICE or PRACTICE Premium)~~ or DDMA ~~(FIRM)~~ without your written consent.


However, we, ACIP and ACNA have the right to sell products in your Designated Territory or DDMA via Across-Area Marketing Programs that reach customers and potential customers anywhere. We do not have to compensate you for soliciting or accepting orders from inside your Designated Territory or DDMA. Across-Area Marketing Programs can be any type of Internet, television, electronic, co-branding, alliance, or affinity program, policy or marketing strategy. For example, ACIP and/or its licensees sell products and speaker’s services (see Item 8), over the Internet and on television, using the ActionCOACH marks. ACNA, ACIP and their affiliates have the right to establish other franchises, outlets, or distribution channels that may sell similar products and services under trademarks other than the ActionCOACH mark without compensating you, though we have no present plans to do so. As a result, you may face competition from channels of distribution or competitive brands that ACNA controls.

After the first ~~six~~twelve (~~6~~12) months of operation, all franchisees must meet a monthly quota, referred to as Minimum Performance, of \$9,500 in Gross ~~Revenue per month for the PRACTICE, and for the FIRM \$9,500 per Business Coach who has been in business for 6 months or more~~Revenues beginning in the 13<sup>th</sup> month after the Business Coach’s training completion date. Minimum Performance is averaged over each 3-month period for all Business Coaches. FIRM franchisees must also meet the Minimum Business Coach Requirements. ~~Generally, FIRM franchisees must recruit at least 15 EBCs over the term of the FIRM Franchise Agreement, of 1 EBC per 1,000 businesses in your DDMA or a total of 15 EBCs, whichever is less (see Exhibit A).~~ If you fail to meet the Minimum Performance requirements or the Minimum Business Coach Requirements in any 3-month period, you must meet with us, at your expense, to discuss the performance of your business and develop a plan that we approve. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises.

**ITEM 13**

**TRADEMARKS**

The following service marks are registered on the Principal Register of the United States Patent and Trademark Office (USPTO):

Mark	Registration Date	Registration Number	Class
ACTION COACH	December 9, 2008	3544043	9, 16, 25, 28, 35
	December 9, 2008	3544044	9, 16, 25, 28, 35

By virtue of an assignment from ActionCOACH Limited in 2012, ACIP became the registered owner of the marks above and intends to file an affidavit of incontestability, and renewal applications when due, for each registered mark.

Under a license dated July 1, 2012, ACIP granted ACNA the exclusive right to license the ActionCOACH trademarks and other intellectual property in the Territory, among others. The license is for a term of 99 years, and is terminable by ACIP only if: (i) ACNA fails to cure a material default within 90 days after receiving notice of default from ACIP; (ii) ACNA or any of its directors or executive officers is convicted (or pleads no contest to) of a felony, crime involving moral turpitude, or other crime that is likely to harm ACIP's goodwill in the trademarks; (iii) ACNA's assets are attached pursuant to court order; (iv) ACNA becomes insolvent or the subject of bankruptcy or dissolution proceedings, or ceases to do business. The license provides that, if the license to ACNA expires or terminates for any reason, ACNA's direct Business Coaches and Master Licensees, as sublicensees, will automatically become direct licensees of ACIP; so that your Business Coach Franchise Agreement will remain in effect.

There are no other agreements currently in effect that significantly limit our rights to use or license you to use the principal trademarks.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringements, opposition or cancellation proceedings, or any pending material litigation involving the principal trademarks. Neither we nor ACNA is aware of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks in the Territory or elsewhere.

You must notify us immediately if you become aware of any infringement of, or challenge to, your use of the principal trademarks. The Business Coach Franchise Agreement does not require us to defend you or indemnify you against any third-party claim or demand arising out of your use of the principal trademarks, but we or ACNA may do so voluntarily and have the right to control any proceeding or litigation involving the principal trademarks. You must assist and cooperate with us or ACNA in taking such action, if any, as we or ACNA deem appropriate to protect the Confidential Information and the principal trademarks.

If we notify you that ACIP has changed, discontinued, or substituted for any of the trademarks, you must comply with the changes at your own expense. You may not contest ACIP's ownership of, or ACNA's right to use and sublicense, any of the trademarks. On expiration or termination of the Business Coach Franchise Agreement for any reason, you must cease using the trademarks.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents that are relevant to the franchise. However, ACIP, by way of assignment from ActionCOACH Limited in July 2012, claims copyrights in and/or trade secret protection with respect to all materials (including books, tapes and forms), systems, customer lists, supplier lists, Manuals, software, electronic communications, Intranets, Web Pages, shows, events, marketing plans, and research and development related to the ActionCOACH concept. ActionCOACH Limited and ACIP has not registered the copyright in any of these materials. ACNA has been licensed by ACIP to use this intellectual property in the U.S.A. and to sublicense it to us and you. The license from ACIP to ACNA is cancelable only in the situations described in Item 13.

You must treat the Manuals, the information contained in them, and all other trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, marketing techniques and customer and prospect data relating to the System as confidential information owned by ACIP. You may not divulge any of this proprietary information or use it for any purpose other than the operation of your Business Coach franchise. You must have your Business Coaches and employees sign nondisclosure and noncompete agreements similar to those binding you. A sample employee nondisclosure and noncompete agreement is in Exhibit ~~GE~~. You must promptly tell us when you learn about unauthorized use or disclosure of any of ACIP's proprietary materials or information.

## ITEM 15

### OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

For ~~both FIRM and PRACTICE Franchise~~ all franchise models, only 1 person may be a NBC at any given time. Ordinarily, you ~~must~~ will personally serve as the NBC ~~throughout the franchise term~~. You may appoint another individual to serve as NBC in your place only if we approve you in writing to appoint a NBC. We will only approve a NBC if he or she: (a) has been approved by us and trained by ACNA; (b) has signed a Nominated Business Coach Agreement (in Exhibit D) with you and us; and (c) has direct responsibility for all business operations of the franchise and the authority to bind you in any dealings with us and ACNA. This person does not need to have an ownership interest in your business. We generally approve a proposed NBC unless the individual has a poor record of business performance.

For a FIRM franchisee, in addition to the NBC you may appoint an unlimited number of individuals to serve as EBCs as long as the individuals have (a) been approved by us and trained by ACNA and (b) have signed an Employee Business Coach agreement with you.

For a PRACTICE (Premium) ~~franchisee~~ franchise, in addition to the NBC you ~~may~~ must appoint no more than 2 Employee Business Coaches ~~under the following conditions: (i) If you make a minimum of \$20,000 in Gross Revenues per month for 3 consecutive months, you will be entitled to appoint 1 Employee Business Coach, and (ii) If the first EBC appointed under (i) makes a minimum of \$10,000 in Gross Revenues per month for 3 consecutive months, you will be entitled to appoint a second EBC. In addition, any~~ Any EBC for appointment must have been approved by us and trained by ACNA and have signed an Employee Business Coach agreement with you.

If you wish to transfer your Business Coach Franchise Agreement to a corporation, limited liability company, or other legal entity, all owners of the entity must personally guarantee its obligations to us. The current form of personal guaranty is Attachment 2 to ~~both the PRACTICE Franchise Agreement and the FIRM~~ the Franchise Agreement. Your spouse does not have to sign a personal guaranty unless he or she is an owner.

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer only the coaching services and related products that ACNA has approved for sale by Business Coaches in the U.S.A. You may not offer any legal advice, accounting services, or other professional advice or services which require a license from the state. You must offer all products and services that ACNA specifies to be made available to Clients. ACNA may change the types of authorized goods or services. ACNA or we will communicate any changes to you. There are no limits on ACNA's right to make changes in this area.

You may not advertise in any media whose primary circulation or footprint is outside your ~~DDMA (FIRM) or~~ Designated Territory ~~(Practice)~~; and you may not engage in ~~direct marketing~~ Direct Marketing to customers or prospects outside of your own ~~DDMA (FIRM) or Designated Territory (Practice)~~. Web advertising will be subject to the terms and conditions ACNA specifies. If you receive a request from a Client or prospective Client to provide services outside of the your Designated Territory, you must refer the request to ACNA. If the prospective Client's principal office is outside of your ~~DDMA (FIRM) or~~ Designated Territory ~~(Practice) or the Territory~~ and no Business Coach has been licensed to operate in that area, then ACNA may refer the prospective Client back to you for coaching services.

## 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 in Exhibits A, B-~~1~~, B21 and B-~~32~~ to this disclosure document.

Provision	Section in <del>FIRM Franchise Agreement and PRACTICE Franchise Agreements</del>	Summary (Summary applies to both PRACTICE and Firm unless otherwise stated)
a. Length of the franchise term	Section 2	10 years for the PRACTICE <del>Pro and</del> <u>PRACTICE</u> ; 15 years for the PRACTICE <u>(Premium)</u> and FIRM
b. Renewal or extension of the term	Section 2	Successive terms of 10 years for the PRACTICE <del>Pro and</del> <u>PRACTICE</u> ; Successive 15 years for the PRACTICE <u>(Premium)</u> and FIRM
c. Requirements for franchisee to renew or extend	Section 2	Give notice at least 6 months before expiration, be current in payments and remedy any specified breaches, have received no more

Provision	Section in <del>FIRM Franchise Agreement and PRACTICE Franchise Agreements</del>	Summary (Summary applies to both PRACTICE and Firm unless otherwise stated)
		than 1 notice of default in last 24 months, good record of compliance with Agreement and Manual, achieve minimum performance, and Business Coach requirements ( <a href="#">for the FIRM franchises</a> ), sign updated form of franchise agreement (which may contain materially different terms and conditions than your original agreement), upgrade image and appearance of business as needed, pay renewal fee, sign release.
d. Termination by franchisee	Section 17.1	You can terminate if we commit a material default and fail to cure within 60 days.
e. Termination by Master License without cause	Not applicable	Not applicable
f. Termination by Master Licensee for cause	Section 17.2 & 17.3	We may terminate your franchise for cause.
g. "Cause" defined - curable defaults	Section 17.3	You have 30 days to cure for non-payment of fees, non-submission of reports, and any other default not listed in h. below.
h. "Cause" defined – non-curable defaults	Section 17.2	Non-curable defaults: abandonment, conviction of crime, trademark misuse, health or public safety hazard, unapproved ownership transfer, failure to maintain a business office, understatement of Gross Revenues by 5% or more twice within 12 months, failure to submit reports, pay fees, or pay creditors 3 times in 12 months, misrepresentations in franchise application or reports.
i. Franchisee's obligations on termination/ non-renewal	Sections 6.2, 14.4, 15, 16.2, 16.7 & 18	Obligations include notification to Clients and prospective clients, payment of amounts due, complete de-identification and cessation of use of marks, surrender of Client and prospective client database, withdrawal of fictitious name filings, payment of liquidated damages (if we terminate based on your default), and compliance with indemnification clause and post-term non-compete. In case of violation of the confidentiality or non-competition covenants, you will be liable for liquidated damages in the amount of \$250,000.
j. Assignment of contract		No restriction on our right to assign. If our

Provision	Section in <del>FIRM Franchise Agreement and PRACTICE Franchise Agreements</del>	Summary (Summary applies to both PRACTICE and Firm unless otherwise stated)
by franchisor	Section 20.1, 19.2	Master License Agreement expires or is terminated, our interest in your agreement is automatically assigned to ACNA, which will be responsible only for obligations after the date of its assumption of your agreement.
k. "Transfer" by franchisee - defined	Section 20.2	Includes assignment of the Franchise Agreement and sale or other transfer of any ownership interest in the business.
l. Franchisor approval of transfer by franchisee	Section 20.2	We have the right to approve all transfers.
m. Conditions for Master Licensee approval of transfer	Section 20.3,- <del>FIRM Addendum (if applicable)</del>	We approve proposed transferee, transferee pays training fee and completes training, you pay outstanding obligations and cure other defaults, you sign general release and pay transfer fee, transferee signs new franchise agreement (at our option). If you are a FIRM owner, you may not transfer your Nominated Business Coach Agreement and/or any of your individual Employee Business Coach agreements unless you are transferring all such existing agreements together as a complete FIRM.
n. Master Licensee's right of first refusal to acquire franchisee's business	Section 20	We can match any offer for your business.
o. Master Licensee's option to purchase franchisee's business	Section 20	Only after notice of your intention to sell to a third party. See n. above.
p. Death or disability of franchisee	Section 20.5	Your heirs or personal representatives must apply within 120 days for consent to transfer your interest. Standard conditions apply, except no transfer fee is required. In case of death, your executor can buy out of the remaining term of the Franchise Agreement.
q. Non-competition covenants during the <del>erm</del> Term of franchise	Sections 16.1 and 16.7	No involvement in any business that offers business coaching or mentoring services in the U.S.A. ("Competing Business"). You may not employ or otherwise interfere with the employment relationship of any person who is

Provision	Section in <del>FIRM Franchise Agreement and PRACTICE Franchise Agreements</del>	Summary (Summary applies to both PRACTICE and Firm unless otherwise stated)
		employed by us, ACNA or any Master Licensee. In case of violation of the non-competition covenants, you will be liable for liquidated damages in the amount of \$250,000.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.2 and 16.7	You may not engage in any of the activities described in q. above for 2 years after expiration, termination, or transfer. You may not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the 2 years immediately before expiration, termination or transfer. All of the above applies in the Territory and for 100 miles outside of the Territory. In case of violation of the non-competition covenants, you will be liable for liquidated damages in the amount of \$250,000.
s. Modification of the agreement	Sections 10.3 & 22.5	Amendments must be in writing. ACNA has the right to make changes to the Manuals.
t. Integration/merger clause	Section 22.5	Only the terms of the Franchise Agreement are binding (subject to state law; see Exhibit H). Any other promises may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 22.9	All disputes are to be resolved by mediation and arbitration.
v. Choice of forum	Section 22.9	If ACNA is a party, then the exclusive venue for arbitration is the city or county where ACNA has its headquarters at the time the arbitration demand is filed (currently Las Vegas, Nevada), <u>otherwise the city or county in which we have our headquarters at the time (currently Columbus, Ohio)</u> . No forum selection clause for litigation. State franchise statutes may supersede this choice of forum, but may be preempted by the Federal Arbitration Act; see Exhibit H.
w. Choice of law	Section 22.8	<del>The</del> <u>if ACNA is a party, the law of the state</u>

Provision	Section in <del>FIRM Franchise Agreement and PRACTICE Franchise Agreements</del>	Summary (Summary applies to both PRACTICE and Firm unless otherwise stated)
		<p><u>where ACNA has its headquarters at the time of the dispute governs the contract (currently, Nevada), otherwise the</u> law of the state where <del>ACNA has its</del><u>we have our</u> headquarters at the time of the dispute governs <del>the contract</del> (currently, <del>Nevada, Ohio</del>). State law may override this provision; see Exhibit H.</p>

If applicable, Exhibit C to this disclosure document includes an addendum to the Franchise Agreement to implement contract changes required by your state. If applicable, Exhibit H contains additional disclosures required by your state.

#### ITEM 18

#### PUBLIC FIGURES

Neither we nor ACNA currently uses any public figure or personality to promote the ActionCOACH Business Coach 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.

Except as set forth in the Tables below, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an ActionCOACH franchise. Actual results will vary from franchise to franchise and we cannot estimate or predict the results of any particular franchise due to a number of external and internal factors which we are unable to determine, including but not limited to, your management and time commitment, your ability and diligence to follow our systems, competition, demand for our services, economic and market conditions and market demographics.

**TERRITORY INFORMATION (MINNESOTA and WISCONSIN)**

All data in ~~Tables 1 and 2 are~~this Item 19 were based on unaudited data reported by ~~the outlets to ACNA~~ in the ActionMEMBERS Key Performance Indicator System on a voluntary basis. ~~For this "Territory Information (MINNESOTA and WISCONSIN)" section, an outlet includes the franchise owner and any EBC's the franchise owner employed. All amounts are in US Dollars.~~

Table 1 is a historical representation of the unaudited average annual and average monthly **GrossCollected** Revenues (as defined below) reported by the 4016 outlets (or 40084% of the total 4019 outlets as of the fiscal year ending December 31, ~~2016~~2017) in the Territory that operated for a consecutive 12 month period for the fiscal year ending December 31, ~~2016~~2017 (the "Benchmark Outlets"). The 4016 Benchmark Outlets (a) have all been operating for at least 12 months as of December 31, ~~2016~~2017. (b) are all located in the Territory, and (c) include all types of ActionCOACH Business Coach franchise outlets except for the FIRM Business Coach franchise model. None of the Benchmark Outlets are company-owned. These criteria were chosen to present historical data that covered 1 full year of an outlet's operations.

**Table 1 - Unaudited Average **GrossCollected** Revenues in the Territory**

Average (Annual)	Average (Monthly)	Benchmark Outlets that Reached/Exceeded Average			
		Percentage	No. of <b>OutletsCoach</b> es	High Amount (Annual)	Low Amount (Annual)
<del>\$308,479</del> <u>198,095</u>	<del>\$25,707</del> <u>16,507</u>	<del>40</del> <u>44</u> %	<del>47</del> <u>47</u>	<del>\$707,267</del> <u>470,707</u>	<del>\$442,615</del> <u>9,618</u>

Table 2 is a historical representation of the unaudited **GrossCollected** Revenues of each of the Benchmark Outlets for the fiscal year ending December 31, ~~2016~~2017.

**Table 2 - Unaudited **GrossCollected** Revenues of the 4012 Benchmark Outlets in the Territory**

	<b>GrossCollected</b> Revenues		<b>GrossCollected</b> Revenues
1	<del>\$707,267</del> <u>470,707</u>	<del>69</del> <u>69</u>	<del>\$201,252</del> <u>179,230</u>
2	<del>\$644,886</del> <u>352,093</u>	<del>710</del> <u>710</u>	<del>\$153,833</del> <u>135,610</u>
3	<del>\$479,683</del> <u>340,417</u>	<del>811</del> <u>811</u>	<del>\$115,128</del> <u>129,788</u>
4	<del>\$442,615</del> <u>283,225</u>	<del>912</del> <u>912</u>	<del>\$30,040</del> <u>121,128</u>
5	<del>\$306,904</del> <u>277,636</u>	<del>4013</del> <u>4013</u>	<del>\$3,220</del> <u>118,141</u>
<u>6</u>	<u>\$224,362</u>	<u>14</u>	<u>\$101,190</u>
<u>7</u>	<u>\$214,172</u>	<u>15</u>	<u>\$30,000</u>

<u>8</u>	<u>\$182,195</u>	<u>16</u>	<u>\$9,618</u>
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Notes:

- (1) “~~Gross~~Collected Revenues” means the amount of the total ~~receipts derived from fees applicable to the~~ services performed ~~and/or~~ products sold by or in connection with the Business that were actually collected by an outlet from its Clients (which reflects, among other things, any discounts or rebates applied by the outlet to the base fees that would otherwise have been charged to the Client). ~~Gross Revenues do not include the fair market value of any good or services. Any property or services received from Clients in exchange for Coaching Services. Gross Revenues may include any proceeds received will be included in Collected Revenues at their fair market value at the time received and actually collected. Collected Revenues also include any proceeds you may receive and actually collect~~ from business interruption insurance. ~~Gross~~Collected Revenues do not include sales taxes or credits such as the sale price of any products returned by Clients or other taxes that an outlet collects from Clients and pays directly to the appropriate governmental authorities.]
- (2) Some of the outlets may be working either together formally or informally to derive the results above and may have received additional marketing or sales assistance from us. You may ~~or may~~ not receive additional assistance from us or ACNA.
- ~~(3) — The 4 outlets designated with the superscript “E” in Table 2 also include gross revenues from EBC’s; the remaining outlets did not employ EBC’s so only include gross revenue derived personally from the franchisee.~~

**SYSTEM INFORMATION (UNITED STATES)**

~~All data in Tables 1 through 6 were based on unaudited data reported by the outlets in the ActionMEMBERS Key Performance Indicator System on a voluntary basis. For this “System Information (UNITED STATES)” section, each outlet is an individual Business Coach and may be a franchisee or an NBC or EBC.~~

~~Table 1 is a~~ Tables 3 and 4 are historical ~~representation~~representations of the unaudited average annual and average monthly Gross Revenues reported by ~~119~~100 outlets or ~~8576~~8576% of the total ~~139~~131 outlets as of the fiscal year ~~ending ended~~ December 31, ~~2016.~~ ~~The~~ 119~~2017.~~ These 100 outlets (a) have all been operating for at least 12 months as of December 31, ~~2016,~~ ~~(b) 2017,~~ (b) reported Gross Revenues for at least 10 months during the same period; (c) are all located in the USA, and ~~(ed)~~ include the following types of ActionCOACH Business Coach franchise outlets, namely, FIRM, PRACTICE (Pro), PRACTICE, PRACTICE Premium and the Practice (7 Years), which ~~are is~~ no longer offered. ~~These criteria were chosen to present historical data that covered 1 full year of an outlet’s operations.~~

**Table 3 – Unaudited Gross Revenues of Outlets per Range**

<u>Range</u>	<u>No. of Outlets in Range</u>	<u>Range</u>
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		High	Low
Top 20%	20	1,166,600	264,266
Next 20%	20	263,637	169,464
Next 20%	20	166,082	113,716
Next 20%	20	112,311	55,175
Bottom 20%	20	54,290	350

**Table 4 – Unaudited Gross Revenues**

**Table 1 – Unaudited Average Gross Revenues**

Average (Annual)	Average (Monthly)	Outlets that Reached/Exceeded Average			
		Percentage	No. of Coaches	High Amount (Annual)	Low Amount (Annual)
<del>\$150,103.14</del> <u>173,742.14</u>	<del>\$12,508.60</del> <u>14,478.51</u>	<del>42</del> <u>38</u> %	<del>50</del> <u>38</u>	<del>\$939,225.00</del> <u>0-1,166,600.00</u>	<del>\$151,475.00</del> <u>0-173,883.00</u>

Table 2 is a historic representation of the unaudited Gross Revenues of the 50 outlets that reached the Average Gross Revenues presented in Table 1. These 50 outlets represent (a) 42% of the 119 outlets operating for 12 months as of 31 December 2016, and (b) 36% of the total 139 outlets as of 31 December 2016.

**Table 2 – Unaudited Gross Revenues of 50 Outlets that Reached/Exceeded Average Gross Revenues**

Gross Revenues		Gross Revenues	
1	<del>\$ 939,225.00</del>	26	<del>\$ 231,540.00</del>
2	<del>\$ 821,901.00</del>	27	<del>\$ 229,302.00</del>
3	<del>\$ 668,470.00</del>	28	<del>\$ 228,552.00</del>
4	<del>\$ 472,615.00</del>	29	<del>\$ 225,000.00</del>
5	<del>\$ 454,343.00</del>	30	<del>\$ 224,700.00</del>
6	<del>\$ 450,257.00</del>	31	<del>\$ 213,700.00</del>
7	<del>\$ 438,700.00</del>	32	<del>\$ 211,662.00</del>
8	<del>\$ 393,171.00</del>	33	<del>\$ 208,468.00</del>
9	<del>\$ 359,650.00</del>	34	<del>\$ 202,700.00</del>
10	<del>\$ 339,203.00</del>	35	<del>\$ 201,716.00</del>
11	<del>\$ 337,010.00</del>	36	<del>\$ 200,875.00</del>
12	<del>\$ 330,216.00</del>	37	<del>\$ 193,779.00</del>
13	<del>\$ 319,138.00</del>	38	<del>\$ 180,424.00</del>

14	<del>\$ 306,901.00</del>	39	<del>\$ 178,446.00</del>
15	<del>\$ 306,239.00</del>	40	<del>\$ 170,175.00</del>
16	<del>\$ 302,856.00</del>	41	<del>\$ 170,050.00</del>
17	<del>\$ 302,490.00</del>	42	<del>\$ 169,150.00</del>
18	<del>\$ 279,200.00</del>	43	<del>\$ 169,050.00</del>
19	<del>\$ 267,595.00</del>	44	<del>\$ 163,470.00</del>
20	<del>\$ 252,388.00</del>	45	<del>\$ 161,674.00</del>
21	<del>\$ 251,374.00</del>	46	<del>\$ 161,038.00</del>
22	<del>\$ 249,780.00</del>	47	<del>\$ 160,019.00</del>
23	<del>\$ 247,903.00</del>	48	<del>\$ 153,833.00</del>
24	<del>\$ 239,170.00</del>	49	<del>\$ 153,067.00</del>
25	<del>\$ 237,687.00</del>	50	<del>\$ 151,475.00</del>

Tables 35 through 68 represent historical data on the unaudited average of the following as they were reported by the 119100 outlets operating for at least 12 months as of 31 December 20162017. ~~(a)~~ Table 35: Sales of 1-to-1 products; ~~(b)~~ Table 46: Sales of Other Products, wherein "Other Products" means ActionCOACH products other than the 1-to-1 programs namely, StartUP, StepUP, PowerUP, FreedomCOACH and UltimateCOACH; ~~(c)~~ Table 57: Hourly rate charged, and ~~(d)~~ Table 68: Diagnostic to Sale conversion rate.

**Table 35 - Unaudited Average Sales of 1-to-1 Products**

Average (Annual)	Average (Monthly)	Outlets that Reached/Exceeded Average			
		Percentage	No. of Coaches	High Amount (Annual)	Low Amount (Annual)
<del>\$138,185.03</del> <u>151,388.97</u>	<del>\$11,515.42</del> <u>12,615.75</u>	<del>39</del> <u>37</u> %	<del>46</del> <u>37</u>	<del>\$957,050.00</del> <u>823,150.00</u>	<del>\$138,675.00</del> <u>155,662.00</u>

**Table 46 - Unaudited Average Sales of Other Products**

Average (Annual)	Average (Monthly)	Outlets that Reached/Exceeded Average			
		Percentage	No. of Coaches	High Amount (Annual)	Low Amount (Annual)
<del>\$12,025.06</del> <u>16,161.64</u>	<del>\$1,002.09</del> <u>1,346.80</u>	<del>26</del> <u>25</u> %	<del>34</del> <u>25</u>	<del>\$192,172.00</del> <u>189,483.00</u>	<del>\$13,592.82</del> <u>17,452.00</u>

**Table 57 - Unaudited Average Hourly Rate Charged**

Average	Outlets that Reached/Exceeded Average			
	Percentage	No. of Coaches	High Amount	Low Amount
<del>\$373.52</del> <u>398.19</u>	<del>50</del> <u>47</u> % <sup>68</sup>	<del>60</del> <u>47</u>	<del>\$1,385.00</del> <u>2,166.00</u>	<del>\$375.00</del> <u>399.00</u>

Average (in Percentage)	Outlets that Reached/Exceeded Average			
	Percentage	No. of Coaches	High	Low
<del>39</del> 32%	<del>45</del> 41%	<del>54</del> 41	100%	<del>40</del> 32%

Notes:

- (1) For purposes of Tables 3 and 4, “Gross Revenues” means the total receipts derived by each outlet from services performed and products sold by or in connection with the Business. Any property or services received from Clients in exchange for Coaching Services ~~may~~by each outlet will be included in Gross Revenues at their fair market value at the time received. Gross Revenues ~~may~~ also include any proceeds ~~received~~an outlet may receive from business interruption insurance. Gross Revenues do not include sales taxes or credits such as the sale price of any products returned by Clients or other taxes that an outlet collects from Clients and pay directly to the appropriate governmental authorities.
- (2) Neither we nor ACNA represent that any of the results in Tables ~~4~~3 through ~~6~~8 are representative of any outlets in our Territory or that any data included in Tables ~~4~~3 through ~~6~~was~~8~~ were derived from outlets in our Territory.
- (3) Some of the outlets may be working either together formally or informally to derive the results above and may have received additional marketing or sales assistance from their respective master licensees. You may not receive additional assistance from us or ACNA.

**CAUTION**

The financial performance representation figures do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be a source of this information.

**A new franchisee’s financial results may differ from the results stated in this financial performance representation.**

Historical results are not an indicator of future performance. The gross revenue figures stated in this item 19 should not be considered as the actual or potential gross revenue figures that will be realized by any prospective franchisee. We have not suggested, and do not guarantee that you will succeed in the operation of your ActionCOACH Business Coach franchise as significant factors determining success include; your energy and determination to work hard, ability to follow the ActionCOACH system, business acumen and marketing and sales skills.

We offer substantially the same coaching programs for delivery to clients to all franchisees. Although we may suggest prices for coaching programs offered by franchisees, franchisees may offer and sell coaching programs and services at any price it chooses.

ACNA will, on reasonable request, make available to qualified prospective franchisees written substantiation of the financial performance representation at ACNA’s headquarters.

If you receive any other financial performance information or projections of your future income you should report it to ACNA's management by contacting Anthony Servidio, Chief Financial Officer at 5781 S. Fort Apache Rd., Las Vegas, NV 89148, tel. no. 888-483-2828, the Federal Trade Commission, and the appropriate state regulatory agency.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

For consistency, we have provided information as of ACNA's last 3 fiscal years ~~ending~~ ended December 31, ~~2014,2015~~, December 31, ~~2015~~2016 and December 31, ~~2016~~2017. Our fiscal year ends on December ~~31<sup>st</sup>~~31, 2017 of each year.

Tables 1 through 5 covers the history of all outlets in the United States for these periods. The numbers in these tables include Business Coach Franchise Agreements issued both by Master Licensees and directly by ACNA or ACUI in areas where there is no Master Licensee.

Table 1

#### System wide Franchise Outlet Summary

Outlet Type	Year End	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchisee	31-Dec- <del>14</del> <u>15</u>	<del>171</del> <u>152</u>	<del>152</del> <u>142</u>	<del>-19</del> <u>-10</u>
	<del>31-Dec-15</del>	<del>152</del>	<del>142</del>	<del>-10</del>
	31-Dec-16	142	139	-3
Company Owned	<del>31-Dec-14</del> <u>15</u>	0	0	0
	31-Dec- <del>15</del> <u>16</u>	0	0	0
	31-Dec- <del>16</del> <u>17</u>	0	0	0
Total	31-Dec- <del>14</del> <u>15</u>	<del>171</del> <u>152</u>	<del>152</del> <u>142</u>	<del>-19</del> <u>-10</u>
	31-Dec- <del>15</del> <u>16</u>	<del>152</del> <u>142</u>	<del>142</del> <u>139</u>	<del>-10</del> <u>-3</u>
	31-Dec- <del>16</del> <u>17</u>	<del>142</del> <u>139</u>	<del>139</del> <u>131</u>	<del>-3</del> <u>-8</u>

Table 2

#### Transfers of Outlets from Franchisees to New Owners (other than Franchisor)

State	Year End	No. of Transfers
Indiana, Minnesota, Wisconsin	<del>31-Dec-14</del>	<del>4</del>
	<del>31-Dec-15</del>	<del>0</del>

	<del>31-Dec-16</del>	<del>0</del>
Total	<del>31-Dec-14</del>	<del>4</del>
	31-Dec-15	0
	<del>31-Dec-16</del>	<del>0</del>
	<u>31-Dec-16</u>	<u>0</u>
	<u>31-Dec-17</u>	<u>0</u>

**Table 3**

**Status of Franchised Outlets for the fiscal years ended December 31, 2015, December 31, 2016, and December 31, 2017**

**Table 3**  
**Status of Franchised Outlets for the fiscal years ended December 31, 2014, December 31, 2015 and December 31, 2016**

State	Year End	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Re-acquired	Ceased Operation / Other reason	Outlets at end of Year
Alabama	<del>31-Dec-14</del>	<del>23</del>	<del>40</del>	0	0	0	0	3
	<del>31-Dec-15</del>	3	0	0	0	0	<del>01</del>	<del>32</del>
	<del>31-Dec-16</del>	<del>32</del>	0	<del>01</del>	0	0	<del>40</del>	<del>21</del>
Arizona	<del>31-Dec-14</del>	<del>9</del>	<del>4</del>	<del>4</del>	<del>0</del>	<del>4</del>	<del>4</del>	<del>7</del>
Arizona <u>(note 1)</u>	31-Dec-15	7	3	7	0	0	0	3
	<u>31-Dec-16</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<del>31-Dec-16</del>	<del>32</del>	<del>20</del>	<del>40</del>	<del>20</del>	0	0	2
California	<del>31-Dec-14</del>	<del>428</del>	<del>40</del>	<del>20</del>	<del>40</del>	<del>40</del>	<del>40</del>	8
	<del>31-Dec-15</del>	8	0	0	<del>01</del>	0	0	<del>87</del>
	<del>31-Dec-16</del>	<del>87</del>	0	<del>01</del>	1	0	0	<del>75</del>
Colorado	<del>31-Dec-14</del>	<del>85</del>	1	<del>40</del>	<del>01</del>	0	<del>30</del>	5
	<del>31-Dec-15</del>	5	1	0	<del>40</del>	0	0	<del>56</del>
	<del>31-Dec-16</del>	<del>56</del>	<del>40</del>	<del>01</del>	0	0	0	<del>65</del>
Connecticut	<del>31-Dec-14</del>	<del>32</del>	0	0	0	0	<del>40</del>	2
	<del>31-Dec-15</del>	2	0	0	<del>01</del>	0	0	<del>21</del>
	<del>31-Dec-16</del>	<del>21</del>	0	0	<del>40</del>	0	0	1
Florida	<del>31-Dec-14</del>	<del>2018</del>	1	<del>43</del>	<del>40</del>	0	1	<del>4815</del>

	<u>15</u>							
	31-Dec- <del>15</del> <u>16</u>	<del>48</del> <u>15</u>	1	<del>3</del> <u>1</u>	<del>0</del> <u>1</u>	0	<del>4</del> <u>2</u>	<del>45</del> <u>12</u>
	31-Dec- <del>16</del> <u>17</u>	<del>45</del> <u>12</u>	<del>4</del> <u>3</u>	1	<del>4</del> <u>0</u>	0	<del>2</del> <u>0</u>	<del>42</del> <u>14</u>
Georgia	31-Dec- <del>14</del> <u>15</u>	5	<del>4</del> <u>0</u>	1	0	0	0	<del>5</del> <u>4</u>
	31-Dec- <del>15</del> <u>16</u>	<del>5</del> <u>4</u>	0	<del>4</del> <u>0</u>	0	0	0	4
	31-Dec- <del>16</del> <u>17</u>	4	0	0	0	0	0	4
Idaho	31-Dec- <del>14</del> <u>15</u>	<del>3</del> <u>1</u>	0	0	<del>2</del> <u>0</u>	0	0	1
	31-Dec- <del>15</del> <u>16</u>	1	0	0	0	0	0	1
	31-Dec- <del>16</del> <u>17</u>	1	0	0	0	0	0	1
Illinois	31-Dec- <del>14</del> <u>15</u>	<del>2</del> <u>4</u>	<del>2</del> <u>0</u>	<del>0</del> <u>2</u>	0	0	0	<del>4</del> <u>2</u>
	31-Dec- <del>15</del> <u>16</u>	<del>4</del> <u>2</u>	<del>0</del> <u>2</u>	<del>2</del> <u>0</u>	0	0	0	<del>2</del> <u>4</u>
	31-Dec- <del>16</del> <u>17</u>	<del>2</del> <u>4</u>	<del>2</del> <u>0</u>	<del>0</del> <u>1</u>	0	0	0	<del>4</del> <u>3</u>
Indiana	31-Dec- <del>14</del> <u>15</u>	1	<del>0</del> <u>1</u>	0	0	0	<del>0</del> <u>1</u>	1
	31-Dec- <del>15</del> <u>16</u>	1	1	0	0	0	<del>4</del> <u>0</u>	<del>4</del> <u>2</u>
	31-Dec- <del>16</del> <u>17</u>	<del>4</del> <u>2</u>	<del>4</del> <u>0</u>	0	0	0	0	2
Iowa / Nebraska	31-Dec- <del>14</del> <u>15</u>	<del>8</del> <u>6</u>	<del>0</del> <u>1</u>	<del>0</del> <u>1</u>	0	<del>4</del> <u>0</u>	<del>4</del> <u>0</u>	6
	31-Dec- <del>15</del> <u>16</u>	6	<del>4</del> <u>0</u>	<del>4</del> <u>0</u>	0	0	0	6
	31-Dec- <del>16</del> <u>17</u>	6	<del>0</del> <u>3</u>	0	0	0	0	<del>6</del> <u>9</u>
Kansas	31-Dec- <del>14</del> <u>15</u>	<del>0</del> <u>2</u>	<del>2</del> <u>1</u>	0	0	0	0	<del>2</del> <u>3</u>
	31-Dec- <del>15</del> <u>16</u>	<del>2</del> <u>3</u>	1	0	0	0	0	<del>3</del> <u>4</u>
	31-Dec- <del>16</del> <u>17</u>	<del>3</del> <u>4</u>	1	0	0	0	0	<del>4</del> <u>5</u>
Kentucky	31-Dec- <del>14</del> <u>15</u>	<del>3</del> <u>4</u>	1	0	0	0	0	<del>4</del> <u>5</u>
	31-Dec- <del>15</del> <u>16</u>	<del>4</del> <u>5</u>	<del>4</del> <u>0</u>	0	0	0	0	5
	31-Dec- <del>16</del> <u>17</u>	5	0	0	0	0	0	5
Louisiana	31-Dec- <del>14</del> <u>15</u>	3	<del>4</del> <u>0</u>	0	<del>4</del> <u>0</u>	0	<del>0</del> <u>1</u>	<del>3</del> <u>2</u>
	31-Dec- <del>15</del> <u>16</u>	<del>3</del> <u>2</u>	0	0	0	0	<del>4</del> <u>0</u>	2
	31-Dec- <del>16</del> <u>17</u>	2	0	0	0	0	0	2
	31-Dec-14	4	0	0	4	0	0	0

Maine	31-Dec-15	<u>03</u>	0	<u>01</u>	0	0	0	<u>02</u>
	31-Dec-16	<u>02</u>	0	0	0	0	0	<u>02</u>
Maryland, Delaware, D.C.	<del>31-Dec-14</del>	<del>4</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>3</del>
	<del>31-Dec-15</del>	<del>3</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	31-Dec-16							
	<u>17</u>	2	0	0	0	0	0	2
Massachusetts	31-Dec-14							
	<u>15</u>	<u>01</u>	<u>40</u>	0	0	0	<u>01</u>	<u>40</u>
	31-Dec-15							
	<u>16</u>	<u>40</u>	0	0	0	0	<u>40</u>	0
	31-Dec-16							
	<u>17</u>	0	0	0	0	0	0	0
Michigan	31-Dec-14							
	<u>15</u>	1	0	0	0	0	0	1
	31-Dec-15							
	<u>16</u>	1	<u>01</u>	0	0	0	0	<u>42</u>
	31-Dec-16							
	<u>17</u>	<u>42</u>	<u>40</u>	0	<u>01</u>	0	0	<u>21</u>
Minnesota	31-Dec-14							
	<u>15</u>	<u>43</u>	0	0	<u>40</u>	0	0	3
	31-Dec-15							
	<u>16</u>	3	<u>01</u>	0	<u>01</u>	0	0	3
	31-Dec-16							
	<u>17</u>	3	1	0	<u>40</u>	0	0	<u>34</u>
Mississippi	<del>31-Dec-14</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>31-Dec-15</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>31-Dec-16</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
Missouri	31-Dec-14							
	<u>15</u>	0	0	0	0	0	0	0
	31-Dec-15							
	<u>16</u>	0	<u>01</u>	0	0	0	0	<u>01</u>
	31-Dec-16							
	<u>17</u>	<u>01</u>	<u>40</u>	0	0	0	0	1
Nevada - North	31-Dec-14							
	<u>15</u>	0	<u>01</u>	0	0	0	0	<u>01</u>
	31-Dec-15							
	<u>16</u>	<u>01</u>	<u>40</u>	0	0	0	0	1
	31-Dec-16							
	<u>17</u>	1	0	0	0	0	0	1
Nevada - South	<del>31-Dec-14</del>	<del>3</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>	<del>3</del>
	31-Dec-15	3	0	0	0	1	0	2
	31-Dec-16	2	0	2	0	0	0	0
	31-Dec-14							
	<u>17</u>	<u>70</u>	0	0	<u>40</u>	0	0	<u>60</u>
New Jersey	31-Dec-15	6	0	0	0	0	1	5
	31-Dec-16	5	0	1	0	0	0	4
	<u>31-Dec-17</u>	<u>4</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>2</u>
New Mexico	31-Dec-14							
	<u>15</u>	1	0	0	0	0	0	1
	31-Dec-15							
	<u>16</u>	1	0	0	0	0	0	1
	31-Dec-16							
	<u>17</u>	1	0	0	0	0	0	1
New York	31-Dec-14	2	0	0	0	0	0	2

	<u>15</u>							
	31-Dec- <del>15</del> <u>16</u>	2	0	0	<del>0</del> <u>1</u>	0	0	<del>2</del> <u>1</u>
	31-Dec- <del>16</del> <u>17</u>	<del>2</del> <u>1</u>	0	0	<del>4</del> <u>0</u>	0	0	1
North Carolina	31-Dec- <del>14</del> <u>15</u>	<del>43</del> <u>11</u>	<del>4</del> <u>1</u>	<del>2</del> <u>0</u>	<del>3</del> <u>0</u>	1	0	11
	31-Dec- <del>15</del> <u>16</u>	11	<del>4</del> <u>4</u>	<del>0</del> <u>5</u>	0	<del>4</del> <u>0</u>	<del>0</del> <u>1</u>	<del>14</del> <u>9</u>
	31-Dec- <del>16</del> <u>17</u>	<del>14</del> <u>9</u>	<del>4</del> <u>2</u>	<del>5</del> <u>2</u>	0	0	<del>4</del> <u>0</u>	9
Ohio - North	31-Dec- <del>14</del> <u>15</u>	<del>3</del> <u>2</u>	<del>0</del> <u>2</u>	0	<del>4</del> <u>0</u>	0	0	<del>2</del> <u>4</u>
	31-Dec- <del>15</del> <u>16</u>	<del>2</del> <u>4</u>	<del>2</del> <u>1</u>	0	0	0	0	<del>4</del> <u>5</u>
	31-Dec- <del>16</del> <u>17</u>	<del>4</del> <u>5</u>	<del>4</del> <u>0</u>	0	0	0	0	5
Ohio - South	31-Dec- <del>14</del> <u>15</u>	<del>7</del> <u>6</u>	<del>4</del> <u>2</u>	<del>0</del> <u>1</u>	<del>2</del> <u>0</u>	0	0	<del>6</del> <u>7</u>
	31-Dec- <del>15</del> <u>16</u>	<del>6</del> <u>7</u>	<del>2</del> <u>1</u>	<del>4</del> <u>0</u>	<del>0</del> <u>1</u>	0	0	7
	31-Dec- <del>16</del> <u>17</u>	7	<del>4</del> <u>2</u>	<del>0</del> <u>1</u>	<del>4</del> <u>0</u>	0	0	<del>7</del> <u>8</u>
Oklahoma	31-Dec- <del>14</del> <u>15</u>	2	0	0	0	0	0	2
	31-Dec- <del>15</del> <u>16</u>	2	0	0	0	0	0	2
	31-Dec- <del>16</del> <u>17</u>	2	0	0	0	0	0	2
Oregon	31-Dec- <del>14</del> <u>15</u>	1	0	0	0	0	0	1
	31-Dec- <del>15</del> <u>16</u>	1	0	0	<del>0</del> <u>1</u>	0	0	<del>4</del> <u>0</u>
	31-Dec- <del>16</del> <u>17</u>	<del>4</del> <u>0</u>	0	0	<del>4</del> <u>0</u>	0	0	0
Pennsylvania	31-Dec- <del>14</del> <u>15</u>	<del>8</del> <u>7</u>	<del>4</del> <u>0</u>	<del>2</del> <u>1</u>	0	0	0	<del>7</del> <u>6</u>
	31-Dec- <del>15</del> <u>16</u>	<del>7</del> <u>6</u>	0	<del>4</del> <u>2</u>	0	0	0	<del>6</del> <u>4</u>
	31-Dec- <del>16</del> <u>17</u>	<del>6</del> <u>4</u>	0	<del>2</del> <u>0</u>	<del>0</del> <u>1</u>	0	0	<del>4</del> <u>3</u>
South Carolina	31-Dec- <del>14</del> <u>15</u>	<del>4</del> <u>0</u>	0	0	0	0	<del>4</del> <u>0</u>	0
	31-Dec- <del>15</del> <u>16</u>	0	<del>0</del> <u>1</u>	0	0	0	0	<del>0</del> <u>1</u>
	31-Dec- <del>16</del> <u>17</u>	<del>0</del> <u>1</u>	<del>4</del> <u>0</u>	0	0	0	<del>0</del> <u>1</u>	<del>4</del> <u>0</u>
Tennessee	<del>31-Dec-14</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	31-Dec-15	1	0	0	1	0	0	0
	31-Dec-16	0	0	0	0	0	0	0
	31-Dec- <del>14</del> <u>17</u>	<del>12</del> <u>0</u>	<del>5</del> <u>0</u>	<del>4</del> <u>0</u>	<del>4</del> <u>0</u>	0	0	<del>12</del> <u>0</u>
Texas	31-Dec-15	12	6	4	0	0	0	14
	31-Dec-16	14	5	2	0	0	0	17

Utah	31-Dec-14	1	0	0	1	0	0	0
	31-Dec-15	0	0	0	0	0	0	0
	31-Dec-16 <u>17</u>	<u>017</u>	<u>04</u>	<u>05</u>	<u>01</u>	0	0	<u>015</u>
Virginia	31-Dec-14 <u>15</u>	<u>64</u>	<u>40</u>	0	<u>40</u>	0	<u>20</u>	4
	31-Dec-15 <u>16</u>	4	0	0	<u>01</u>	0	0	<u>43</u>
	31-Dec-16 <u>17</u>	<u>43</u>	0	<u>02</u>	<u>40</u>	0	0	<u>31</u>
W. Virginia	31-Dec-14 <u>15</u>	1	0	<u>01</u>	0	0	0	<u>40</u>
	31-Dec-15 <u>16</u>	<u>40</u>	0	<u>40</u>	0	0	0	0
	31-Dec-16 <u>17</u>	0	0	0	0	0	0	0
Washington	31-Dec-14 <u>15</u>	<u>43</u>	0	1	0	0	0	<u>32</u>
	31-Dec-15 <u>16</u>	<u>32</u>	0	<u>40</u>	0	0	0	2
	31-Dec-16 <u>17</u>	2	<u>01</u>	<u>01</u>	0	0	0	2
Wisconsin	31-Dec-14 <u>15</u>	<u>913</u>	4	0	<u>01</u>	0	<u>02</u>	<u>4314</u>
	31-Dec-15 <u>16</u>	<u>4314</u>	<u>42</u>	0	<u>40</u>	0	<u>20</u>	<u>4416</u>
	31-Dec-16 <u>17</u>	<u>4416</u>	<u>21</u>	<u>02</u>	0	0	<u>01</u>	<u>4614</u>
Total	31-Dec-14	174	32	15	18	4	14	152
Total	31-Dec-15	152	25	23	3	2	7	142
	31-Dec-16	142	25	14	10	0	4	139
	31-Dec-17	<u>139</u>	<u>18</u>	<u>19</u>	<u>5</u>	<u>0</u>	<u>2</u>	<u>131</u>

NOTES:

- (1) "Outlets at Start of Year" and "Outlets at End of Year" include all outlets being actively operated as of the first and last day of the fiscal year, respectively. "Outlets Opened" may reflect franchises opened that fiscal year but sold in previous fiscal years. The table does not include outlets that were terminated without ever having been operated.
- (2) "Reacquired" includes outlets reacquired by us, ACNA or the master licensee in the pertinent state.
- (3) States that are not listed had none of the above-described activities during the fiscal years covered by the table. Several multi-state territories are or were each licensed under a single Master License Agreement and are treated together.

Table 4

### Status of Company Owned Franchise Outlets

State	Year End	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Re-acquired	Ceased Operation / Other reason	Outlets at end of Year
Total	31-Dec- <del>14</del> 15	0	0	0	0	0	0	0
	31-Dec- <del>15</del> 16	0	0	0	0	0	0	0
	31-Dec- <del>16</del> 17	0	0	0	0	0	0	0

**Table 5**

**Projected Franchised Outlet Openings**

<b>Table 5 Projected Franchised Outlet Openings</b>			
State	Franchise Agreements signed but Outlet not open as of December 31, <del>2016</del> 2017	Projected New Outlets for Fiscal Year ending December 31, <del>2017</del> 2018	
		Franchised	Company Owned
<a href="#">Alabama</a>	<u>0</u>	<u>1</u>	<u>0</u>
<a href="#">Alaska</a>	<u>0</u>	<u>0</u>	<u>0</u>
Arizona	0	<del>7</del> 0	0
California	<del>0</del> 1	2	0
Colorado	0	<del>2</del> 0	<del>4</del> 0
Connecticut	0	2	0
Delaware	0	<del>4</del> 0	0
Florida	<del>4</del> 0	<del>2</del> 0	0
Georgia	0	<del>2</del> 0	0
<a href="#">Hawaii</a>	<u>0</u>	<u>1</u>	<u>0</u>
Idaho	0	1	0
Illinois	0	<del>4</del> 0	0
Indiana	0	1	0
Iowa	0	<del>3</del> 2	0
Kansas	0	<del>4</del> 0	0
Maryland	0	<del>4</del> 0	0
<a href="#">Massachusetts</a>	<u>0</u>	<u>1</u>	<u>0</u>
Michigan	0	<del>4</del> 0	0
Minnesota	0	1	0
Nebraska	0	<del>4</del> 2	0
Nevada - North	0	1	0
Nevada - South	0	<del>4</del> 0	0
New Jersey	0	<del>4</del> 0	0
New Mexico	0	<del>4</del> 0	0
New York	0	<del>4</del> 0	0
North Carolina	0	4	0
Ohio - North	0	1	0
Ohio - South	<del>0</del> 3	<del>4</del> 2	0
<b>Pennsylvania</b>	<b>0</b>	<b>4</b>	<b>0</b>

Texas—North	<del>03</del>	<del>20</del>	0
Texas—South	<del>2</del>	<del>7</del>	<del>0</del>
Virginia	0	1	0
Washington	0	<del>40</del>	0
Wisconsin	<del>01</del>	2	0
Total	<del>38</del>	<del>5425</del>	<del>40</del>

Exhibit J to this disclosure document is a list of all ActionCOACH Business Coaches in the U.S.A. as of December 31, ~~2016~~2017.

Exhibit K to this disclosure document lists the names and last known home addresses and telephone numbers of every U.S. Business Coach who had a Business Coach Franchise Agreement terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Business Coach Franchise Agreement during ACNA's fiscal year ended in December 31, ~~2016~~2017. The list also identifies any U.S. Business Coach who had not communicated with ACNA or their Master Licensee within 10 weeks of December 31, ~~2016~~2017. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances within the periods covered by the tables in this Item 20, current and former franchisees have signed confidentiality clauses, provisions restricting their ability to speak openly about their experience with ActionCOACH. 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.

There is no trademark-specific franchisee organization associated with ActionCOACH franchise system.

## ITEM 21

### FINANCIAL STATEMENTS

Exhibit L contains the following financial statements:

1. Audited financial statements of Master Licensee as of and for the fiscal years ~~ending ended~~ December 31, ~~2014,2015~~, December 31, ~~2015~~2016 and December 31, ~~2016~~2017.
2. Audited financial statements of Franchisor as of and for the fiscal years ~~ending ended~~ December 31, ~~2014,2015~~, December 31, ~~2015~~2016 and December 31, ~~2016~~2017.

## ITEM 22

### CONTRACTS

Exhibit A The FIRM - Business Coach Franchise Agreement

~~Exhibit B(1) The Practice (Pro) Business Coach Franchise Agreement~~

Exhibit B(2) The Practice – Business Coach Franchise Agreement

Exhibit B(3) The Practice (Premium) – Business Coach Franchise Agreement

Exhibit C State-Required Addenda to Franchise Agreement

Exhibit D Nominated Business Coach Agreement

Exhibit E Nondisclosure and Noncompete Agreement

Exhibit F Release

We also require that you fill out a Compliance Questionnaire before signing a Business Coach Franchise Agreement. The Compliance Questionnaire is in Exhibit G.

## ITEM 23

### RECEIPTS

Included at the end of this disclosure document are 2 detachable Receipts. You must sign and date both Receipts and deliver 1 of the signed Receipts to us at least 14 calendar days (or 10 business days, in certain states) before you sign the Business Coach Franchise Agreement or pay us any money.



**EXHIBIT A**

**to**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**FIRM BUSINESS COACH FRANCHISE AGREEMENT**



# THE FIRM

*BUSINESS COACH FRANCHISE AGREEMENT*

# THE FIRM BUSINESS COACH FRANCHISE AGREEMENT

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Attachment 1: Fees and Specifications Attachment 2: Personal Guaranty Attachment 3: ~~Existing Coaches that currently have the right to Direct Market in the DDMA~~[Territory and DDMA](#)  
Attachment 4: ~~DDMA MAP~~

~~Attachment 5: Business Coaches Continued~~[Attachment 6](#) : Conditional Assignment of Telephone and Directory Listings Attachment ~~7~~[5](#): Direct Debit Authorization Form

**THE FIRM  
BUSINESS COACH FRANCHISE AGREEMENT**

THIS AGREEMENT is entered into ~~effective~~ as of the Effective Date between ~~(“ Master Licensee”)~~ and ~~(“ You” or “Franchisee”)~~.

**RECITALS**

- A. ActionCOACH IP Co, Ltd. (“Licensor”) owns the Marks, the System, and the Confidential Information, all as defined below, and has granted ActionCOACH North America, LLC ( “ Franchisor”) the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information within the Territory.
- B. Franchisor has granted Master Licensee the right to sublicense the Marks, the System and the Confidential Information (each as defined in this Agreement) within the Territory.
- C. You wish to obtain the right to operate an ActionCOACH business coaching and mentoring business in the DDMA (as the term is defined below).

The parties agree as follows:

**DEFINITIONS**

**“Across-Area Marketing Programs”** means Licensor’s and Franchisor’s (and their respective Affiliates’) Internet, television, electronic, co-branding, alliance, affinity, and other marketing programs, policies and strategies.

**“Agreement”** means this “The Firm Business Coach Franchise Agreement”.

**“Assessment Period”** means the period specified in Attachment 1 for which Master Licensee will assess whether your performance meets the Minimum Performance Requirement;

~~**“Blue Chip Account”** is a Fortune 500 Company that is listed in the past and present annual list compiled and published by Fortune magazine or similar publication. Due to the rapid development of new business concepts including online businesses, Franchisor reserves its rights to amend the guidelines and policies for Blue Chip Accounts from time to time.~~

**“Business”** means the ActionCOACH business coaching, business training and mentoring business that you are authorized under this Agreement to conduct within the DDMA and in a limited manner outside the DDMA within the Master Licensee Territory.

**“Business Coach”** means a person providing Coaching Services to Clients either as Nominated Business Coach or Employee Business Coach.

**“Client”** means a business owner or other customer who agrees to purchase Coaching Services from the Business.

**“Client Information”** means details, including lists, of Clients collected by Franchisee in accordance with this Agreement.

**“Client Forms”** means the forms specified by Franchisor in the Manuals or otherwise specified in writing by Franchisor to be used by the Franchisee to procure the details of Clients.

**“Coaching Services”** means the business coaching, business training, business coaching and

mentoring services (excluding executive coaching, unless you have completed Franchisor's executive coaching program), training modules, products, business plan drafting assistance, and other services and products authorized by Franchisor from time to time for delivery to Clients.

**"Confidential Information"** has the meaning defined in Section 15 of this Agreement.

**"Direct Marketing"** means communication to prospective clients within the DDMA by direct mail, telemarketing, email marketing, door-to-door marketing, broadcast faxing, voicemail marketing, couponing or direct selling. The Franchisor has the sole right to determine, whether or not any other activity or marketing method not defined herein is considered as Direct Marketing and its decision shall be binding on all parties.

**"Designated Direct Marketing Area" or "DDMA"** means the area specified in Attachment 1 for the purpose of [your](#) Direct Marketing to prospective clients and Clients and as set out in Section 8 and may be modified in accordance with the terms of this Agreement. Master Licensee assigns the DDMA as a geographical area defined by zip codes, postal codes and/or counties.

**"3<sup>rd</sup> Party Designated Direct Marketing Area" or "3<sup>rd</sup> Party DDMA" means the areas specified in Attachment 3 that is restricted for purposes of any Direct Marketing by You to prospective clients and Clients. Master Licensee identifies the 3<sup>rd</sup> Party DDMA as a geographical area defined by zip codes, postal codes and/or counties.**

**"Effective Date" has the meaning given in Attachment 1.**

**"Employee Business Coach" or "EBC"** means the specific individual (other than a Nominated Business Coach) who is authorized by Master Licensee and Firm Owner(s) to provide Coaching Services to Clients on behalf of the Business. You may appoint an unlimited number of individuals to serve as EBCs, as long as those individuals: (i) have been approved by Master Licensee and trained by Franchisor; and (ii) have signed an Employee Business Coach agreement with you.

**"Financial Year"** means a year commencing 1 January and ending 31 December

**"FIRM Owner"** means the person or business entity who has executed the Firm Business Coach Agreement. FIRM Owner(s) who have attended Franchisor's training are authorized, and required, to provide coaching support services and supervision to all Nominated Business Coaches within the FIRM under a Nominated Business Coach Agreement, in a form approved by Franchisor and Master Licensee and specific to the FIRM arrangement. All FIRM Owners are to be identified in Attachment 1.

**"Franchisee" or "You" have the meaning given in Attachment 1.**

**"Gross Revenues"** means the total receipts derived from services performed and products sold by or in connection with the Business. Any property or services received from Clients in exchange for Coaching Services will be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds you may receive from business interruption insurance. Gross Revenues do not include sales taxes or credits such as the sale price of any products returned by Clients or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.

**"Key Personnel"** means those persons hired by or otherwise connected with the Business at any time who perform administrative or marketing functions or are involved in the management of the Business.

**“Manuals” means** the operations manuals, policy statements, directives, and other written instructions issued by Franchisor with respect to the System, including, without limitation, information and materials posted in the Intranet areas of the ActionCOACH website. Part or all of the Manuals may be issued in electronic form. Franchisor may amend the Manuals from time to time.

**“Marks” means** the marks listed in Attachment 1 and such other registered and unregistered trade names, trademarks, service marks, logos, commercial symbols, Internet domain names, web site identifiers, designs, color schemes, and trade dress as Franchisor may designate from time to time for use with the System.

**“Master Licensee” has the meaning given in Attachment 1.**

**“Minimum Business Coach Requirement” or “MBCR”** has the meaning given in Attachment 1.

**“Minimum Performance”** means the criteria specified in Section 12 and Attachment 1.

**“Minimum Royalty”** means the minimum Royalty Fee calculated in accordance with the MBCR and as outlined in Attachment 1.

**“Nominated Business Coach” or “NBC” means** the Firm Owner personally serving as Business Coach or the person appointed by the Firm Owner (subject to conditions herein) to provide Coaching Services to Clients on behalf of the Business and has authority to bind you in any dealings with Master Licensee and Franchisor. At least one ( 1 ) Firm Owner must personally serve as a Nominated Business Coach throughout the Term, unless Master Licensee agrees to shorten this period in accordance with any conditions the Master Licensee may reasonably request. You may appoint a Nominated Business Coach in lieu of a Firm Owner, as long as such individual: ( i ) has been approved by Master Licensee and trained by Franchisor; and (ii) has signed a Nominated Business Coach Agreement with you and the Master Licensee.

**“System”** means the business methods, specifications, procedures, and accumulated trial and error developed, and to be developed, by Licensor and/or Franchisor for the operation and management of a Business.

**“Term”** has the meaning ~~set forth in Section 2.1.~~ **“Territory Size Factor” or “TSF” means:** (i) 1.0; or (ii) ~~The difference in the number of businesses greater than fifteen thousand (15,000) divided by fifteen thousand (15,000) then multiplied by 0.5, and added to 1.0; whichever is higher and for greater certainty, the TSF number is~~ set forth in Attachment 1.

## SECTION 1 – RIGHTS GRANTED

1.1 ~~4.1~~ Master Licensee grants you the right, and you undertake the obligation, to:

- A. ~~D.~~ Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis within the DDMA;
- B. ~~E.~~ Operate the Business from the office location only as set forth in Section 9; and
- C. ~~F.~~ Use the Marks and the System as they may be modified and developed from time to time on a non-exclusive basis in the operation of the Business.

1.2 This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.

1.3 ~~1.3~~—You may not grant a sub-franchise or otherwise sublicense any of your rights under this Agreement.

## SECTION 2 - TERM AND RENEWAL OPTIONS

2.1 ~~2.1~~—The ~~Term~~term of this Agreement commences on the ~~date of its execution by Master Licensee (“Commencement Date”)~~. ~~Unless~~Effective Date and unless sooner terminated under Section 17, this Agreement will expire ~~fifteen (15) years (“on the Expiry Date”) from the date of its execution by Master Licensee (“Term”)~~.

~~2.2~~—You will have the option to renew the right to operate the Business for successive periods of fifteen (15) years each. Master Licensee may refuse to renew your right to operate the Business, in its absolute discretion, if any of the following conditions have not been satisfied:

- A. You must give Master Licensee written notice of your election to renew (“Renewal Notice”) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.
- B. You must be current in all payment obligations to Master Licensee and must have remedied any breach of this Agreement specified by Master Licensee by written notice.
- C. You must not have received more than one (1) written notice of default from Master Licensee in the twenty four (24) months preceding delivery of the Renewal Notice.
- D. You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.
- E. You must have achieved Minimum Performance and the Minimum Business Coach Requirement set out in Attachment 1.
- F. You must execute a new Firm Business Coach Franchise Agreement on the then-current form designated by Franchisor, the terms of which may differ from this Agreement and may incorporate, without limitation: (a) any increase in the Royalty Fee, EBC Training Fee, Marketing and Advertising Cap and other fees that Franchisor may adopt generally for renewing franchisees, and (b) Franchisor’s then- current MBCR, Minimum Royalty, Minimum Performance, TSF and other formulas, which may be different than the MBCR, Minimum Royalty, Minimum Performance, TSF and other formulas, including but not limited to those set forth in Section 8.2.A of this Agreement. Your failure to execute the updated Firm Business Coach Franchise Agreement within thirty (30) days after its delivery will be deemed an election not to renew.
- G. You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.

H. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to

reflect the then-current image of the ActionCOACH concept.

- I. You must pay Master Licensee the Renewal Fee specified in Attachment 1.
- J. You and Business Coaches must have attended at least ninety percent (90%) of Franchisor's Regional conferences (including the Business Excellence Forum). If You or your Business Coaches have not met this requirement, Franchisor, in its absolute discretion, may allow You and your Business Coaches to re-attend ~~Franchisee Training~~the pertinent training to remedy non-compliance. However, You must pay the then-current ~~Franchisee Training~~ Fee.

### SECTION 3 - INITIAL FEES

- 3.1 ~~3.1~~—You must pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.
- 3.2 ~~3.2~~—You must pay Master Licensee the Franchisee Training Fee specified in Attachment 1 upon signing of this Agreement.
- ~~3.3~~ ~~[Intentionally omitted]~~.
- 3.3 ~~3.4~~—You must pay, or reimburse, Master Licensee on demand for all Master Licensee's costs (including legal costs) in connection with or incidental to the instructions ~~for~~or and the negotiation, preparation and execution of this Agreement and all related agreements.
- 3.4 ~~3.5~~—The Franchise Fee and Franchisee Training Fee are not refundable, in whole or in part, under any circumstances.

### SECTION 4 – ONGOING FEES AND ROYALTIES

- 4.1 ~~4.1~~ ~~On or before the first (1<sup>st</sup>) day of each calendar month,~~ You must pay Master Licensee a Royalty Fee as set forth on Attachment 1. The Royalty Fee is subject to a minimum amount (Minimum Royalty) as specified in Attachment 1. The Royalty Fee for Your Business commences on the 4th month after You or your Nominated Business Coach complete the relevant training. Each Royalty Fee payment must be accompanied by a statement of the preceding month's Gross Revenues in a form approved by Master Licensee.
- 4.2 ~~4.2~~—On or before the fifth (5<sup>th</sup>) day of each calendar month, You must pay Master Licensee a Marketing and Advertising Fee as set forth on Attachment 1. However, no Marketing and Advertising Fee is due for the month in which You or your Nominated Business Coach complete the training program. The Marketing and Advertising Fee may be capped ('Marketing & Advertising Cap') at the amount set forth in Attachment 1, provided that you employ a full-time Marketing Manager, meeting the Franchisor's then-current criteria and is approved in writing by the Master Licensee.
- 4.3 ~~4.3~~—You will pay Master Licensee the EBC Training Fee specified in Attachment 1 no later than fourteen (14) days before any of your EBCs begin the 5-Day Training program. You will also pay Master Licensee the Key Personnel Training Fee specified in Attachment 1 no later than fourteen (14) days before any of your Key Personnel begin the 5-Day Training Program.
- 4.4 ~~4.4~~—On or before the 1st day of each quarter you must pay Franchisor, through Master Licensee, a Quarterly ~~Administrative~~Conference and Technology Fee as set forth on Attachment 1, which fee shall be for your and your EBCs conference fee at annual regional conferences (which includes the Business Excellence Forum), technical and administrative support,

provision of an email

address, and an ActionCOACH webpage to be determined by Franchisor.

4.5 ~~4.5~~ Any amount due under this Agreement that is not paid on or before the due date will accrue interest daily at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.

4.6 ~~4.6~~ You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee or Franchisor for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee, Franchisor and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee or Franchisor.

~~4.7~~ With the exception of the Franchise Fee and Training Fee, You must make all payments to Master Licensee with respect to amounts owed by You to Master Licensee pursuant to this Agreement by means of direct debit into a bank account nominated by Master Licensee and must, prior to commencing operation of the Business: A) nominate in writing to Master Licensee a bank account from which Master Licensee will direct debit the payments; and B) sign Attachment 7 and all necessary forms and consents permitting the direct debit of funds from the bank account in the manner and on the dates specified in writing by Master Licensee. Master Licensee may, at its sole discretion, specify another form of payment, and You agree to make payment through the method specified by Master Licensee in writing as well as sign all reasonably necessary forms and consents to permit the said newly specified payment method.

4.7 ~~4.8~~ You must pay for the cost of any of Master Licensee's administrative fees connected with the failure of your direct debit facility.

4.8 ~~4.9~~ You have no right of set off as against Master Licensee or Franchisor. You must not for any reason withhold payment of any amount due to Master Licensee or Franchisor. This applies even if You allege that Master Licensee has not performed or is not performing an obligation imposed upon it under this Agreement or a related agreement. Master Licensee may accept any part payment without prejudice to its right to recover the balance due or pursue any other remedy. Master Licensee may set off against any payment due to You by Master Licensee any of your unpaid debts to Master Licensee.

4.9 ~~4.10~~ Notwithstanding the provisions of Sections 4.1 and 4.2 you must pay the Royalty Fee and the Marketing and Advertising Fee directly to the Franchisor if you receive a written notice from the Franchisor to that effect. Provided you comply with that notice, your obligations to the Master Licensee under those clauses will be discharged.

## SECTION 5 - ADVERTISING AND MARKETING

5.1 ~~5.1~~ You will advertise and promote the Business at your own expense and in accordance with the Manuals. However, You may not publish or distribute any advertising or promotional material unless it has been approved in writing by Master Licensee, which approval will not be unreasonably withheld or unduly delayed. If Master Licensee objects to any advertising or promotional material that you are using, you must immediately stop using it. Advertising and promotional materials furnished by Master Licensee may be used only in the manner and during the period specified by Master Licensee. Master Licensee has the right to charge reasonable fees for any materials that Master Licensee provides.

5.2 ~~5.2~~ You acknowledge that, unless otherwise specified by Franchisor in writing, forty percent (40%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor

for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts. Franchisor and Master Licensee may use the Marketing and Advertising Fees to pay the costs of: a) developing and conducting advertising and promotional campaigns, as determined by Franchisor or Master Licensee in its sole discretion, including customer database development and management; b) developing and funding advertisements; c) sourcing the production of marketing materials and other sales materials; d) conducting research including research in relation to products and customers; e) developing public relations, customer and supply relations; f) engaging advertising agencies and marketing consultants; g) coordinating the activities set out above and administering the Marketing and Advertising Fees, including reasonable overhead and administrative costs, the cost of materials and employees' salaries and printing costs; and h) payment of accountancy, legal and other fees in respect of audits of the records of the Marketing Fund. Franchisor and Master Licensee may determine in its discretion how the Marketing Fees is spent.

5.3 ~~5.3~~ You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.

5.4 ~~5.4~~ You acknowledge that your web site, if any, constitutes advertising and promotion subject to Section 5.1 above. You agree to comply with all policies and standards that Master Licensee or Franchisor issues from time to time with respect to web sites specifically. You also acknowledge that in the event you do want to create your own web site, you are required to obtain Franchisor's prior approval of the design, content and appearance of the website and to use Franchisor's approved supplier for design, development and web hosting to ensure compliance with Franchisor's requirements for branding and usage of the Marks. Master Licensee or Franchisor may: (i) require that your web site be accessible only by link from Master Licensee's site, and (ii) prohibit links between your web site and any other web site. You acknowledge that any copyright in your web site will be deemed to be owned by Franchisor. You agree to execute any documents that Master Licensee requires to affirm Franchisor's ownership of the copyright. You represent that You have, or will have, the lawful right to use any proprietary materials of others that appear in your web site.

## SECTION 6 - RECORDS AND AUDITS

6.1 ~~6.1~~ You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make a "financial performance representation" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.

~~6.2~~

6.2 While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 20, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds five percent (5%) of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts due, Master Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds Fifty Dollars (\$50.00).

## SECTION 7 – ASSISTANCE BY MASTER LICENSEE

7.1 ~~7.1~~ Master Licensee will:

- A. Arrange for you, Key Personnel and your Business Coaches to attend Franchisor's training program.
- B. Assist you with the preparation of an initial business plan.
- C. Provide you with guidance (in its absolute discretion) on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This will include on-line access to advertising and promotional material which may include guidance on advertising and promotional programs.
- D. Each week for the first ninety (90) days after you complete the ActionCOACH training program, provide access via conference or personal calls to discuss any operational challenges and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls (as determined by Master Licensee in its absolute discretion) with you to discuss operational challenges and conduct ongoing training.
- E. Grant approval of your office location and assist you in determining the location of your office. The selection of your office location will be your responsibility.
- F. Arrange for you or your Business Coaches to attend Franchisor's annual regional conferences (which includes the Business Excellence Forum). There will be a conference fee for the global conference, and you must pay all travel and living expenses of your attendee(s). Master Licensee may also hold such conferences within the Territory. Unless waived by Franchisor or Master Licensee in writing: (i) attendance by you and your Business Coaches at Franchisor's Regional North American Conferences (including the Business Excellence Forum) is mandatory ~~and; (ii) attendance at Regional Conference is mandatory for your Business Coaches.~~
- G. Provide to you an online WIKI format version of the Manuals and any amendments thereto promulgated by Franchisor. The Manuals for your

Business Coaches will be supplied to you via on-line access once Master Licensee receives an executed copy of the Nominated Business Coach Agreement or Employee Business Coach agreement, as the case may be, and the Training Fee has been paid.

- H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.
- I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.

7.2 ~~7.2~~ Master Licensee will offer you such additional guidance and assistance as Master Licensee deems necessary or advisable. Failure of Master Licensee to provide any particular service, either initial or continuing, will not excuse you from paying any of the fees including but not limited to, the Franchise Fee, Royalty Fees or Marketing and Advertising Fees.

### SECTION 8 - TERRITORY ISSUES AND DDMA

~~8.1~~ During the period this Agreement is in effect and provided You are not in default of any of the terms contained herein, Master Licensee will not grant a franchise nor license others to Direct Market in the DDMA, except as provided in this Agreement.

8.1 ~~8.2~~ Your DDMA has been calculated having a business demographic (determined by demographic information providers selected by Franchisor in its sole and absolute discretion) of the nominal number of businesses as set out in Attachment 1. Your Franchise Fee has been calculated based on the number of businesses in the DDMA. Given that fluctuations can occur in the total number of businesses in your DDMA, You agree that:

- A. Upon renewal of this Agreement in accordance with Section 2.1; if the business population has increased by ten percent (10%) or greater, calculated against the original DDMA business population: (i) The Minimum Business Coach Requirement will be adjusted in accordance with the Franchisor's then-current Minimum Business Coach Requirement formula which will in turn adjust the Minimum Royalty; (ii) The maximum number of businesses permitted in any one DDMA is limited to forty ~~five~~ thousand (~~45,000~~40,000) businesses; (iii) You may at your option reduce your DDMA to no less than the original DDMA business population by eliminating contiguous zip codes or other contiguous defining boundaries to form a new Firm, provided that such boundaries are adjacent to the outer boundary of your DDMA.
- B. If your DDMA increases to or exceeds forty ~~five~~ thousand (~~45,000~~40,000) businesses and you are in compliance with the terms of this Agreement, we may allow you to split your DDMA into two equal contiguous DDMA territories. Master Licensee may in its absolute determine the new boundaries of the DDMA and grant a new franchise on the terms of the then-current Firm Business Coach Agreement, except that you will not be required to pay an additional franchise fee.
- C. In the event that the business population of the DDMA decreases, you will not be entitled to any reduction or refund of any portion or whole of the Franchise Fee or any other fees that you have paid Franchisor and Master Licensee. However, Master Licensee may, in its absolute discretion, review your Minimum Business Coach Requirement and reduce

it in accordance with the then-current formula for the Minimum Business Coach Requirement.

8.2 ~~8.3~~—You acknowledge that that the demographics of your DDMA is unique and may vary substantially from the DDMA of other ActionCOACH franchisees, including but not limited to, business population, density, business type, number of employees employed by businesses, annual revenues or other local economic and market conditions and Master Licensee is under no obligation to grant you similar terms.

8.3 ~~8.4~~—Your franchise is non-exclusive, except as provided in Section 8.1. There may be other Business Coaches providing Coaching Services in the DDMA as set out in Attachment 3. In addition, Franchisor and Licensor may sell products in the Territory and DDMA via Across- Area Marketing Programs. Master Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.

~~8.5~~—You may not Direct Market or advertise in any media whose primary circulation or footprint is outside of the DDMA, nor may you engage in marketing to clients or prospects outside of the Designated Territory or within the 3<sup>rd</sup> Party DDMA. Franchisor and Master Licensee may establish terms and conditions under which you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the DDMA or the Territory, you must refer the request to Master Licensee. If the Client or prospective client's principal office is outside of the DDMA or Territory and Franchisor has not licensed any third party to operate in that Territory or the prospective Client is not located in the DDMA of another Firm, Master Licensee may refer the request for services back to you.

8.4 ~~8.6~~—You, your NBC or your EBCs may provide Coaching Services to Clients outside of the DDMA but within the Territory only if:

- (i) You have obtained the prior written approval of the Master Licensee. You agree to provide any additional information that the Master Licensee may request to verify the referral relationship or in accordance with any referral or strategic alliance policy set out in the Manuals as amended from time-to-time by Franchisor; and
- (ii) No more than twenty percent (20%) of your monthly Gross Revenues are earned outside of the DDMA or accordance with Franchisor's or Master Licensee's then-current policy set out in the Manuals as amended from time to time on the provision of Coaching Services outside of the DDMA.

8.5 ~~8.7~~—Master Licensee may authorize another Business Coach to provide Coaching Services to clients within the DDMA where it is satisfied that the Business Coach has been referred as a result of an existing client relationship.

8.6 ~~8.8~~—You may request Master Licensee's approval to relocate your Business to the territory of another ActionCOACH master licensee. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment, You must pay Master Licensee a Relocation Fee as specified in Attachment 1 to compensate Master Licensee for its lost future income from your franchise.

~~8.9~~—~~The right to provide Coaching Services to Blue Chip Accounts outside your DDMA is hereby specifically excluded. You acknowledge that other Business Coaches may provide Coaching Services to Blue Chip Accounts at or from locations in the DDMA. With the prior written consent of Master Licensee, You may provide Coaching Services to Blue Chip Accounts at or from locations in a territory or DDMA of another Business Coach, within the Master Licensee's Territory at the sole discretion of Master Licensee, whose decision shall be final and binding on You. ActionCOACH retains the sole and exclusive right to identify Clients or potential Clients as Blue Chip Accounts who~~

~~are outside the Master Licensee's Territory and permit other Business Coaches to provide Coaching Services in accordance with Franchisor's policy (as amended from time to time) on Blue Chip Accounts. All disputes relating to Blue Chip Accounts will be resolved by Franchisor, whose decision will be final and binding upon all parties.~~

~~8.10 You acknowledge that it is necessary for Franchisor and Master Licensee to identify, manage and service Blue Chip Accounts to ensure the consistent delivery and co-ordination of Coaching Services provided to Blue Chip Accounts.~~

## SECTION 9 – OFFICE LOCATION

9.1 ~~9.1~~ You can locate your office anywhere within the DDMA. The office must at all times be well presented and of a professional nature. Your approved office location is specified in Attachment 1. You must notify Master Licensee (in advance, if possible) if you intend to change your office location, or if for any reason you are or will be unable to operate the Business from your then-current approved office location (such as a taking by eminent domain, termination of your lease, mortgage default, or damage or repair). The Term of this Agreement will not be extended by any such interruption, nor will you be excused from paying Marketing and Advertising Fees or Royalty Fees during such interruption.

~~9.2~~ Your office must comply, at your sole cost and expense, with the fit out guide contained in the Manuals which may be amended from time to time.

9.2 ~~9.3~~ You confirm your approval of any office location which is specified in Attachment 1 and acknowledge that You have:

- A. made all necessary enquiries and have conducted your own due diligence in relation to the office location;
- B. absolutely and unconditionally satisfied yourself as a result of these enquiries and your own due diligence as to the suitability of the office location and the location of the office for the conduct of the Business; and
- C. entered into this Agreement as a result of your own assessment of all of these matters and not in reliance upon any alleged statement, warranty, condition or representation made to or alleged to have been made to You by Master Licensee, Franchisor or by any person on behalf of Master Licensee or Franchisor.
- D. If no premises are specified in Attachment 1 then You must, prior to obtaining approval of the office location, confirm in writing your approval of the office location approved under Section 9.1 and acknowledge that it has met the requirements specified in Section 9.3 (A), (B) and (C).

## SECTION 10 - MANUALS

10.1 ~~10.1~~ You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You must not make any copies (paper, electronic, or otherwise) of the Manuals.

~~10.2~~

10.2 Licensor or Franchisor may revise the Manuals at any time and from time to time, which you must follow. Master Licensee will communicate any such changes to you. Such revisions may include, without limitation, changes with respect to:

- A. The authorized Coaching Services;
- B. Operating procedures;
- C. Advertising and promotions;
- D. Equipment and supplies;
- E. Dress codes;
- F. Additions or modifications of Marks;
- G. Accounting and reporting systems and forms; and
- H. Insurance requirements.

10.3 ~~10.3~~ You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.

## SECTION 11 – YOUR DUTIES AND OBLIGATIONS

~~11.1~~ You agree to use your best efforts to increase the reputation of, and demand for, Coaching Services in the DDMA.

11.1 ~~11.2~~ You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:

- A. You, your ~~NBC~~Business Coaches and ~~all your EBCs~~Key Personnel must complete the ActionCOACH training program, at a location designated by Franchisor. You must complete training before the Business opens. Your Business Coaches are not permitted to provide Coaching Services until after they have completed the ~~relevant~~Franchisor's training. Attendance by You and your Business Coaches at Franchisor's Regional Conferences (including the Business Excellence Forum) is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.
- B. Attendance by your Business Coaches at Franchisor's Regional Conferences is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.
- C. You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.
- D. You, your NBC and your EBCs may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in

the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.

- E. All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.
- F. You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate or other legal name, but you may append “d/b/a ActionCOACH” after your corporate or legal name using the then current naming convention as approved by Master Licensee.
- G. You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee. At your cost, you must display signs at such events in accordance with the Manuals’ specifications.
- H. You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.
- I. You must comply with all laws applicable to the Business.
- J. You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.
- K. You must provide the supervision, support and instruction required to be given to your NBCs and EBCs.
- L. Prior to contracting with or employing, You must require your Key Personnel, employees, NBCs and EBCs to sign a nondisclosure and non- compete agreement in a form acceptable to Master Licensee and Franchisor.
- M. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the DDMA or Territory, whether franchised or operated by Franchisor (or its Affiliates).

11.2 ~~11.3~~ You must submit to Master Licensee the reports and information specified in the Manuals from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:

- A. A report entitled “Action Plan,” which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee’s request.

- B. A report entitled “Key Performance Indicators”, which summarizes the activities of the Business for each week. This report must be completed and delivered to Master Licensee at the end of each week or as otherwise specified in the Manuals. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.
- C. Weekly marketing results and sales performance reports.
- D. Detailed financial statements for the Business by 31 March after the end of each Financial Year for that Financial Year including a balance sheet, a profit and loss statement and a source and application of funds statement prepared by the Franchisee’s accountant certifying that the contents are true and correct and are a fair and accurate view of the Business.

11.3 ~~11.4~~—You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system - relating to your ActionCOACH Business.

11.4 ~~11.5~~—You may appoint Key Personnel to serve in place of the Firm Owner in the Business, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; (ii) has signed Franchisor’s then-current Key Personnel agreement with you for the management of the Business; (iii) does not provide Coaching Services to Clients of the Business (iv) has direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.

~~11.6~~—Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than seventy two (72) hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.

11.5 ~~11.7~~—Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than twelve (12) per year. You will use your best endeavors to attend.

11.6 ~~11.8~~—While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 20, you agree to supply Master Licensee with your home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.

11.7 ~~11.9~~—You must:

- A. Inform Master Licensee in writing of, and promptly act to address, all Client complaints at your cost and in accordance with any relevant provision set out in the Manuals.
- B. If You fail to address a Client complaint within two (2) Business Days, Master Licensee may attempt to address the complaint.
- C. If Master Licensee attempts to address a Client complaint due to your failure to satisfactorily address the complaint, You must pay the reasonable costs incurred by Master Licensee in attempting to address the complaint.

~~11.10~~—

11.8 Subject to any applicable Law, You must:

- A. collect the information from Clients specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;
- B. collect Client information in the manner specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;
- C. provide Franchisor and Master Licensee with all Client Information, in the form specified in the Manuals, at the end of each Month or within twenty four (24) hours after receiving a request from Master Licensee.

11.9 ~~11.11~~ Franchisor and/or Master Licensee may establish and maintain a Client database to store Client Information.

11.10 ~~11.12~~ All Clients and the information contained in both the Client Forms completed by Clients and the client database are and will remain the sole property of Franchisor and Master Licensee.

11.11 Your appointment of a Business Coach shall be subject to the following:

- A. A Nominated Business Coach must: (i) be approved by Master Licensee and trained by Franchisor; (ii) sign a Nominated Business Coach Agreement with you; and (iii) have direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.
- B. You are entitled to appoint Employee Business Coaches under the following conditions: (i) your EBC must be approved by Master Licensee and trained by Franchisor, and (ii) your EBC must sign an Employee Business Coach agreement with you.
- C. You may appoint an unlimited number of Employee Business Coaches but in no case less than the Minimum Business Coach Requirement.
- D. There shall be no license fees due for the appointment of your EBCs. However, you must pay Training Fees and Quarterly Conference and Technology Fees for each EBC as indicated in Attachment 1.

## **SECTION 12 - MINIMUM PERFORMANCE AND MINIMUM BUSINESS COACH REQUIREMENT**

12.1 ~~12.1~~ You must achieve Minimum Performance (excluding the first six (6) month period of operation of the Business) and Minimum Business Coach Requirement which the Franchisee accepts are minimum criteria which the Franchisee must perform and are not targets or objectives.

12.2 ~~12.2~~ If You fail to achieve the Minimum Performance or Minimum Business Coach Requirement in any Assessment Period You must attend a meeting held by Master Licensee, at your cost, to discuss the performance of the Business.

~~12.3~~ You must at the meeting referred to in Section 12.2: (a) provide Master Licensee and Franchisor with a written explanation for the failure to achieve the Minimum Performance and/or the Minimum Business Coach Requirement, if requested to do so by Master Licensee or Franchisor; and (b) if requested by Master Licensee or Franchisor, set out specific strategies or actions to be taken to address the failure which are acceptable to Master

Licensee and Franchisor.

[12.3](#) ~~12.4~~ If Master Licensee and Franchisor consider that You have failed to achieve the Minimum Performance or Minimum Business Coach Requirement for reasons within your control, Master Licensee or Franchisor may require You, your NBC, your EBCs and employees, to undertake additional training, at your cost.

[12.4](#) ~~12.5~~ If You fail to: (a) attend a meeting with Master Licensee in accordance with Section 12.2; (b) attend and complete additional training or procure additional training that your NBC, your EBCs and/or employees are required to attend and complete to the satisfaction of Franchisor as required by Master Licensee and Franchisor under Section 12.4; (c) implement any agreed strategy or action resulting from the meeting referred to in Section 12.2; (d) meet Minimum Performance and/or Minimum Business Coach Requirement within six (6) months of: attending a meeting with Master Licensee; or You, your NBC, your EBCs and/or your employees completing additional training, as required under Section 12.4, You must, within six (6) months of the date upon which Master Licensee notifies You that You have failed to meet one (1) or more of your obligations under this section, transfer the Business in accordance with the procedure set out in Section 20.

[12.5](#) ~~12.6~~ If You are required to transfer the Business under Section 12.5 and fail to do so within the required time frame, Master Licensee may terminate this Agreement by written notice to You and the Master Licensee is not required to pay any compensation to You or any other person in respect of the termination.

[12.6](#) ~~12.7~~ Master Licensee will review and set a new Minimum Performance Requirement upon Renewal in accordance with the formula specified in Attachment 1.

### **SECTION 13 - PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES**

13.1 Except for equipment and products that are proprietary to Licensor or Franchisor, you may purchase your equipment, software, supplies, and other items from any reputable manufacturer or supplier. To the extent that Franchisor publishes standards for ~~nonproprietary~~ non-proprietary equipment, software, telephone lines, Internet service, supplies, stationery, or other items used in the Business, you must use only items meeting the applicable standards. If you receive notice from Master Licensee of a change in the applicable standards, you agree to comply with the new or revised standards as soon as practicable.

### **SECTION 14 - INSURANCE AND INDEMNIFICATION**

[14.1](#) ~~14.1~~ You must purchase before the Business opens, and at all times thereafter maintain in full force and effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:

- A. Professional indemnity insurance;
- B. Comprehensive general liability insurance;
- C. Workers' compensation insurance and employers' liability insurance without any limit as to the amount;
- D. Insurance as may be required by the terms of any lease, mortgage or other loan for the Business; and

~~E.~~ Any additional insurance that Master Licensee or Franchisor may inform

you is required.

All liability policies must list Master Licensee and Franchisor as additional named insured. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.

14.2 ~~14.2~~ All policies of insurance must be with responsible companies qualified to do business and in good standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least thirty (30) days' prior written notice from the insurer to Master Licensee and Franchisor. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.

14.3 ~~14.3~~ If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. ~~Within~~W ithin five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.

14.4 ~~14.4~~ You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 20. This indemnity is not limited by the amount of insurance that you carry.

14.5 ~~14.5~~ All property used in the Business will be maintained at your sole risk, and if any property is damaged in any way, Master Licensee will not compensate you except to the extent the damage was caused by Master Licensee's gross negligence or willful acts.

## SECTION 15 - TRADEMARKS AND CONFIDENTIAL INFORMATION

15.1 ~~15.1~~ You acknowledge Licensor's exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of Licensor. You agree that you will not, during or after the term of this Agreement:

- A. contest or aid in contesting the validity or ownership of the Marks;
- B. take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or
- C. use, register or attempt to register the Marks in your own name for any purpose, including but not limited to, any registration at any government or domain name registry. You may, however, register a "d/b/a" or a fictitious business name certificate in connection with the operation of the Business with the written permission of the Master Licensee.

15.2 ~~15.2~~ You agree to:

- A. ~~A.~~ use the Marks only in connection with the Business;

- B. use the Marks only in accordance with the Manuals;
- C. reproduce the Marks exactly and accurately; and
- D. change, discontinue, or substitute for any of the Marks, at your own expense, if Master Licensee notifies you that Licensor or Franchisor has modified the Marks to be used in the U.S.A.

[15.3](#) ~~15.3~~—You acknowledge that you will have access to the Manuals and other valuable trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the “Confidential Information”). The Confidential Information was developed at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 20, you will return or destroy all Confidential Information.

[15.4](#) ~~15.4~~—You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.

[15.5](#) ~~15.5~~—You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data only while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 17 and not use any Client or prospective client data for any purpose contrary to Section 15.2.

## **SECTION 16 - RESTRICTIONS ON COMPETITION**

[16.1](#) ~~16.1~~ During the Term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a Business Coach (or any similar capacity) to, provide financial assistance to, or acquire any interest in any business that offers services in competition with or similar to any of the Coaching Services (“Competing Business”) to clients in the U.S.A.

[16.2](#) ~~16.2~~ The restriction in Section 16.1 will also apply for a continuous two (2) year period after the expiration or termination of this Agreement or after a transfer approved under Section 20, but only as to clients in the Master Licensee’s Territory and within one hundred (100) miles of the Master Licensee’s Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.

[16.3](#) ~~16.3~~ During the term of this Agreement and for a continuous two (2) year period after its expiration or termination or after a transfer approved under Section 20, you may not employ or otherwise interfere with the employment relationship of any person who is employed by

Licensor, Franchisor, or Master Licensee.

~~16.4~~ Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in this Section 16 by written notice to you.

16.4 ~~16.5~~—This Section and Section 15 apply to your NBCs, EBCs, employees and individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee's request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 15 and 16.

16.5 ~~16.6~~—You agree that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 15 or Section 16 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may, notwithstanding the provisions of Section 22.9 hereof, seek injunctive relief, without notice to you, in addition to any other relief that may be available to them for breach of Section 15 or Section 16.

16.6 ~~16.7~~—In the event of a breach of the provisions of Sections 15 or 16, Franchisor is entitled to liquidated damages from you in the amount of Two Hundred Fifty Thousand Dollars (US\$250,000.00). You expressly agree that this amount is not a penalty but a reasonable estimate of the damages that would result from any such breach. In the event that legal action becomes necessary for the enforcement of any of the provisions of Sections 15 or 16 of this Agreement or to collect the liquidated damages provided herein, the prevailing party shall receive in addition to any other damages or relief awarded, its reasonable attorney's fees, together with appropriate costs and interest. You agree that in the event of a breach of any of the provisions of Sections 15 or 16, Franchisor shall be entitled, notwithstanding the provisions of Section 22.9 hereof, to recover provisional or permanent injunctive relief as well as liquidated damages, and that the liquidated damages provision included herein does not provide Franchisor with an adequate remedy at law for any such breaches which you may commit.

16.7 ~~16.8~~—If a court or arbitrator determines that any restriction or provision in this Section 16, strictly applied, would be invalid or unenforceable, then the restriction or provision will be deemed modified to the extent necessary (but only to that extent) to make it valid and enforceable. If a dispute regarding enforceability of Section 16.2 or 16.3 is resolved in favor of Master Licensee and Franchisor, the two (2) year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.

## **SECTION 17 – DEFAULT AND TERMINATION-**

~~17.1-~~

### 17.1 **Termination by You.**

If you are in compliance with this Agreement and Master Licensee materially ~~breaches~~ breaches this Agreement and fails to cure the breach within sixty (60) days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective ten (10) days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 18.

### 17.2 ~~17.2~~ **Termination by Master Licensee – No Right to Cure.**

In addition to its other rights of termination contained in this Agreement, Master Licensee will have the right to terminate this Agreement by written notice, effective immediately, if you:

- A. voluntarily abandon the franchise relationship;
- B. are convicted of a criminal offense directly related to the Business, or

convicted of any felony;

fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within twenty four (24) hours after receiving written notice to cure;

- C. fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;
- D. make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;
- E. submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of twelve (12) consecutive months, which understate by more than five percent (5%) the Gross Revenues of the Business;
- F. make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;
- G. fail to submit sales reports or financial statements when due on three (3) or more occasions in any twelve (12) month period;
- H. fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any twelve (12) month period;
- I. fail on three (3) or more occasions in a twelve (12) month period to pay creditors, employees, or suppliers on a timely basis;
- J. fail on three (3) or more occasions in a thirty six (36) month period to achieve an overall score of at least eighty percent (80%) on Franchisor's compliance audit or a score of at least seventy percent (70%) for any section of the compliance audit;
- K. fail to achieve Minimum Performance in three (3) or more Assessment Periods during the Term.

### **17.3 ~~17.3~~ Termination by Master Licensee – Failure to Cure.**

Except as provided in Section 17.2, you will have thirty (30) days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the thirty (30) day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.

## **SECTION 18 – OBLIGATIONS UPON EXPIRATION OR TERMINATION**

18.1 Upon expiration or termination of this Agreement, you must:

- A. Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;

- B. Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;

Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor. You must execute an assignment ("Conditional Assignment of Telephone and Directory Listings"), in a form set forth in Attachment 6;

- C. Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee.
- D. Provide Master Licensee with executed copies of all Client agreements and immediately execute any further agreements requested by Master Licensee necessary to assign any Client agreements to Master Licensee.
- E. Immediately amend or terminate your business registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within thirty (30) days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.
- F. Comply with the provisions of Section 16 (Restrictions on Competition).

[18.2](#) ~~18.2~~ The expiration or termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies that Master Licensee, Franchisor, or Licensor may have against you.

[18.3](#) ~~18.3~~ You acknowledge that injuries caused by your failure to comply with this Section 18 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 18.

[18.4](#) ~~18.4~~ If Master Licensee terminates this Agreement based on your default, you must pay Master Licensee liquidated damages, calculated as follows: (a) the average of your monthly Royalty Fees and Marketing and Advertising Fees due for the last twelve (12) months before termination (not including the months before the Royalty Fee and Marketing and Advertising Fee obligations begin under Sections 4.1 and 4.2); (b) multiplied by the lesser of twenty four (24) or the number of months remaining in the then-current term under Section 2, (c) discounted to present value using the then-current prime rate of interest quoted by Master Licensee's principal commercial bank; (d) minus the present value (determined using the same period as in (b) and the same discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.

## **SECTION 19 – THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR**

[19.1](#) ~~19.1~~ You acknowledge and agree that all of Master Licensee's rights and all of your obligations under this Agreement inure to the benefit of Franchisor and Licensor, and that they each

have a third-party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.

~~19.2~~ Upon termination or expiration of the Master License Agreement for any reason, this Agreement will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.

## SECTION 20 - TRANSFER

### 20.1 ~~20.1~~ By Master Licensee.

Master Licensee may transfer its rights under this Agreement as it sees fit without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.

### 20.2 By You -- General.

- A. None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 20. Any action contrary to this Section 20 will be a material breach of this Agreement and will be void.
- B. If this Agreement has been transferred to an entity under Section 20.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 20.
- C. No transfer that requires Master Licensee's consent may be completed until at least sixty (60) days after Master Licensee receives written notice of the proposed transfer. You agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 20.3.
- D. Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.
- E. All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.

### 20.3 ~~20.3~~ Conditions to Transfers.

No transfer will be approved by Master Licensee or be effective unless and until:

- A. The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Firm Owner;
- B. The proposed transferee has paid the then-current training fee and has

satisfactorily completed the ActionCOACH training program, except that part or all of this requirement may be waived if the transferee has completed the training program within the last five (5) years;

- C. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;
- D. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;
- E. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement (“Transfer Fee”); and
- F. The transferee has executed a new Firm Business Coach Franchise Agreement in the form then being offered by Master Licensee to new Firm Owners in the Territory.

#### **20.4 ~~20.4~~ Transfer to a Corporation, LLC, etc.**

If you are an individual (and not a business entity) and you desire to transfer this Agreement to a corporation, limited liability company, partnership, trust, or other entity, you may do so only if:

- A. The entity is newly formed and its authorized activities are limited to operating the Business;
- B. You are the majority owner and have sole power to direct and control the management and affairs of the entity;
- C. You remain jointly liable with the entity for all obligations of the Business Coach under this Agreement. You acknowledge and agree that the assumption of your obligations by the entity does not limit your personal obligations under this Agreement, and that you and the entity will be jointly and severally liable.
- D. You continue to devote your full time and best efforts to manage the operations of the Business, unless you have a General Manager or similar designee approved by Master Licensee;
- E. The entity signs an agreement with Master Licensee assuming, jointly and severally, all of your obligations under this Agreement; and
- F. The stock certificates, certificated units of partnership or certificated beneficial interests of the corporation, partnership or trust bear the following legend:

"The (shares of capital stock) (partnership interest) (beneficial interest) represented by this certificate are subject to the terms and conditions set forth in that certain Business Coach Franchise Agreement dated between the Company and \_\_\_\_\_, a copy of which is on file in the Company's principal office and a copy of which will be provided to the holder of record hereof upon written request without charge."

#### **20.5 ~~20.5~~ Death, Incapacity or Personal Bankruptcy.**

~~A.~~—If You (or any owner, if this Agreement has been transferred to an entity) die, become incapacitated, or enter bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within one hundred twenty (120) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 20.2 and 20.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the General Manager, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days; or (ii) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 19.3, the executor may transfer the decedent’s interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.

A. ~~B.~~—If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate this Agreement by signing a termination agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.

## SECTION 21 – OPTION TO PURCHASE

21.1 ~~21.1~~ Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 20.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.

21.2 ~~21.2~~ Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within thirty (30) days following receipt of notice from you under Section 20.2. You will have fourteen (14) days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 21.1 within thirty (30) days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 20.

21.3 ~~21.3~~—The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master

Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.

## SECTION 22 – GENERAL PROVISIONS

### 22.1 — ~~22.4~~ **Relationship of Parties.**

You do not have any authority to act on behalf of, or as an agent of, Master Licensee, Franchisor, or Licensor for any purpose, nor may you hold yourself out as having such authority. No fiduciary, agency, employment, or partnership relationship exists between you and Master Licensee. You are an independent contractor responsible for all obligations and liabilities of the Business, including any claims or demands based on damage or destruction of property or on injury, illness or death of any person arising directly or indirectly from, or in connection with, the operation of the Business.

### ~~22.2~~ **No Conflict with Other Agreements.**

You represent that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement.

### 22.2 ~~22.3~~ **Prevailing Party Reimbursement.**

In any legal action or arbitration involving you and Master Licensee and/or Franchisor, the prevailing party will be entitled to recover its investigation costs, collection costs, reasonable attorneys' fees, court costs, and all litigation or arbitration expenses, including arbitrators' fees.

### 22.3 ~~22.4~~ **No Waiver.**

No failure or delay on the part of Master Licensee or Franchisor in connection with the enforcement or exercise of any rights under this Agreement will affect Master Licensee's or Franchisor's right to strictly enforce this Agreement at any time. No custom or practice regarding this Agreement will preclude the strict enforcement of this Agreement. No waiver by Master Licensee of performance of any provision of this Agreement will constitute a waiver of Master Licensee's or Franchisor's rights to enforce that provision at any future time.

### 22.4 ~~22.5~~ **Entire Agreement; Amendments.**

This Agreement constitutes the entire agreement between you and Master Licensee and supersedes all prior agreements, negotiations, correspondence, and representations, whether oral or written, concerning the same subject matter; provided however, that nothing in the foregoing clause is intended to disclaim any representations made by Master Licensee in the Franchise Disclosure Document provided to you in connection with your entry into this Agreement. Except as expressly provided herein, this Agreement may be modified only by a written document signed by you and an authorized representative of Master Licensee.

### 22.5 — ~~22.6~~ **Survival.**

All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 20, including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 20.

### 22.6 — ~~22.7~~ **Severability.**

If any term or provision of this Agreement or the application thereof to any person, property or circumstance is determined by a court or arbitrator to be invalid or unenforceable, the remainder of this Agreement will be unaffected and will remain in full force and effect. Should this prove impractical, Master Licensee will have the option of terminating this Agreement upon written notice to you.

**22.7 ~~22.8~~ Governing Law.**

This Agreement will be interpreted in accordance with and governed by the laws of the state in which Franchisor's principal office is located at the time of the dispute, except as otherwise required by the laws of the state in which the Business is located.

**22.8 ~~22.9~~ Mediation and Arbitration.**

~~A.~~—This dispute resolution clause applies to claims (except claims by Master Licensee for any payment to be made by Franchisee to Master Licensee under this Agreement) by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 19.

- A. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within ten (10) days, will be submitted to nonbinding mediation. Mediation will be before a single skilled ~~independent~~ in dependent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.
- B. Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within sixty (60) days, must be resolved exclusively by mandatory arbitration in accordance with the rules of the American Arbitration Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.
- C. Notwithstanding Section 22.8, all issues relating to arbitrability or the enforcement of this Section 22.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.
- D. Each party to any arbitration or litigation under this Agreement waives, to

the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.

- E. Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.

#### **22.9 ~~22-10~~ Notices.**

All notices pursuant to this Agreement must be in writing and be delivered in person or mailed by certified or other receipted mail, or by Federal Express or other receipted commercial delivery service, or by facsimile or electronic mail. The addresses for notice will be those set forth in Attachment 1. You or Master Licensee, with notice to the other party, may change the address to which notices will be sent.-

~~22.11~~

#### **22.10 Successors.**

This Agreement will inure to the benefit of and be binding on you and Master Licensee, and your and Master Licensee's respective successors, assigns, heirs, executors, administrators, and personal representatives.

#### **22.11 ~~22.12~~ Costs to alter contracts.**

If you request, and Master Licensee approves, any amendment to this Agreement after the date of this Agreement, you agree to reimburse Master Licensee (and Franchisor, if applicable) for their reasonable costs (including attorneys' fees) incurred in connection with such amendment.

#### **22.12 ~~22.13~~ Acknowledgments.**

**YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FIRM BUSINESS COACH FRANCHISE AND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. MASTER LICENSEE EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SALES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.**

**YOU ACKNOWLEDGE THAT YOU RECEIVED A FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS (TEN (10) BUSINESS DAYS IN MARYLAND, MICHIGAN, NEW YORK, OREGON, RHODE ISLAND AND WASHINGTON) BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.**

**YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS AGREEMENT, AND THAT MASTER LICENSEE HAS GIVEN YOU AMPLE TIME AND OPPORTUNITY, AND HAS ENCOURAGED YOU, TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.**

**[\[Signature page follows\]](#)**



**ATTACHMENT 1**  
**TO THE FIRM BUSINESS COACH FRANCHISE AGREEMENT**  
**~~THE FIRM FRANCHISE AGREEMENT~~**

**1 Parties**

Master Licensee –

Name:

Address:

Email:

Franchisee –

Name:

Address:

Email:

**2 Territory**

Master Licensee's Territory:

Designated Territory: See Attachment 3

DDMA:

See Attachment 3

3<sup>rd</sup> Party DDMA:

N.A.

See Attachment 3

**3 Franchise Fee**

Franchise Fee:

1. **Master Licensee's Territory:** ("Territory")
2. **Designated Direct Marketing Area:** Refer to Attachment 4.
3. **TSF Number:**  
or  
 $1.0 \left[ \frac{\text{Business Population}}{15,000} \right] = 1 + \left\{ \left[ \frac{(X - 15,000)}{15,000} \right] * 0.5 \right\}$
4. **Franchise Fee:** The Franchise Fee for the DDMA described in Item 2 is \$ \_\_\_\_\_ ((Business population greater than \_\_\_\_\_ 15,000 / 15,000 x \$275,000)).
5. **Royalty Fee:** The monthly Royalty Fee is \$1,950 if Gross Revenues for the preceding month is below \_\_\_\_\_

~~\$15,000~~ -\$18 x business population in DDMA or total of

4 Term

Term: 15 Years

Effective Date:

Expiry Date:

Renewal Term: 15 Years

5 Royalty Fee

The Monthly Base Royalty Fee of \$1,950 - due on the 1<sup>st</sup> day of each month, plus,

Percentage Base Royalty Fee due on the 5<sup>th</sup> day of each month at the following rates:

- ~~Plus~~ 9% of Gross Revenues between \$15,000 and \$64,999.99;
- ~~Plus~~ 8% of Gross Revenues between \$65,000 and \$104,999.99;
- ~~Plus~~ 7% of Gross Revenues between \$105,000 and \$124,999.99;
- ~~Plus~~ 6% of Gross Revenues between \$125,000 and \$144,999.99;
- ~~Plus~~ 5% of Gross Revenues above \$144,999.99.

6 ~~6-~~ Marketing and Advertising Fee:

~~Five percent (5%) of preceding month's Gross Revenue of the Business or the The monthly Marketing and Advertising Cap in the amount of \$750 in accordance with Section 4.2. Fee is 5% of~~

Gross Revenues in the preceding month (capped at

~~7- **Franchisee Training Fee:** ~~Twenty-Five Thousand Dollars (\$25,000) per trainee; subject to change by Franchisor. This training fee includes accommodations and meals, \$750 per month) and is due on the 5th day of each calendar month, except that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your NBC, as applicable, complete the induction training program.~~~~

~~8. EBC Training Fee  
(5-Day Training):~~

~~Five Thousand Dollars (\$5,000) per trainee;  
subject to change by Franchisor. This  
Training Fee excludes travel,  
accommodations and meals outside of the  
training sessions.~~

~~9. Key Personnel Training Fees (5-Day Training):~~

7 ~~0. Minimum Performance:~~ ~~1. Minimum Business Coach Requirement~~ Minimum Performance:

~~Five Thousand Dollars (\$5,000) per trainee; subject to change by Franchisor. This Training Fee excludes travel, accommodations and meals outside of the training sessions. An average Gross and Minimum Business Coach Revenue of Nine Thousand Five Hundred Dollars (\$9,500) per month per Business Requirement Coach each Assessment Period. This does not include Business Coaches who have been in the Business for less than six (6) months.~~

You must recruit at least fifteen (15) Employee Business Coaches during the Term of the Agreement

~~12-~~  
~~omitted]~~ Business Coach:

Minimum ~~Royalty~~ ~~[Intentionally~~

<u>Year</u>	<u>Minimum EBC Requirement</u>	<u>Cumulative No. of EBCs operating at end of the Year</u>
<u>1</u>	<u>1 EBC</u>	<u>1</u>
<u>2</u>	<u>1 EBC</u>	<u>2</u>
<u>3</u>	<u>1 EBC</u>	<u>3</u>
<u>4</u>	<u>1 EBC</u>	<u>4</u>
<u>5</u>	<u>1 EBC</u>	<u>5</u>
<u>6</u>		
<u>7</u>		
<u>8</u>		
<u>9</u>		
<u>10</u>		
<u>11</u>		
<u>12</u>		
<u>13</u>		
<u>14</u>		
<u>15</u>		

8 ~~13-~~ **Assessment Period**

Each period of ~~three (3)~~ consecutive months during the Term, commencing ~~the Month following the first six (6) months~~ on the 13th month from the ~~Commencement~~ Effective Date.

~~14. Renewal Fee:~~ \_\_\_\_\_ Five Thousand Dollars (\$5,000)

~~15. Transfer Fee:~~ \_\_\_\_\_ Five Thousand Dollars (\$5,000)

- ~~16. Relocation Fee: \_\_\_\_\_ Ten Thousand Dollars (\$10,000)~~
- ~~17. Termination Fee: \_\_\_\_\_ [Intentionally omitted]~~
- ~~18. Quarterly Administrative Fee: \_\_\_\_\_ Six Hundred Dollars (\$600) per quarter~~
- ~~19. Interest Rate: \_\_\_\_\_ One and one half percent (1.5%) per month  
(or the maximum rate permitted by law, if less than 1.5%)~~
- ~~20. Firm Owner(s): \_\_\_\_\_ 1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_~~
- ~~21. Business Coaches: \_\_\_\_\_ 1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_  
[See Attachment 5 for Additional Employee Business Coaches]~~

~~22. Employees:~~

- 9 Training Fee
- For You and/or your NBC: \$25,000 per trainee for the 10-day training. The fee includes accommodations and meals during the training sessions.
  - For your EBCs: \$5,000 per trainee for the 5-day training. The fee includes meals during the training session only.

- 10 Renewal Fee \$5,000
- 11 Mandatory Annual Regional Conference and Technology Fee \$300/quarterly
- 12 Transfer Fee \$5,000
- 13 Relocation Fee \$10,000
- 14 Interest Rate 1.5% per month or the maximum rate permitted by law, whichever is less
- 15 Business Coaches
- Nominated Business Coach:
  - Employee Business Coaches:
- 16 Office Location (if different from the address in Item 1 above)






**23. Addresses:**

~~(a) Master Licensee:~~

~~(b) Firm Owner:~~

**24. Firm Office Location:**

**25. Trade Names and Marks:**

9 ~~ActionCOACH~~

(i) 

**26. Expiry Date:** ATTACHMENT 2  
TO THE FIRM BUSINESS COACH FRANCHISE AGREEMENT

**PERSONAL GUARANTEE**

We, the undersigned, in order to induce Master Licensee to enter into a Firm Business Coach Franchise Agreement (the "Agreement") with \_\_\_\_\_ ("Firm Owner"), guarantee performance of Firm Owner's obligations under the Agreement, including, without limitation, payment of all monetary obligations of Firm Owner to Master Licensee. In addition, we agree to be personally bound by the confidentiality, non-competition, transfer, and dispute resolution provisions of the Agreement. We acknowledge that our obligations under this Personal Guarantee are joint, several, personal and irrevocable.

GUARANTORS:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
PRINTED

\_\_\_\_\_  
SIGNED-

Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
PRINTED

\_\_\_\_\_  
SIGNED-

Date:

~~Witness~~ \_\_\_\_\_ ~~PRINTED~~ \_\_\_\_\_

Witness \_\_\_\_\_ PRINTED \_\_\_\_\_

\_\_\_\_\_  
SIGNED

Date: \_\_\_\_\_

~~SIGNED~~  
~~Date:~~

**ATTACHMENT 3**  
**TO THE FIRM BUSINESS COACH FRANCHISE AGREEMENT**  
**THE FIRM FRANCHISE AGREEMENT**

**EXISTING FRANCHISEES THAT CURRENTLY HAVE THE RIGHT TO DIRECT MARKETING IN THE DDMA**

**A.      Designated Territory**

Your Designated Territory consists of the following zip codes, postal codes and/or counties in the State of:


**ATTACHMENT 4**  
**TO**  
**THE FIRM FRANCHISE AGREEMENT**

If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the Designated Territory, Master Licensee will use its best endeavors to reassign the redesignated zip codes that corresponds as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the Designated Territory.

**B.      3<sup>rd</sup> Party DDMA-MAP**

**The Firm Name: (e.g. ActionCOACH of Los Angeles)**

Master Licensee has identified all 3<sup>RD</sup> Party DDMA's in the Designated Territory having the following zip codes, postal codes and/or counties in the State of:


If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the DDMA, Master Licensee will use its best endeavors to reassign the redesignated zip codes that corresponds as closely as possible to the previously held zip codes. You must advise Master Licensee if



If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the DDMA, Master Licensee will use its best endeavors to reassign ~~to You~~ the redesignated zip codes that ~~correspond~~corresponds as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the DDMA.

**ATTACHMENT 5**  
**TO**  
**THE FIRM FRANCHISE AGREEMENT**

**D. Franchisees that have the Right to Direct Marketing in the DDMA**

~~ITEM 17 – Attachment 1 – Employee~~ The following franchisees and their Business Coaches –Continued have the right to direct market within the DDMA.


**ATTACHMENT 64**  
**TO THE FIRM BUSINESS COACH FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS**

In consideration of Master Licensee ("Assignee") concurrently granting an ActionCOACH Firm Business Coach Agreement ("Franchised Business") to \_\_\_\_\_ ("Assignor"), and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet web site addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of the Franchised Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally + issued to Assignee. This Assignment is valid on the effective date and is irrevocable. Assignee may fill in, add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

Date:

**ASSIGNOR** \_\_\_\_\_ **ASSIGNEE**

**ASSIGNOR**

**ASSIGNEE**

\_\_\_\_\_  
Name:

Position/Title:

\_\_\_\_\_  
Name:

Position/Title:

Position/Title:-

Name:

**ATTACHMENT 57**  
**TO**  
**THE FIRM BUSINESS COACH FRANCHISE AGREEMENT**

**DIRECT DEBIT AUTHORIZATION FORM**

Effective date of Authorization: _____							
Type of Authorization:	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Authorization</td> <td style="width: 50%; border: none;">Change banking information</td> </tr> <tr> <td style="border: none;">Change payment amount</td> <td style="border: none;">Discontinue electronic payment</td> </tr> <tr> <td style="border: none;">Change payment date</td> <td style="border: none;"></td> </tr> </table>	New Authorization	Change banking information	Change payment amount	Discontinue electronic payment	Change payment date	
New Authorization	Change banking information						
Change payment amount	Discontinue electronic payment						
Change payment date							
Last Name	First Name						
Address							
City	State                      Zip						
Please debit payments from my (check one):  <input type="checkbox"/> Checking Account (attach voided check when returning)  <input type="checkbox"/> Savings Account (contact your financial institution for Routing#)	Routing Number: <i>(valid routing #'s must start with 0, 1, 2, or 3)</i>						
	Account Number:						
Date of first payment: ____ / ____ / ____  Date of last payment (optional): ____ / ____ / ____	Frequency of payment:  <input type="checkbox"/> Monthly on the 1 <sup>st</sup> (ROYALTY)  <input type="checkbox"/> Monthly on the 5 <sup>th</sup> (MARKETING)						
<b>Deduction Amount:</b>  <b>ROYALTY:</b> If you have signed a franchise agreement with percentage based Royalty Fee, you will be deducted the amount due based on gross revenues reported in the <b>ActionMEMBERS</b> KPI system.  <b>MARKETING:</b> If you have signed a franchise agreement with percentage based Marketing and Advertising Fee, you will be deducted the amount due based on gross revenues reported in the ActionMEMBERS KPI system.							
<b>AGREEMENT</b>  I authorize [Name of Master Licensee] to process debit entries to my account. I understand that this authority will remain in effect until I provide reasonable notification to terminate authorization.							
Authorized Signature: _____	Date: _____						
FOR OFFICE USE ONLY:	DATE:						



# ~~THE PRACTICE~~

## ~~Pro~~

~~**BUSINESS COACH FRANCHISE AGREEMENT**  
**THE PRACTICE PRO BUSINESS COACH FRANCHISE AGREEMENT**~~

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**THE PRACTICE (Pro)**

**BUSINESS COACH FRANCHISE AGREEMENT**

THIS AGREEMENT is entered into effective as of \_\_\_\_\_ between \_\_\_\_\_ (“Master Licensee”)

~~("You" or "Franchisee").~~

## **RECITALS**

- A. ~~ActionCOACH IP Co, Ltd. owns the Marks, the System, and the Confidential Information, all as defined below, and has granted ActionCOACH North America, LLC ("Franchisor") the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information within the Designated Territory.~~
- B. ~~Franchisor has granted the Master Licensee the right to sublicense the Marks, the System and the Confidential Information (each as defined in this Agreement) within the Designated Territory.~~
- C. ~~You wish to obtain the right to operate an ActionCOACH business coaching and mentoring business in the Designated Territory.~~

~~The parties agree as follows:~~

## **DEFINITIONS**

~~"**Across-Area Marketing Programs**" means Licensor's and Franchisor's Internet, television, electronic, co-branding, alliance, affinity, and other marketing programs, policies and strategies.~~

~~"**Agreement**" means this "The Practice Business Coach Franchise Agreement".~~

~~"**Assessment Period**" means the period specified in Attachment 1 for which Master Licensee will assess whether your performance meets the Minimum Performance requirement;~~

~~"**Blue Chip Account**" is a Fortune 500 Company that is listed in the past and present annual list compiled and published by Fortune magazine or similar publication. Due to the rapid development of new business concepts including online businesses, Franchisor reserves its rights to amend the guidelines and policies for Blue Chip Accounts from time to time.~~

~~"**Business**" means the ActionCOACH business coaching, business training and mentoring business that you are authorized under this Agreement to conduct within the Designated Territory.~~

~~"**Business Coach**" means a person providing Coaching Services to Clients under a Business Coach Franchise Agreement.~~

~~"**Client**" means a business owner or other customer who agrees to purchase Coaching Services from the Business.~~

~~"**Client Information**" means details, including lists, of Clients collected by Franchisee in accordance with this Agreement.~~

~~"**Client Forms**" means the forms specified by Franchisor in the Manuals or otherwise specified in writing by Franchisor to be used by the Franchisee to procure the details of Clients.~~

~~"**Coaching Services**" means the business coaching, business training and mentoring services (excluding executive coaching), training modules, products, business plan drafting assistance, and other services and products authorized by Franchisor from time to time for delivery to Clients.~~

~~“Confidential Information” has the meaning defined in Section 15 of this Agreement.~~

~~“Direct Marketing” means communication to prospective clients within the DDMA by direct mail, telemarketing, email marketing, door-to-door marketing, broadcast faxing, voicemail marketing, couponing or direct selling. The Franchisor has the sole right to determine, whether or not any other activity or marketing method not defined herein is considered as Direct Marketing and its decision shall be binding on all parties.~~

~~“Designated Direct Marketing Area” or “DDMA” means the areas specified in Attachment 3 for the purpose of Direct Marketing to prospective clients and Clients. Master Licensee identifies the DDMA as a geographical area defined by zip codes, postal codes and/or counties.~~

~~“Financial Year” means a year commencing 1 January and ending 31 December.~~

~~“Gross Revenues” means the total receipts derived from services performed and products sold by or in connection with the Business. Any property or services received from Clients in exchange for Coaching Services will be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds you may receive from business-interruption insurance. Gross Revenues do not include sales taxes or credits such as the sale price of any products returned by Clients or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.~~

~~“Manuals” means the operations manuals, policy statements, directives, and other written instructions issued by Franchisor with respect to the System, including, without limitation, information and materials posted in the Intranet areas of the ActionCOACH website. Part or all of the Manuals may be issued in electronic form. Franchisor may amend the Manuals from time to time.~~

~~“Marks” means the marks listed in Attachment 1 and such other registered and unregistered trade names, trademarks, service marks, logos, commercial symbols, Internet domain names, web site identifiers, designs, color schemes, and trade dress as Franchisor may designate from time to time for use with the System.~~

~~“Minimum Performance” means the criteria specified in Section 12 and Attachment 1.~~

~~“Nominated Business Coach” or “NBC” means the specific individual who is authorized by Master Licensee and you to provide Coaching Services to Clients on behalf of the Business. Only one person may be the Nominated Business Coach at any given time. Ordinarily, you must personally serve as the Nominated Business Coach throughout the Term. You may appoint another individual to serve as Nominated Business Coach only if: (i) Master Licensee approves you in writing to appoint a Nominated Business Coach; and (ii) the proposed Nominated Business Coach (a) has been approved by Master Licensee and trained by Franchisor; (b) has signed a Nominated Business Coach Agreement with you and the Master Licensee; and (c) has direct responsibility for all operations of the Business and the authority to bind you in any dealings with Master Licensee or Franchisor.~~

~~“System” means the business methods, specifications, procedures, and accumulated trial and error developed, and to be developed, by Licensor and/or Franchisor for the operation and management of an ActionCOACH business coaching and mentoring business.~~

~~“Term” has the meaning set forth in Section 2.1.~~

## SECTION 1—RIGHTS GRANTED

~~1.1 — Master Licensee grants you the right, and you undertake the obligation, to:~~

~~A. — Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis within the Designated Territory;~~

~~Practice Pro Business Coach Franchise Agreement 04.17 ————— 2~~

~~B. — Operate the Business from the office location only as set forth in Section 9; and~~

~~C. — Use the Marks and the System as they may be modified and developed from time to time on a non-exclusive basis in the operation of the Business.~~

~~1.2 — This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.~~

~~1.3 — You may not grant a sub-franchise or otherwise sublicense any of your rights under this~~

## ~~Agreement. SECTION 2 – TERM AND RENEWAL OPTIONS~~

~~2.1 — The term of this Agreement commences on the date of its execution by Master Licensee (“Commencement Date”). Unless sooner terminated under Section 17, this Agreement will expire ten (10) years (“Expiry Date”) from the date of its execution by Master Licensee (“Term”).~~

~~2.2 — You will have the option to renew the right to operate the Business for successive periods of ten (10) years each. Master Licensee may refuse to renew your right to operate the Business, in its absolute discretion, if any of the following conditions have not been satisfied:~~

~~A. — You must give Master Licensee written notice of your election to renew (“Renewal Notice”) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.~~

~~B. — You must be current in all payment obligations to Master Licensee and must have remedied any breach of this Agreement specified by Master Licensee by written notice.~~

~~C. — You must not have received more than one (1) written notice of default from Master Licensee in the twenty four (24) months preceding delivery of the Renewal Notice.~~

~~D. — You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.~~

~~E. — You must have achieved Minimum Performance set out in Attachment 1.~~

- ~~F. You must execute a new Business Coach Franchise Agreement on the then current form designated by Franchisor, the terms of which may differ from this Agreement. Your failure to execute the updated Business Coach Franchise Agreement within thirty (30) days after its delivery will be deemed an election not to renew.~~
- ~~G. You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.~~
- ~~H. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to reflect the then current image of the ActionCOACH concept.~~
- ~~I. You must pay Master Licensee the Renewal Fee specified in Attachment 1.~~

Practice Pro Business Coach Franchise Agreement 04.17

3

- ~~J. You must have attended at least ninety percent (90%) of Franchisor's Regional conferences. If You have not met this requirement, Franchisor may allow You to re-attend Franchisee Training to remedy non-compliance. However You must pay the then-current Franchisee Training Fee.~~

### **SECTION 3 – INITIAL FEES**

- ~~3.1 You must pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.~~
- ~~3.2 You must pay Master Licensee the Training Fee specified in Attachment 1 upon signing of this Agreement.~~
- ~~3.3 [Intentionally omitted]~~
- ~~3.4 You must pay, or reimburse, Master Licensee on demand for all Master Licensee's costs (including legal costs) in connection with or incidental to the instructions for and the negotiation, preparation and execution of this Agreement and all related agreements.~~
- ~~3.5 The Franchise Fee and Training Fee are not refundable, in whole or in part, under any circumstances.~~

### **SECTION 4 – ONGOING FEES AND ROYALTIES**

- ~~4.1 On or before the first (1<sup>st</sup>) day of each calendar month you must pay Master Licensee a Royalty Fee as set forth on Attachment 1. No Royalty Fee is due until the 2<sup>nd</sup> month after which you or your NBC complete the ActionCOACH induction training program.~~

~~4.2 — On or before the fifth (5<sup>th</sup>) day of each calendar month, you must pay Master Licensee a Marketing and Advertising Fee as set forth on Attachment 1; provided, however, that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your NBC, as applicable, complete the ActionCOACH induction training program. Each Marketing and Advertising Fee payment must be accompanied by a statement of the preceding month's Gross Revenues on a form approved by Master Licensee.~~

~~4.3 — On or before the 1st day of each quarter you must pay Franchisor, through Master Licensee, a Quarterly Administrative Fee as set forth on Attachment 1, which fee shall be for your conference fee at annual regional conferences, technical and administrative support, provision of an email address, and an ActionCOACH webpage to be determined by Franchisor.~~

~~4.4 — Any amount due under this Agreement that is not paid on or before the due date will accrue interest at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.~~

~~4.5 — You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee or Franchisor for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee, Franchisor and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee or Franchisor as set out in Section 4.6.~~

~~4.6 — With the exception of the Franchise Fee and Training Fee, You must make all payments to Master Licensee with respect to amounts owed by You to Master Licensee pursuant to this Agreement by means of direct debit into a bank account nominated by Master Licensee and must, prior to commencing operation of the Business: A) nominate in writing to Master Licensee a bank account from which Master Licensee will direct debit the payments; and B) sign Attachment 5 and all~~

~~Practice Pro Business Coach Franchise Agreement 04.17 \_\_\_\_\_ 4  
necessary forms and consents permitting the direct debit of funds from the bank account in the manner and on the dates specified in writing by Master Licensee. Master Licensee may, at its sole discretion, specify another form of payment, and You agree to make payment through the method specified by Master Licensee in writing as well as sign all reasonably necessary forms and consents to permit the said newly specified payment method.~~

~~4.7 — You must pay for the cost of any of Master Licensee's administrative fees connected with the failure of your direct debit facility.~~

~~4.8 — You have no right of set off as against Master Licensee or Franchisor. You must not for any reason withhold payment of any amount due to Master Licensee or Franchisor. This applies even if You allege that Master Licensee has not performed or is not performing an obligation imposed upon it under this Agreement or a related agreement. Master~~

~~Licensee may accept any part payment without prejudice to its right to recover the balance due or pursue any other remedy. Master Licensee may set off against any payment due to You by Master Licensee any of your unpaid debts to Master Licensee.~~

## **~~SECTION 5 – ADVERTISING AND MARKETING~~**

- ~~5.1 — You will advertise and promote the Business at your own expense and in accordance with the Manuals. However, you may not publish or distribute any advertising or promotional material unless it has been approved in writing by Master Licensee, which approval will not be unreasonably withheld or unduly delayed. If Master Licensee objects to any advertising or promotional material that you are using, you must immediately stop using it. Advertising and promotional materials furnished by Master Licensee may be used only in the manner and during the period specified by Master Licensee. Master Licensee has the right to charge reasonable fees for any materials that Master Licensee provides.~~
- ~~5.2 — You acknowledge that, unless otherwise specified by Franchisor in writing, forty percent (40%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts. Franchisor and Master Licensee may use the Marketing and Advertising Fees to pay the costs of: a) developing and conducting advertising and promotional campaigns, as determined by Franchisor or Master Licensee in its sole discretion, including customer database development and management; b) developing and funding advertisements; c) sourcing the production of marketing materials and other sales materials; d) conducting research including research in relation to products and customers; e) developing public relations, customer and supply relations; f) engaging advertising agencies and marketing consultants; g) coordinating the activities set out above and administering the Marketing and Advertising Fees, including reasonable overhead and administrative costs, the cost of materials and employees' salaries and printing costs; and h) payment of accountancy, legal and other fees in respect of audits of the records of the Marketing Fees. Franchisor and Master Licensee may determine in its discretion how the Marketing Fees is spent.~~
- ~~5.3 — You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.~~
- ~~5.4 — You acknowledge that your web site, if any, constitutes advertising and promotion subject to Section 5.1 above. You agree to comply with all policies and standards that Master Licensee or Franchisor issues from time to time with respect to web sites specifically. You also acknowledge~~

~~that in the event you do want to create your own web site, you are required to obtain Franchisor's prior approval of the design, content and appearance of the website and to use Franchisor's approved supplier for design, development and web hosting to ensure compliance with Franchisor's requirements for branding and usage of the Marks. Master Licensee or Franchisor may: (i) require that your web site be accessible only by link from~~

~~Master Licensee's site, and (ii) prohibit links between your web site and any other web site. You acknowledge that any copyright in your web site will be deemed to be owned by Franchisor. You agree to execute any documents that Master Licensee requires to affirm Franchisor's ownership of the copyright. You represent that You have, or will have, the lawful right to use any proprietary materials of others that appear in your web site.~~

## **SECTION 6—RECORDS AND AUDITS**

~~6.1—You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make a "financial performance representation" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.~~

~~6.2—While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 20, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds five percent (5%) of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel plus \$50,000 as liquidated damages. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts due, Master Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds Fifty Dollars (\$50.00).~~

## **SECTION 7—ASSISTANCE BY MASTER LICENSEE**

~~7.1—Master Licensee will:~~

- ~~A.—Arrange for you and your Nominated Business Coach (if applicable) to attend Franchisor's 10-day training program.~~
- ~~B.—Assist you with the preparation of an initial business plan.~~
- ~~C.—Provide you with guidance on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This~~

~~will include on-line access to advertising and promotional material and may include guidance on advertising and promotional programs.~~

- ~~D. Each week for the first ninety (90) days after you complete the ActionCOACH training program, provide access via conference or personal calls to discuss any operational challenges and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls (as determined by Master Licensee in its absolute discretion) with you to discuss operational challenges and conduct ongoing training.~~
- ~~E. Grant approval of your office location and assist you in determining the location of your office. The selection of your office location will be your responsibility.~~
- ~~F. Arrange for you or your Nominated Business Coach (if applicable) to attend Franchisor's annual conferences. There will be no conference fee for you (or your NBC if you choose your NBC to attend on your behalf) for the Regional Conference. There will be a Global Conference fee for you and your business coaches. You must pay travel, accommodation and living expenses of your attendee(s). Master Licensee may also hold such conferences within the Designated Territory. Unless waived by Franchisor in writing, attendance by you at the Regional North American Conferences is mandatory.~~
- ~~G. Provide to you an online WIKI format version of the Manuals and any amendments thereto promulgated by Franchisor via online access. The Manuals for your Nominated Business Coach will be supplied to you via on-line access once Master Licensee receives an executed copy of the Nominated Business Coach Agreement and the Training Fee has been paid.~~
- ~~H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.~~
- ~~I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.~~

~~7.2 Master Licensee will offer you such additional guidance and assistance as Master Licensee deems~~

~~necessary or advisable. Failure of Master Licensee to provide any particular service, either initial or continuing, will not excuse you from paying any of the fees including but not limited to, the Franchise Fee, Royalty Fees or Marketing and Advertising Fees.~~

## **SECTION 8—TERRITORY ISSUES AND DDMA**

~~8.1 Your franchise is non-exclusive. There will be other Business Coaches providing Coaching~~

~~Services in the Designated Territory. In addition, Franchisor and Licensor may sell products in the Designated Territory via Across-Area Marketing Programs. Master~~

~~Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.~~

~~8.2 — You may not advertise in any media whose primary circulation or footprint is outside of the~~

~~Designated Territory, nor may you engage in Direct Marketing to clients or prospects outside of the Designated Territory or within a DDMA. Franchisor and Master Licensee may establish terms and conditions under which you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the Territory, you must refer the request to Master Licensee. If the Client's or prospective client's principal office is outside of your Designated Territory and Franchisor has not licensed any third party to operate in that territory, Master Licensee may refer the request for services back to you.~~

~~8.3 — You may request Master Licensee's approval to relocate your Business to the territory of another~~

~~ActionCOACH master licensee. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment,~~

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~~you must pay Master Licensee a relocation fee of Five Thousand Dollars (\$5,000) to compensate Master Licensee for its lost future income from your franchise.~~

~~8.4 — The right to provide Coaching Services to Blue Chip Accounts is hereby specifically excluded. You acknowledge that other Business Coaches may provide Coaching Services to Blue Chip Accounts at or from locations in the Designated Territory. With the prior written consent of Master Licensee, You may provide Coaching Services to Blue Chip Accounts at or from locations in a territory of another Business Coach at the sole discretion of Master Licensee. Franchisor retains the sole and exclusive right to identify Clients or potential Clients as Blue Chip Accounts and permit other Business Coaches to provide Coaching Services in accordance with Franchisor's policy (as amended from time to time) on Blue Chip Accounts. All disputes relating to Blue Chip Accounts will be resolved by Franchisor, whose decision will be final and binding upon all parties.~~

~~8.5 — You acknowledge that it is necessary for Franchisor and Master Licensee to identify, manage and service Blue Chip Accounts to ensure the consistent delivery and co-ordination of Coaching Services provided to Blue Chip Accounts.~~

## **SECTION 9 — OFFICE LOCATION**

~~9.1 — You can locate your office anywhere within the Designated Territory. The office must at all times be well presented and of a professional nature. Your approved office location is specified in Attachment 1. You must notify Master Licensee (in advance, if possible) if you intend to change your office location, or if for any reason you are or will be unable to operate the Business from your then current approved office location (such as a taking by eminent domain, termination of your lease, mortgage default, or damage or repair). The term of this Agreement will not be extended by any such interruption, nor will you be excused from paying Marketing and Advertising Fees or Royalty Fees during such interruption.~~

~~9.2 — Your office must comply, at your sole cost and expense, with the fit out guide contained in the Manuals which may be amended from time to time.~~

~~9.3 You confirm your approval of any office location which is specified in Attachment 1 and acknowledge that You have:~~

~~A. made all necessary enquiries and have conducted your own due diligence in relation to the office location;~~

~~B. absolutely and unconditionally satisfied yourself as a result of these enquiries and your own due diligence as to the suitability of the office location and the location of the office for the conduct of the Business;~~

~~C. entered into this Agreement as a result of your own assessment of all of these matters and not in reliance upon any alleged statement, warranty, condition or representation made to or alleged to have been made to You by Master Licensee, Franchisor or by any person on behalf of Master Licensee or Franchisor; and~~

~~D. If no premises are specified in Attachment 1 then You must, prior to obtaining approval of the office location, confirm in writing your approval of the office location approved under Section 9.1 and acknowledge that it has met the requirements specified in Section 9.3 (A), (B) and (C).~~

#### **SECTION 10 – MANUALS**

~~10.1 You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You must not make any copies (paper, electronic, or otherwise) of the Manuals.~~

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~~10.2 Licensor or Franchisor may revise the Manuals at any time and from time to time. Master Licensee will communicate any such changes to you. Such revisions may include changes with respect to:~~

~~A. The authorized Coaching Services;~~

~~B. Operating procedures;~~

~~C. Advertising and promotions;~~

~~D. Equipment and supplies;~~

~~E. Dress codes;~~

~~F. Additions or modifications of Marks;~~

~~G. Accounting and reporting systems and forms; and~~

~~H. Insurance requirements.~~

~~10.3 You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.~~

#### **SECTION 11 – YOUR DUTIES AND OBLIGATIONS**

~~11.1—You agree to use your best efforts to increase the reputation of, and demand for, Coaching Services in the Designated Territory.~~

~~11.2—You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:~~

~~A.—You or your Nominated Business Coach must complete the ActionCOACH induction training program, at a location designated by Franchisor. You must complete training before the Business opens. Your NBC is not permitted to provide Coaching Services until after he/she has completed Franchisor's training. Attendance by You at Franchisor's Regional Conferences is mandatory. Except as otherwise provided in this Agreement, you are responsible for all salary, travel, accommodation expenses, and other expenses of persons attending training, programs, seminars, and conferences offered by Franchisor or Master Licensee.~~

~~B.—You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.~~

~~C.—You may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.~~

~~D.—All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.~~

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~~E.—You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate or other legal name, but you may append "d/b/a ActionCOACH" after your corporate or legal name using the then current naming convention as approved by Master Licensee.~~

~~F.—You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee. At your cost, you must display signs at such events in accordance with the Manuals' specifications.~~

- ~~G. You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.~~
  - ~~H. You must comply with all laws applicable to the Business.~~
  - ~~I. You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.~~
  - ~~J. You must provide the supervision, support and instruction required under any support agreement you enter into with your Nominated Business Coach.~~
  - ~~K. Prior to contracting with or employing, You must require your employees and Nominated Business Coach to sign a nondisclosure and non-compete agreement in a form acceptable to Master Licensee and Franchisor.~~
  - ~~N. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the Territory, whether franchised or operated by Franchisor (or its Affiliates).~~
- ~~11.3 You must submit to Master Licensee the reports and information specified in the Manuals from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:~~
- ~~A. A report entitled "Action Plan," which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee's request.~~
  - ~~B. A report entitled "Key Performance Indicators," which summarizes the activities of the Business for each week. This report must be completed and delivered to Master Licensee at the end of each week or as otherwise specified in the Manuals. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.~~
  - ~~C. Weekly marketing results and sales performance reports.~~
  - ~~D. Detailed financial statements for the Business by 31 March after the end of each Financial Year for that Financial Year including a balance sheet, a profit and loss statement and a source and application of funds statement prepared by the~~

~~11.4—You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system relating to your ActionCOACH Business.~~

~~11.5 A Nominated Business Coach, must: (i) be approved by Master Licensee and trained by Franchisor; (ii) sign a Nominated Business Coach Agreement with you; and (iii) have direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.~~

~~11.6—Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than seventy two (72) hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.~~

~~11.7—Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than twelve (12) per year. You will use your best endeavors to attend.~~

~~11.8—While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 20, you agree to supply Master Licensee with your home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.~~

~~11.9—You must:~~

- ~~A. — Inform Master Licensee in writing of, and promptly act to address, all Client complaints at your cost and in accordance with any relevant provision set out in the Manuals.~~
- ~~B. — If the Franchisee fails to address a Client complaint within two (2) Business Days, Master Licensee may attempt to address the complaint.~~
- ~~C. — If Master Licensee acts to address a Client complaint due to your failure to satisfactorily address the complaint, You must pay the reasonable costs incurred by Master Licensee in attempting to address the complaint.~~

~~11.10 Subject to any applicable Law, You must:~~

- ~~A. — collect the information from Clients specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;~~
- ~~B. — collect Client information in the manner specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;~~

~~C. provide Franchisor and Master Licensee with all Client Information, in the form specified in the Manuals, at the end of each Month or within twenty-four (24) hours after receiving a request from Master Licensee.~~

~~11.11 Franchisor and/or Master Licensee may establish and maintain a Client database to store Client Information.~~

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~~11.12 All Clients and the information contained in both the Client Forms completed by Clients and the client database are and will remain the sole property of Franchisor and Master Licensee.~~

## **SECTION 12 – MINIMUM PERFORMANCE**

~~12.1 You must achieve Minimum Performance which the Franchisee accepts are minimum criteria which the Franchisee must perform and are not targets or objectives.~~

~~12.2 If You fail to achieve the Minimum Performance in any Assessment Period You must attend a meeting held by Master Licensee, at your cost, to discuss the performance of the Business.~~

~~12.3 You must at that meeting: (a) provide Master Licensee and Franchisor with a written explanation for the failure to achieve the Minimum Performance, if requested to do so by Master Licensee or Franchisor; and (b) if requested by Master Licensee or Franchisor, set out specific strategies or actions to be taken to address the failure which are acceptable to Master Licensee and Franchisor.~~

~~12.4 If Master Licensee and Franchisor consider that You have failed to achieve the Minimum Performance for reasons within your control, Master Licensee or Franchisor may require You, your NBC's and employees, to undertake additional training, at your cost.~~

~~12.5 If You fail to: (a) attend a meeting with Master Licensee in accordance with Section 12.2; (b) attend and complete additional training or procure additional training that You are required to attend and complete to the satisfaction of Franchisor as required by Master Licensee and Franchisor under Section 12.4; (c) implement any agreed strategy or action resulting from the meeting referred to in Section 12.2; (d) meet Minimum Performance within six (6) months of: attending a meeting with Master Licensee; or You completing additional training, as required under Section 12.4, You must, within six (6) months of the date upon which Master Licensee notifies You that You have failed to meet one (1) or more of your obligations under this section, transfer the Business in accordance with the procedure set out in Section 20.~~

~~12.6 If You are required to transfer the Business under Section 12.5 and fail to do so within the required~~

~~time frame, Master Licensee may terminate this Agreement by written notice to You and the Master Licensee is not required to pay any compensation to You or any other person in respect of the termination.~~

~~12.7 Master Licensee will review and set a new Minimum Performance at each Renewal.~~

### ~~SECTION 13 – PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES~~

~~13.1 Except for equipment and products that are proprietary to Licensor or Franchisor, you may~~

~~purchase your equipment, software, supplies, and other items from any reputable manufacturer or supplier. To the extent that Franchisor publishes standards for non-proprietary equipment, software, telephone lines, Internet service, supplies, stationery, or other items used in the Business, you must use only items meeting the applicable standards. If you receive notice from Master Licensee of a change in the applicable standards, you agree to comply with the new or revised standards as soon as practicable.~~

### ~~SECTION 14 – INSURANCE AND INDEMNIFICATION~~

~~14.1 You must purchase before the Business opens, and at all times thereafter maintain in full force and~~

~~effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:~~

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~~A. Professional indemnity insurance;~~

~~B. Comprehensive general liability insurance;~~

~~C. Workers' compensation insurance and employers' liability insurance without any limit as to the amount;~~

~~D. Insurance required by the terms of any lease, mortgage or other loan for the Business;~~

~~E. Any additional insurance that Master Licensee or Franchisor may inform you is required; and~~

~~F. All liability policies must list Master Licensee and Franchisor as additional named insureds. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.~~

~~14.2 All policies of insurance must be with responsible companies qualified to do business and in good~~

~~standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least thirty (30) days' prior written notice from the insurer to Master Licensee and~~

~~Franchisor. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.~~

~~14.3 If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. Within five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.~~

~~14.4 You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 20. This indemnity is not limited by the amount of insurance that you carry.~~

~~14.5 All property used in the Business will be maintained at your sole risk, and if any property is damaged in any way, Master Licensee will not compensate you except to the extent the damage was caused by Master Licensee's gross negligence or willful acts.~~

#### **~~SECTION 15—TRADEMARKS AND CONFIDENTIAL INFORMATION~~**

~~15.1 You acknowledge Licensor's exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of Licensor. You agree that you will not, during or after the term of this Agreement:~~

- ~~A. contest or aid in contesting the validity or ownership of the Marks;~~
- ~~B. take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or~~
- ~~C. use, register or attempt to register the Marks in your own name for any purpose, including but not limited to, any registration at any government or domain name registry. You may, however, register a "d/b/a" or a fictitious business name~~

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certificate in connection with the operation of the Business with the written permission of the Master Licensee.~~

~~15.2 You agree to:~~

- ~~A. use the Marks only in connection with the Business;~~
- ~~B. use the Marks only in accordance with the Manuals;~~
- ~~C. reproduce the Marks exactly and accurately; and~~

~~D. change, discontinue, or substitute for any of the Marks, at your own expense, if Master Licensee notifies you that Licensor or Franchisor has modified the Marks to be used in the U.S.A.~~

~~15.3 You acknowledge that you will have access to the Manuals and other valuable trade secrets, know-how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the "Confidential Information"). The Confidential Information was developed at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 20, you will return or destroy all Confidential Information.~~

~~15.4 You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.~~

~~15.5 You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 18 and not use any Client or prospective client data for any purpose contrary to Section 16.2.~~

#### **SECTION 16 – RESTRICTIONS ON COMPETITION**

~~16.1 During the Term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a Business Coach (or any similar capacity) to, provide financial assistance to, or acquire any interest in any business that offers services in competition with or similar to any of the Coaching Services ("Competing Business") to clients in the U.S.A.~~

~~16.2 The restriction in Section 16.1 will also apply for a continuous two (2) year period after the expiration or termination of this Agreement or after a transfer approved under Section 20, but only as to clients in the Master Licensee's Territory and within one hundred (100) miles of the Master Licensee's Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.~~

~~16.3—During the term of this Agreement and for a continuous two (2) year period after its expiration or~~

~~termination or after a transfer approved under Section 20, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee.~~

~~16.4—Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in~~

~~this Section 16 by written notice to you.~~

~~16.5 This Section and Section 15 apply to your NBCs, employees and individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee's request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 15 and 16.~~

~~16.6 You agree that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 15 or Section 16 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may, notwithstanding the provisions of Section 22.9 hereof, seek injunctive relief, without notice to you, in addition to any other relief that may be available to them for breach of Section 15 or Section 16.~~

~~16.7—In the event of a breach of the provisions of Sections 15 or 16, Franchisor is entitled to liquidated~~

~~damages from you in the amount of Two Hundred Fifty Thousand Dollars (US\$250,000.00). You expressly agree that this amount is not a penalty but a reasonable estimate of the damages that would result from any such breach. In the event that legal action becomes necessary for the enforcement of any of the provisions of Sections 15 or 16 of this Agreement or to collect the liquidated damages provided herein, the prevailing party shall receive in addition to any other damages or relief awarded, its reasonable attorney's fees, together with appropriate costs and interest. You agree that in the event of a breach of any of the provisions of Sections 15 or 16, Franchisor shall be entitled, notwithstanding the provisions of Section 22.9 hereof, to recover provisional or permanent injunctive relief as well as liquidated damages, and that the liquidated damages provision included herein does not provide Franchisor with an adequate remedy at law for any such breaches which you may commit.~~

~~16.8—If a court or arbitrator determines that any restriction or provision in this Section 16, strictly applied,~~

~~would be invalid or unenforceable, then the restriction or provision will be deemed modified to the extent necessary (but only to that extent) to make it valid and enforceable. If a dispute regarding enforceability of Section 16.2 or 16.3 is resolved in favor of Master Licensee and Franchisor, the two (2) year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.~~

## **SECTION 17 – DEFAULT AND TERMINATION**

~~17.1—Termination by You.~~

~~If you are in compliance with this Agreement and Master Licensee materially breaches this Agreement and fails to cure the breach within sixty (60) days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective ten (10) days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 18.~~

## ~~17.2 Termination by Master Licensee – No Right to Cure.~~

~~In addition to its other rights of termination contained in this Agreement, Master Licensee will have the right to terminate this Agreement by written notice, effective immediately, if you:~~

~~A. voluntarily abandon the franchise relationship;~~

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~~B. are convicted of a criminal offense directly related to the Business, or convicted of any felony;~~

~~C. fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within twenty four (24) hours after receiving written notice to cure;~~

~~D. fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;~~

~~E. make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;~~

~~F. submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of twelve (12) consecutive months, which understate by more than five percent (5%) the Gross Revenues of the Business;~~

~~G. make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;~~

~~H. fail to submit sales reports or financial statements when due on three (3) or more occasions in any twelve (12) month period;~~

~~I. fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any twelve (12) month period;~~

~~J. fail on three (3) or more occasions in a twelve (12) month period to pay creditors, employees, or suppliers on a timely basis;~~

~~K. fail on three (3) or more occasions in a thirty six (36) month period to achieve an overall score of at least eighty percent (80%) on Franchisor's compliance audit or a score of at least seventy percent (70%) for any section of the compliance audit;~~

~~L. fail to achieve Minimum Performance in three (3) or more Assessment Periods during the Term.~~

## ~~17.3 Termination by Master Licensee – Failure to Cure.~~

~~Except as provided in Section 17.2, you will have thirty (30) days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the thirty (30) day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.~~

## **SECTION 18 – OBLIGATIONS UPON EXPIRATION OR TERMINATION**

~~18.1—Upon expiration or termination of this Agreement, you must:~~

~~A.—Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;~~

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~~B.—Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;~~

~~C.—Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor. You must execute an assignment (“Conditional Assignment of Telephone and Directory Listings”), in a form set forth in Attachment 4;~~

~~D.—Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee.~~

~~E.—Provide Master Licensee with executed copies of all Client agreements and immediately execute any further agreements requested by Master Licensee necessary to assign any Client agreements to Master Licensee.~~

~~F.—Immediately amend or terminate your business registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within thirty (30) days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.~~

~~G.—Comply with the provisions of Section 16 (Restrictions on Competition).~~

~~18.2—The expiration or termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies that Master Licensee, Franchisor, or Licensor may have against you.~~

~~18.3—You acknowledge that injuries caused by your failure to comply with this Section 18 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 18.~~

~~18.4—If Master Licensee terminates this Agreement based on your default, you must pay Master~~

~~Licensee liquidated damages, calculated as follows: (a) the average of your monthly Royalty Fees and Marketing and Advertising Fees due for the last twelve (12) months before termination (not including the months before the Royalty Fee and Marketing and Advertising Fee obligations begin under Sections 4.1 and 4.2); (b) multiplied by the lesser of twenty four (24) or the number of months remaining in the then-current term under Section 2, (c) discounted to present value using the then-current prime rate of interest quoted by Master Licensee's principal commercial bank; (d) minus the present value (determined using the same period as in (b) and the same discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.~~

### **SECTION 19 — THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR**

~~19.1—You acknowledge and agree that all of Master Licensee's rights and all of your obligations under~~

~~this Agreement inure to the benefit of Franchisor and Licensor, and that they each have a third party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.~~

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~~19.2—Upon termination or expiration of the Master License Agreement for any reason, this Agreement~~

~~will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.~~

### **SECTION 20 — TRANSFER**

~~20.1—**By Master Licensee.** Master Licensee may transfer its rights under this Agreement as it sees fit~~

~~without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.~~

~~20.2 **By You — General.**~~

~~A. —None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 20. Any action contrary to this Section 20 will be a material breach of this Agreement and will be void.~~

- ~~B. If this Agreement has been transferred to an entity under Section 20.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 20.~~
- ~~C. No transfer that requires Master Licensee's consent may be completed until at least sixty (60) days after Master Licensee receives written notice of the proposed transfer. You agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 20.3.~~
- ~~D. Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.~~
- ~~E. All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.~~

### ~~20.3 Conditions to Transfers.~~

~~No transfer will be approved by Master Licensee or be effective unless and until:~~

- ~~A. The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Business Coach;~~
- ~~B. The proposed transferee has paid the then-current training fee and has satisfactorily completed the ActionCOACH induction training program, except that part or all of this requirement may be waived if the transferee has completed the training program within the last five (5) years;~~
- ~~C. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;~~
- ~~D. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;~~

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- ~~E. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement ("Transfer Fee"); and~~
- ~~F. The transferee has executed a new Business Coach Franchise Agreement in the form then being offered by Master Licensee to new Business Coaches in the Territory.~~

### ~~20.4 Transfer to a Corporation, LLC, etc.~~

~~If you are an individual (and not a business entity) and you desire to transfer this Agreement to a corporation, limited liability company, partnership, trust, or other entity, you may do so only if:~~

- ~~A. The entity is newly formed and its authorized activities are limited to operating the Business;~~
- ~~B. You are the majority owner and have sole power to direct and control the management and affairs of the entity;~~
- ~~C. You remain jointly liable with the entity for all obligations of the Business Coach under this Agreement. You acknowledge and agree that the assumption of your obligations by the entity does not limit your personal obligations under this Agreement, and that you and the entity will be jointly and severally liable.~~
- ~~D. You continue to devote your full time and best efforts to manage the operations of the Business, unless you have a Nominated Business Coach approved by Master Licensee;~~
- ~~E. The entity signs an agreement with Master Licensee assuming, jointly and severally, all of your obligations under this Agreement; and~~
- ~~F. The stock certificates, certificated units of partnership or certificated beneficial interests of the corporation, partnership or trust bear the following legend:~~

~~"The (shares of capital stock) (partnership interest) (beneficial interest) represented by this certificate are subject to the terms and conditions set forth in that certain Business Coach Franchise Agreement dated \_\_\_\_\_ between the Company and \_\_\_\_\_, a copy of which is on file in the Company's principal office and a copy of which will be provided to the holder of record hereof upon written request without charge."~~

#### **20.5 Death, Incapacity or Personal Bankruptcy.**

- ~~A. If You (or any owner, if this Agreement has been transferred to an entity) die, become incapacitated, or enter bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within one hundred twenty (120) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 20.2 and 20.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the Nominated Business Coach, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days; or (ii) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 20.3, the executor may transfer the decedent's interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.~~

- ~~B. If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate this Agreement by signing a termination~~

~~agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.~~

## **SECTION 21 — OPTION TO PURCHASE**

- ~~21.1 — Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 20.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.~~
- ~~21.2 — Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within thirty (30) days following receipt of notice from you under Section 20.2. You will have fourteen (14) days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 21.1 within thirty (30) days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 19.~~
- ~~21.3 The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.~~

## **SECTION 22 — GENERAL PROVISIONS**

### ~~22.1 — Relationship of Parties.~~

~~You do not have any authority to act on behalf of, or as an agent of, Master Licensee, Franchisor, or Licensor for any purpose, nor may you hold yourself out as having such authority. No fiduciary, agency, employment, or partnership relationship exists between you and Master Licensee. You are an independent contractor responsible for all obligations and liabilities of the Business, including any claims or demands based on damage or destruction of property or on injury, illness or death of any person arising directly or indirectly from, or in connection with, the operation of the Business.~~

### ~~22.2 No Conflict with Other Agreements.~~

~~You represent that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement.~~

### ~~22.3 Prevailing Party Reimbursement.~~

~~In any legal action or arbitration involving you and Master Licensee and/or Franchisor, the prevailing party will be entitled to recover its investigation costs, collection costs, reasonable attorneys' fees, court costs, and all litigation or arbitration expenses, including arbitrators' fees.~~

#### ~~22.4 No Waiver.~~

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~~No failure or delay on the part of Master Licensee or Franchisor in connection with the enforcement or exercise of any rights under this Agreement will affect Master Licensee's or Franchisor's right to strictly enforce this Agreement at any time. No custom or practice regarding this Agreement will preclude the strict enforcement of this Agreement. No waiver by Master Licensee of performance of any provision of this Agreement will constitute a waiver of Master Licensee's or Franchisor's rights to enforce that provision at any future time.~~

#### ~~22.5 Entire Agreement; Amendments.~~

~~This Agreement constitutes the entire agreement between you and Master Licensee and supersedes all prior agreements, negotiations, correspondence, and representations, whether oral or written, concerning the same subject matter; provided however, that nothing in the foregoing section is intended to disclaim any representations made by Master Licensee in the Franchise Disclosure Document provided to you in connection with your entry into this Agreement. Except as expressly provided herein, this Agreement may be modified only by a written document signed by you and an authorized representative of Master Licensee.~~

#### ~~22.6 Survival.~~

~~All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 20, including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 20.~~

#### ~~22.7 Severability.~~

~~If any term or provision of this Agreement or the application thereof to any person, property or circumstance is determined by a court or arbitrator to be invalid or unenforceable, the remainder of this Agreement will be unaffected and will remain in full force and effect. Should this prove impractical, Master Licensee will have the option of terminating this Agreement upon written notice to you.~~

#### ~~22.8 Governing Law.~~

~~This Agreement will be interpreted in accordance with and governed by the laws of the state in which Franchisor's principal office is located at the time of the dispute, except as otherwise required by the laws of the state in which the Business is located.~~

#### ~~22.9 Mediation and Arbitration.~~

- ~~A. This dispute resolution clause applies to claims (except claims by Master Licensee for any payment to be made by Franchisee to Master Licensee under this Agreement) by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives.~~

~~as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 20.~~

- ~~B. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within ten (10) days, will be submitted to nonbinding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.~~
- ~~C. Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within sixty (60) days, must be resolved exclusively by~~

~~mandatory arbitration in accordance with the rules of the American Arbitration Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.~~

- ~~D. Notwithstanding Section 22.8, all issues relating to arbitrability or the enforcement of this Section 22.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.~~
- ~~E. Each party to any arbitration or litigation under this Agreement waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.~~
- ~~F. Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.~~

#### **22.10 Improvements.**

If Franchisee develops any improvement in the System, Franchisee will promptly notify Master Licensee and will provide all necessary information to Master Licensee. All such changes and improvements will be the sole property of Franchisor.

#### **22.11 Notices.**

All notices pursuant to this Agreement must be in writing and be delivered in person or mailed by certified or other receipted mail, or by Federal Express or other receipted commercial delivery service, or by facsimile or electronic mail. The addresses for notice will be those set forth in Attachment 1. You or Master Licensee, with notice to the other party, may change the address to which notices will be sent.

**22.12 ~~Successors.~~**

This Agreement will inure to the benefit of and be binding on you and Master Licensee, and your and Master Licensee's respective successors, assigns, heirs, executors, administrators, and personal representatives.

**22.13 ~~Costs to alter contracts.~~**

If you request, and Master Licensee approves, any amendment to this Agreement after the date of this Agreement, you agree to reimburse Master Licensee (and Franchisor, if applicable) for their reasonable costs (including attorneys' fees) incurred in connection with such amendment.

**22.14 ~~Acknowledgments.~~**

~~YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS COACH FRANCHISE AND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. MASTER LICENSEE EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY~~

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~~OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SALES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.~~

~~YOU ACKNOWLEDGE THAT YOU RECEIVED A FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS (10 BUSINESS DAYS IN MARYLAND, MICHIGAN, NEW YORK, OREGON RHODE ISLAND & WASHINGTON) BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.~~

~~YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS AGREEMENT, AND THAT MASTER LICENSEE HAS GIVEN YOU AMPLE TIME AND OPPORTUNITY, AND HAS ENCOURAGED YOU, TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.~~

~~THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.~~

~~APPROVED AND EXECUTED AS OF \_\_\_\_\_.~~

**FRANCHISEE**

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_ 

~~Ownership %:~~

~~Ownership %:~~

~~All persons with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guarantee attached to this Agreement.~~

**MASTER LICENSEE**

By:-

Title:-

**ATTACHMENT 1  
TO  
BUSINESS COACH FRANCHISE AGREEMENT**

~~1. Master Licensee's Territory:~~

~~2. Designated Territory: Refer to Attachment 3.~~

~~Designated Direct Marketing Area: Refer to Attachment 3.~~

~~3. Franchise Fee: Fifteen Thousand Dollars (\$15,000)~~

~~4. Royalty Fee and Marketing and Advertising Fee:~~

Royalty Fee	Marketing and Advertising Fee
20% of preceding month's Gross Revenue or \$2,600, whichever is higher	5% of preceding month's Gross Revenue but in no case more than \$750

- ~~5. Minimum Performance:~~ An average Gross Revenue of Nine Thousand Five Hundred Dollars (\$9,500) per month each Assessment Period.
- ~~6. Assessment Period:~~ Each period of three (3) consecutive months during the Term, commencing the Month following the first six (6) Months from the Commencement Date.
- ~~7. Training Fee:~~ Twenty Five Thousand Dollars (\$25,000). The 10-Day training fee excludes travel costs but includes accommodations and meals during the training.
- ~~8. Renewal Fee:~~ Two Thousand Five Hundred Dollars (\$2,500)
- ~~9. Transfer Fee:~~ Two Thousand Five Hundred Dollars (\$2,500)
- ~~10. Relocation Fee:~~ Five Thousand Dollars (\$5,000)
- ~~11. Termination Fee:~~ [Intentionally omitted]
- ~~12. Quarterly Administrative Fee:~~ Six Hundred Dollars (\$600)
- ~~13. Upgrade Fee:~~ Forty Thousand Dollars (\$40,000) is due to Master Licensee if you are not in breach of the Agreement and you want to upgrade to a PRACTICE franchise. Any upgrade is subject to the payment of the Upgrade Fee and any and all related federal or state law requirements. The Upgrade Fee shall be in lieu of the franchise fee for a PRACTICE franchise.
- ~~14. Interest Rate:~~ One and one half percent (1.5%) per month (or the maximum rate permitted by law, if less than 1.5%)
- ~~15. Nominated Business Coach:~~
- ~~16. Employees:~~
- ~~17. Addresses:~~
- ~~(a) Master Licensee:~~
- ~~(b) Business Coach:~~
- ~~18. Office Location:~~
- ~~19. Trade Names and Marks:~~

~~(a) — ActionCOACH~~

~~(c) —~~

**20. Expiry Date:**

**ATTACHMENT 2  
TO  
THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT  
PERSONAL GUARANTEE**

~~We, the undersigned, in order to induce Master Licensee to enter into a Business Coach Franchise Agreement (the "Agreement") with ("Business Coach"), guarantee performance of Business Coach's obligations under the Agreement, including, without limitation, payment of all monetary obligations of Business Coach to Ma~~

~~GUARANTORS:~~

~~Witness  
PRINTED~~



~~SIGNED~~

~~Date:~~

~~Witness \_\_\_\_\_ PRINTED~~

~~SIGNED~~

~~Date:~~

~~Witness \_\_\_\_\_ PRINTED~~

~~SIGNED~~

~~Date:~~

<b>ATTACHMENT 3</b>	
<b>TO</b>	

**THE PRACTICE (PRO) BUSINESS COACH FRANCHISE AGREEMENT**

**Designated Territory**

Your Designated Territory consists of the following zip codes, postal codes and/or counties in the State of:

--	--	--	--	--	--	--

If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the Designated Territory, Master Licensee will use its best endeavors to reassign the redesignated zip codes

--	--	--	--	--	--	--

that correspond as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the Designated Territory.

**DDMA**

Master Licensee has identified all DDMA's in Master Licensee's Territory having the following zip codes, postal codes and/or counties in the State of:

If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the DDMA, Master Licensee will use its best endeavors to reassign the redesignated zip codes that correspond as

~~closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the DDMA.~~

**ATTACHMENT 4**

**TO**

**THE PRACTICE (PRO) BUSINESS COACH FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS**

~~In consideration of Master Licensee (“Assignee”) concurrently granting an ActionCOACH Practice Business Coach Agreement (“Franchised Business”) to \_\_\_\_\_ (“Assignor”), and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet web site address~~

Date:

**ASSIGNOR:** \_\_\_\_\_ **ASSIGNEE:**

By:

Its:

By:  
Its: **ATTACHMENT 5**

**TO**  
**THE PRACTICE (Pro) BUSINESS COACH FRANCHISE AGREEMENT**

**DIRECT DEBIT AUTHORIZATION FORM**

Effective date of Authorization: _____	
Type of Authorization: _____ New Authorization _____ Change banking information Change payment amount _____ Discontinue electronic payment Change payment date _____	
Last Name _____ First Name _____	
Address _____	
City _____ State _____ Zip _____	
Please debit payments from my (check one):  Checking Account (attach voided check when returning)  Savings Account (contact your financial institution for Routing#)	Routing Number: <i>(valid routing #'s must start with 0,1,2, or 3)</i>  Account Number:  _____
Date of first payment: ____/____/____  Date of last payment (optional): ____/____/____	Frequency of payment:  Monthly on the 1 <sup>st</sup> (ROYALTY)  Monthly on the 5 <sup>th</sup> (MARKETING)
<b>Deduction Amount:</b>  <b>ROYALTY:</b> If you have signed a franchise agreement with percentage based Royalty Fee, you will be deducted the amount due based on gross revenues reported in the <b>ActionMEMBERS</b> KPI system.  <b>MARKETING:</b> If you have signed a franchise agreement with percentage based Marketing and Advertising Fee, you will be deducted the amount due based on gross revenues reported in the <b>ActionMEMBERS</b> KPI system.	
<b>AGREEMENT</b>  I authorize [Name of Master Licensee] to process debit entries to my account. I understand that this authority will remain in effect until I provide reasonable notification to terminate authorization.  Authorized Signature: _____ Date: _____	
FOR OFFICE USE ONLY: _____ DATE: _____	



**EXHIBIT B1**

**to**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**PRACTICE (Pro) BUSINESS COACH FRANCHISE AGREEMENT**



# **THE PRACTICE**

## **(Premium)**

*BUSINESS COACH FRANCHISE AGREEMENT*

THE PRACTICE (PREMIUM) BUSINESS COACH FRANCHISE AGREEMENT-

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Attachment 1: Fees and Specifications Attachment 2: Personal Guarantee Attachment 3: Territory and DDMA  
Attachment 4: Conditional Assignment of Telephone and Directory Listings  
Attachment 5: Direct Debit Authorization Form

## THE PRACTICE (PREMIUM) BUSINESS COACH FRANCHISE AGREEMENT

THIS AGREEMENT is entered into ~~effective~~ as of the Effective Date between ~~(“ Master Licensee”)~~ and ~~(“ You” or “Franchisee”)~~.

### RECITALS

- A. ActionCOACH IPCo, Ltd. (“Licensor”) owns the Marks, the System, and the Confidential Information, all as defined below, and has granted ActionCOACH North America, LLC ( “ Franchisor”) the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information within the Designated Territory.
- B. Franchisor has granted Master Licensee the right to sublicense the Marks, the System and the Confidential Information (each as defined in this Agreement) within the Designated Territory.
- C. You wish to obtain the right to operate an ActionCOACH business coaching and mentoring business in the Designated Territory.

The parties agree as follows:

### DEFINITIONS

“**Across-Area Marketing Programs**” means Licensor’s and Franchisor’s Internet, television, electronic, co-branding, alliance, affinity, and other marketing programs, policies and strategies.

“**Agreement**” means this “The Practice Business Coach Franchise Agreement”.

“**Assessment Period**” means the period specified in Attachment 1 for which Master Licensee will assess whether your performance meets the Minimum Performance requirement;

~~“**Blue Chip Account**” is a Fortune 500 Company that is listed in the past and present annual list compiled and published by Fortune magazine or similar publication. Due to the rapid development of new business concepts including online businesses, Franchisor reserves its rights to amend the guidelines and policies for Blue Chip Accounts from time to time.~~

“**Business**” means the ActionCOACH business coaching, business training and mentoring business that you are authorized under this Agreement to conduct within the Designated Territory.

“**Business Coach**” means a person providing Coaching Services to Clients either as Nominated Business Coach or Employee Business Coach.

“**Client**” means a business owner or other customer who agrees to purchase Coaching Services from the Business.

“**Client Information**” means details, including lists, of Clients collected by Franchisee in accordance with this Agreement.

“**Client Forms**” means the forms specified by Franchisor in the Manuals or otherwise specified in writing by Franchisor to be used by the Franchisee to procure the details of Clients.

“**Coaching Services**” means the business coaching, business training and mentoring services (excluding executive coaching), training modules, products, business plan drafting assistance, and other services and products authorized by Franchisor from time to time for delivery to Clients.

“**Confidential Information**” has the meaning defined in Section 15 of this Agreement.

**“Direct Marketing”** means communication to prospective clients within the DDMA by direct mail, telemarketing, email marketing, door-to-door marketing, broadcast faxing, voicemail marketing, couponing or direct selling. The Franchisor has the sole right to determine, whether or not any other activity or marketing method not defined herein is considered as Direct Marketing and its decision shall be binding on all parties.

**“Designated Direct Marketing Area” or “DDMA”** means the areas specified in Attachment 3 for the purpose of [your](#) Direct Marketing to prospective clients and Clients. Master Licensee identifies the DDMA as a geographical area defined by zip codes, postal codes and/or counties.

[“3<sup>rd</sup> Party Designated Direct Marketing Area” or “3<sup>rd</sup> Party DDMA” means the areas specified in Attachment 3 that is restricted for purposes of any Direct Marketing by You to prospective clients and Clients. Master Licensee identifies the 3<sup>rd</sup> Party DDMA as a geographical area defined by zip codes, postal codes and/or counties.](#)

[“Effective Date” has the meaning given in Attachment 1](#)

**“Employee Business Coach” or “EBC”** means the specific individual (other than a Nominated Business Coach) who is authorized by You and Master Licensee to provide Coaching Services to Clients on behalf of the Business pursuant to Section 11.5.

**“Financial Year”** means a year commencing 1 January and ending 31 December.

[“Franchisee” or “You” have the meaning given in Attachment 1.](#)

**“Gross Revenues”** means the total receipts derived from services performed and products sold by or in connection with the Business. Any property or services received from Clients in exchange for Coaching Services will be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds you may receive from business interruption insurance. Gross Revenues do not include sales taxes or credits such as the sale price of any products returned by Clients or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.

**“Manuals”** means the operations manuals, policy statements, directives, and other written instructions issued by Franchisor with respect to the System, including, without limitation, information and materials posted in the Intranet areas of the ActionCOACH website. Part or all of the Manuals may be issued in electronic form. Franchisor may amend the Manuals from time to time.

**“Marks”** means the marks listed in Attachment 1 and such other registered and unregistered trade names, trademarks, service marks, logos, commercial symbols, Internet domain names, web site identifiers, designs, color schemes, and trade dress as Franchisor may designate from time to time for use with the System.

[“Master Licensee” has the meaning given in Attachment 1.](#)

[“Minimum Business Coach” means the criteria specified in Attachment 1.](#)

**“Minimum Performance”** means the criteria specified in ~~Section 12 and~~ Attachment 1.

**“Nominated Business Coach” or “NBC”** means You or the person appointed by You to act as such (subject to conditions herein) to provide Coaching Services to Clients on behalf of the Business and has authority to bind you in any dealings with Mater Licensee or the Franchisor. Only one (1) person may be the Nominated Business Coach at any given time. Ordinarily, you must personally serve as the Nominated Business Coach throughout the Term. You may appoint another individual to serve as Nominated Business Coach only if: (i) Master Licensee approves you in writing to appoint a Nominated Business Coach; and (ii) the proposed Nominated Business Coach (a) has been approved by Master

Licensee and trained by Franchisor; (b) has signed a Nominated Business Coach Agreement with you and the Master Licensee; and (c) has direct responsibility for all operations of the Business and the authority to bind you in any dealings with Master Licensee or Franchisor.

“**System**” means the business methods, specifications, procedures, and accumulated trial and error developed, and to be developed, by Licensor and/or Franchisor for the operation and management of an ActionCOACH business coaching and mentoring business.

“**Term**” has the meaning set forth in ~~Section 2.1.~~[Attachment 1.](#)

## SECTION 1 – RIGHTS GRANTED

- 1.1 ~~1.1~~ Master Licensee grants you the right, and you undertake the obligation, to:
- A. ~~D.~~ Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis within the Designated Territory;
  - B. ~~E.~~ Operate the Business from the office location only as set forth in Section 9; and
  - C. ~~F.~~ Use the Marks and the System as they may be modified and developed from time to time on a non-exclusive basis in the operation of the Business.
- 1.2 ~~1.2~~ This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.
- 1.3 ~~1.3~~ You may not grant a sub-franchise or otherwise sublicense any of your rights under this Agreement.

## SECTION 2 - TERM AND RENEWAL OPTIONS

- 2.1 ~~2.1~~ The term of this Agreement commences on the ~~date of its execution by Master Licensee (“Commencement Date”). Unless~~[Effective Date and unless](#) sooner terminated under Section 17, this Agreement will expire ~~fifteen (15) years (“on the Expiry Date”) from the date of its execution by Master Licensee (“Term”).~~
- 2.2 ~~2.2~~ You will have the option to renew the right to operate the Business for successive periods of fifteen (15) years each. Master Licensee may refuse to renew your right to operate the Business, in its absolute discretion, if any of the following conditions have not been satisfied:
- A. ~~G.~~ You must give Master Licensee written notice of your election to renew (“Renewal Notice”) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.
  - B. ~~H.~~ You must be current in all payment obligations to Master Licensee and must have remedied any breach of this Agreement specified by Master Licensee by written notice.
  - C. ~~I.~~ You must not have received more than one (1) written notice of default from Master Licensee in the twenty four (24) months preceding delivery of the Renewal Notice.
  - D. ~~J.~~ You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.

| E ~~K~~ You must have achieved Minimum Performance set out in Attachment 1.

- E. ~~L.~~—You must execute a new Business Coach Franchise Agreement on the then-current form designated by Franchisor, the terms of which may differ from this Agreement. Your failure to execute the updated Business Coach Franchise Agreement within thirty (30) days after its delivery will be deemed an election not to renew.
- G. ~~M.~~—You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.
- H. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to reflect the then-current image of the ActionCOACH concept.
- I. You must pay Master Licensee the Renewal Fee specified in Attachment 1.
- J. You and your EBCs must have attended at least ninety percent (90%) of Franchisor's Regional conferences (including the Business Excellence Forum). If You or your EBCs have not met this requirement, Franchisor may allow You and your EBCs to re-attend Franchisee Training and EBC training, respectively, to remedy non-compliance, however You must pay the then-current Franchisee Training Fee.

### SECTION 3 - INITIAL FEES

3.1 ~~3.1~~—You must pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.

3.2 ~~3.2~~—You must pay Master Licensee the Training Fee specified in Attachment 1 upon signing of this Agreement.

~~3.3~~—[Intentionally omitted]

3.3 ~~3.4~~—You must pay, or reimburse, Master Licensee on demand for all Master Licensee's costs (including legal costs) in connection with or incidental to the instructions for and the negotiation, preparation and execution of this Agreement and all related agreements.

3.4 ~~3.5~~—The Franchise Fee and Training Fee are not refundable, in whole or in part, under any circumstances.

### SECTION 4 – ONGOING FEES AND ROYALTIES

4.1 ~~4.1~~—On or before the first (1<sup>st</sup>) day of each calendar month you must pay Master Licensee a Royalty Fee as set forth on Attachment 1. No Royalty Fee is due until the fourth (4<sup>th</sup>) month after you, your NBC or your EBC completes the ActionCOACH induction training program.

4.2 ~~4.2~~—On or before the fifth (5<sup>th</sup>) day of each calendar month, you must pay Master Licensee a Marketing and Advertising Fee as set forth on Attachment 1; provided, however, that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your NBC complete the ActionCOACH induction training program. Each Marketing and Advertising Fee payment must be accompanied by a statement of the preceding month's Gross Revenues on a form approved by Master Licensee.

~~4.3~~—

[4.3](#) On or before the 1st day of each quarter you must pay Franchisor, through Master Licensee, a ~~Quarterly Administrative~~ [Mandatory Annual Regional Conference and Technology](#) Fee as set forth on Attachment 1, which fee shall be for your conference fee at annual regional conferences, [\(which includes the Business Excellence Forum\)](#), technical and administrative support, provision of an email address, and an ActionCOACH webpage to be determined by Franchisor.

[4.4](#) ~~4.4~~—Any amount due under this Agreement that is not paid on or before the due date will accrue interest at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.

~~4.5~~—You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee or Franchisor for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee, Franchisor and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee or Franchisor as set out in Section 4.6.

[4.5](#) ~~4.6~~—With the exception of the Franchise Fee and Training Fee, You must make all payments to Master Licensee with respect to amounts owed by You to Master Licensee pursuant to this Agreement by means of direct debit into a bank account nominated by Master Licensee and must, prior to commencing operation of the Business: A) nominate in writing to Master Licensee a bank account from which Master Licensee will direct debit the payments; and B) sign Attachment 5 and all necessary forms and consents permitting the direct debit of funds from the bank account in the manner and on the dates specified in writing by Master Licensee. Master Licensee may, at its sole discretion, specify another form of payment, and You agree to make payment through the method specified by Master Licensee in writing as well as sign all reasonably necessary forms and consents to permit the said newly specified payment method.

[4.6](#) ~~4.7~~—You must pay for the cost of any of Master Licensee's administrative fees connected with the failure of your direct debit facility.

[4.7](#) ~~4.8~~—You have no right of set off as against Master Licensee or Franchisor. You must not for any reason withhold payment of any amount due to Master Licensee or Franchisor. This applies even if You allege that Master Licensee has not performed or is not performing an obligation imposed upon it under this Agreement or a related agreement. Master Licensee may accept any part payment without prejudice to its right to recover the balance due or pursue any other remedy. Master Licensee may set off against any payment due to You by Master Licensee any of your unpaid debts to Master Licensee.

## **SECTION 5 - ADVERTISING AND MARKETING**

[5.1](#) ~~5.1~~—You will advertise and promote the Business at your own expense and in accordance with the Manuals. However, you may not publish or distribute any advertising or promotional material unless it has been approved in writing by Master Licensee, which approval will not be unreasonably withheld or unduly delayed. If Master Licensee objects to any advertising or promotional material that you are using, you must immediately stop using it. Advertising and promotional materials furnished by Master Licensee may be used only in the manner and during the period specified by Master Licensee. Master Licensee has the right to charge reasonable fees for any materials that Master Licensee provides.

[5.2](#) ~~5.2~~—You acknowledge that, unless otherwise specified by Franchisor in writing, forty percent (40%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative

concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts. Franchisor and Master Licensee may use the Marketing and Advertising Fees to pay the costs of:-

~~a)~~  
a) developing and conducting advertising and promotional campaigns, as determined by Franchisor or Master Licensee in its sole discretion, including customer database development and management; b) developing and funding advertisements; c) sourcing the production of marketing materials and other sales materials; d) conducting research including research in relation to products and customers; e) developing public relations, customer and supply relations; f) engaging advertising agencies and marketing consultants; g) coordinating the activities set out above and administering the Marketing and Advertising Fees, including reasonable overhead and administrative costs, the cost of materials and employees' salaries and printing costs; and h) payment of accountancy, legal and other fees in respect of audits of the records of the Marketing Fees. Franchisor and Master Licensee may determine in its discretion how the Marketing Fees is spent.

5.3 ~~5.3~~—You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.

5.4 ~~5.4~~—You acknowledge that your web site, if any, constitutes advertising and promotion subject to Section 5.1 above. You agree to comply with all policies and standards that Master Licensee or Franchisor issues from time to time with respect to web sites specifically. You also acknowledge that in the event you do want to create your own web site, you are required to obtain Franchisor's prior approval of the design, content and appearance of the website and to use Franchisor's approved supplier for design, development and web hosting to ensure compliance with Franchisor's requirements for branding and usage of the Marks. Master Licensee or Franchisor may: (i) require that your web site be accessible only by link from Master Licensee's site, and (ii) prohibit links between your web site and any other web site. You acknowledge that any copyright in your web site will be deemed to be owned by Franchisor. You agree to execute any documents that Master Licensee requires to affirm Franchisor's ownership of the copyright. You represent that You have, or will have, the lawful right to use any proprietary materials of others that appear in your web site.

## SECTION 6 - RECORDS AND AUDITS

6.1 ~~6.1~~—You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make a "financial performance representation" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.

6.2 ~~6.2~~—While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 20, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all

original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds five percent (5%) of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts due, Master Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds Fifty Dollars (\$50.00).

## SECTION 7 – ASSISTANCE BY MASTER LICENSEE

### 7.1 ~~7.1~~ Master Licensee will:

- A. Arrange for you and your ~~Nominated Business Coach (if applicable)~~ Coaches to attend Franchisor's training program.
- B. Assist you with the preparation of an initial business plan.
- C. Provide you with guidance on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This will include on-line access to advertising and promotional material and may include guidance on advertising and promotional programs.
- D. Each week for the first ninety (90) days after you complete the ActionCOACH training program, provide access via conference or personal calls to discuss any operational challenges and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls (as determined by Master Licensee in its absolute discretion) with you to discuss operational challenges and conduct ongoing training.
- E. Grant approval of your office location and assist you in determining the location of your office. The selection of your office location will be your responsibility.
- F. Arrange for you or your Nominated Business Coach (if applicable) and your EBCs to attend Franchisor's annual regional conferences (which includes the Business Excellence Forum). There will be a conference fee payable to attend the ~~Regional~~ Global Conferences. You must pay all your own travel and living expenses for you and your attendee(s). Master Licensee may also hold such conferences within the Designated Territory. Unless waived by Franchisor in writing, attendance by you and your EBCs at Franchisor's Regional North American Conferences (including the Business Excellence Forum) is mandatory.
- G. Provide to you an online WIKI format version of the Manuals and any amendments thereto promulgated by Franchisor via online access. The Manuals for your Nominated Business Coach will be supplied to you via on-line access once Master Licensee receives an executed copy of the Nominated Business Coach Agreement and the Training Fee has been paid.
- H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.

- I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.

7.2 ~~7.2~~—Master Licensee will offer you such additional guidance and assistance as Master Licensee deems necessary or advisable. Failure of Master Licensee to provide any particular service, either initial or continuing, will not excuse you from paying any of the fees including but not limited to, the Franchise Fee, Royalty Fees or Marketing and Advertising Fees.

## SECTION 8 - TERRITORY ISSUES AND DDMA

~~8.1~~—Your franchise is non-exclusive. There will be other Business Coaches providing Coaching Services in the Designated Territory. In addition, Franchisor and Licensor may sell products in the Designated Territory via Across-Area Marketing Programs. Master Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.

8.1 ~~8.2~~—You may not advertise in any media whose primary circulation or footprint is outside of the Designated Territory, nor may you engage in Direct Marketing to clients or prospects outside of the Designated Territory or within ~~at the~~ 3<sup>rd</sup> Party DDMA. Franchisor and Master Licensee may establish terms and conditions under which you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the Territory, you must refer the request to Master Licensee. If the Client's or prospective client's principal office is outside of your Designated Territory and Franchisor has not licensed any third party to operate in that territory, Master Licensee may refer the request for services back to you.

8.2 ~~8.3~~—You may request Master Licensee's approval to relocate your Business to the territory of another ActionCOACH master licensee. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment, you must pay Master Licensee a Relocation Fee at the rate indicated in Attachment 1 to compensate Master Licensee for its lost future income from your franchise.

~~8.4~~—~~The right to provide Coaching Services to Blue Chip Accounts is hereby specifically excluded. You acknowledge that other Business Coaches may provide Coaching Services to Blue Chip Accounts at or from locations in the Designated Territory. With the prior written consent of Master Licensee, You may provide Coaching Services to Blue Chip Accounts at or from locations in a territory of another Business Coach at the sole discretion of Master Licensee. Franchisor retains the sole and exclusive right to identify Clients or potential Clients as Blue Chip Accounts and permit other Business Coaches to provide Coaching Services in accordance with Franchisor's policy (as amended from time to time) on Blue Chip Accounts. All disputes relating to Blue Chip Accounts will be resolved by Franchisor, whose decision will be final and binding upon all parties.~~

~~8.5~~—~~You acknowledge that it is necessary for Franchisor and Master Licensee to identify, manage and service Blue Chip Accounts to ensure the consistent delivery and co-ordination of Coaching Services provided to Blue Chip Accounts.~~

## SECTION 9 – OFFICE LOCATION

9.1 ~~9.1~~—You can locate your office anywhere within the Designated Territory. The office must at all times be well presented and of a professional nature. Your approved office location is specified in Attachment 1. You must notify Master Licensee (in advance, if possible) if you intend to change your office location, or if for any reason you are or will be unable to operate the Business from your then-current approved office location (such as a taking by eminent domain, termination of your lease, mortgage default, or damage or repair). The term of this Agreement will not be extended by any such interruption, nor will you be excused from paying Marketing and Advertising Fees or Royalty Fees during such interruption.

9.2 ~~9.2~~—Your office must comply at your sole cost and expense with the fit out guide contained in the Manuals which may be amended from time to time.

~~9.3~~ You confirm your approval of any office location which is specified in Attachment 1 and acknowledge that You have:

- A. ~~J.~~ made all necessary enquiries and have conducted your own due diligence in relation to the office location;
- B. ~~K.~~ absolutely and unconditionally satisfied yourself as a result of these enquiries and your own due diligence as to the suitability of the office location and the location of the office for the conduct of the Business;
- C. ~~L.~~ entered into this Agreement as a result of your own assessment of all of these matters and not in reliance upon any alleged statement, warranty, condition or representation made to or alleged to have been made to You by Master Licensee, Franchisor or by any person on behalf of Master Licensee or Franchisor; and
- D. ~~M.~~ If no premises are specified in Attachment 1 then You must, prior to obtaining approval of the office location, confirm in writing your approval of the office location approved under Section 9.1 and acknowledge that it has met the requirements specified in Section 9.3 (A), (B) and (C).

## SECTION 10 - MANUALS

10.1 ~~10.1~~ You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You must not make any copies (paper, electronic, or otherwise) of the Manuals.

10.2 ~~10.2~~ Licensor or Franchisor may revise the Manuals at any time and from time to time. Master Licensee will communicate any such changes to you. Such revisions may include changes with respect to:

- A. ~~N.~~ The authorized Coaching Services;
- B. ~~O.~~ Operating procedures;
- C. ~~P.~~ Advertising and promotions;
- D. ~~Q.~~ Equipment and supplies;
- E. ~~R.~~ Dress codes;

- F. ~~S.~~ Additions or modifications of Marks;
- G. ~~T.~~ Accounting and reporting systems and forms; and
- H. ~~U.~~ Insurance requirements.

10.3 ~~10.3~~ You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.

## SECTION 11 – YOUR DUTIES AND OBLIGATIONS

11.1 ~~11.1~~ You agree to use your best efforts to increase the reputation of, and demand for, Coaching Services in the Designated Territory.

~~11.2~~ You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:

- A. ~~V.~~ You, ~~your NBC~~ and your ~~EBCs~~ Business Coaches must complete the relevant ActionCOACH training program, at a location designated by Franchisor. You must complete training before the Business opens. Your ~~NBC and EBCs~~ Business Coaches are not permitted to provide Coaching Services until after they have completed Franchisor's training. Attendance by You and your Business Coaches at Franchisor's Regional Conferences (including the Business Excellence Forum) is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.
- B. ~~W.~~ You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.
- C. ~~X.~~ You may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.
- D. ~~Y.~~ All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.
- E. ~~Z.~~ You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate or other legal name, but you may append "d/b/a ActionCOACH" after your corporate or legal name using the then current naming convention as approved by Master Licensee.
- F. ~~AA.~~ You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee. At your cost, you must display signs at such events in accordance with the Manuals' specifications.

G. ~~BB.~~ You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.

H. ~~CC.~~ You must comply with all laws applicable to the Business.

L. ~~DD.~~ You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.

J. ~~EE.~~ You must provide the supervision, support and instruction required under any support agreement or employment agreement you enter into with your NBC or EBCs, as the case may be.

~~K.~~ Prior to contracting with or employing, You must require your employees, NBC and EBCs to sign a nondisclosure and non-compete agreement in a form acceptable to Master Licensee and Franchisor.

N. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the Territory, whether franchised or operated by Franchisor (or its Affiliates).

11.2 ~~11.3~~ You must submit to Master Licensee the reports and information specified in the Manuals from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:

A. ~~FF.~~ A report entitled "Action Plan," which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee's request.

B. ~~GG.~~ A report entitled "Key Performance Indicators," which summarizes the activities of the Business for each week. This report must be completed and delivered to Master Licensee at the end of each week or as otherwise specified in the Manuals. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.

C. ~~HH.~~ Weekly marketing results and sales performance reports.

D. ~~I.~~ Detailed financial statements for the Business by 31 March after the end of each Financial Year for that Financial Year including a balance sheet, a profit and loss statement and a source and application of funds statement prepared by the Franchisee's accountant certifying that the contents are true and correct and are a fair and accurate view of the Business.

11.3 ~~11.4~~ You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system relating to your ActionCOACH Business.

11.4 ~~11.5~~ Your appointment of a Business Coach shall be subject to the following:

A. ~~JJ.~~ A Nominated Business Coach must: (i) be approved by Master Licensee and trained by Franchisor; (ii) sign a Nominated Business Coach Agreement with you; and (iii) have direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.

B. ~~KK.~~ You are entitled to appoint ~~an~~two (2) Employee Business Coach under the following conditions: (i) ~~If You make at least Twenty Thousand Dollars (\$20,000) in Gross Revenues per month for three (3) consecutive months, you will be entitled to appoint one (1) Employee Business Coach, and (ii) If the first EBC appointed under (i) makes at least Ten Thousand Dollars (\$10,000) in Gross Revenues per month for three (3) consecutive months, you will be entitled to appoint a second EBC.~~

~~LL.~~ [Intentionally omitted]

~~D.~~ ~~You may have no more than two (2) EBCs at any given time.~~ ~~E.~~ ~~An Employee Business Coach~~your EBC must ~~(i)~~ be approved by Master Licensee and trained by Franchisor; ~~and (ii)~~ your EBC must sign ~~an~~and Employee Business Coach agreement with you.

C. You may have no more than two (2) EBCs at any given time.

D. ~~F.~~ There shall be no license fees due for the appointment of your EBCs. However, you must pay ~~Royalty and~~ Training Fees and Quarterly Conference and Technology Fees for each EBC as indicated in Attachment 1.

11.5 ~~11.6~~ Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than seventy two (72) hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.

11.6 ~~11.7~~ Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than twelve (12) per year. You will use your best endeavors to attend.

11.7 ~~11.8~~ While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 20, you agree to supply Master Licensee with your home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.

11.8 ~~11.9~~ You must:

A. ~~MM.~~ Inform Master Licensee in writing of, and promptly act to address, all Client complaints at your cost and in accordance with any relevant provision set out in the Manuals.

B. ~~G.~~ If the Franchisee fails to address a Client complaint within two (2) Business Days, Master Licensee may attempt to address the complaint.

C. ~~H.~~ If Master Licensee acts to address a Client complaint due to your failure to satisfactorily address the complaint, You must pay the reasonable costs incurred by Master Licensee in attempting to address the complaint.

11.9 ~~11.10~~ Subject to any applicable Law, You must:

A. ~~NN.~~ collect the information from Clients specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;

B. ~~I.~~ collect Client information in the manner specified in the Manuals or otherwise in

writing by Franchisor or Master Licensee;

- C. ~~J.~~ provide Franchisor and Master Licensee with all Client Information, in the form specified in the Manuals, at the end of each Month or within twenty four (24) hours after receiving a request from Master Licensee.

~~11.11~~

11.10 Franchisor and/or Master Licensee may establish and maintain a Client database to store Client Information.

~~11.12~~ All Clients and the information contained in both the Client Forms completed by Clients and the client database are and will remain the sole property of Franchisor and Master Licensee.

## SECTION 12 - MINIMUM PERFORMANCE

12.1 ~~12.1~~ You must achieve Minimum Performance and Minimum Business Coach requirements which the Franchisee accepts are minimum criteria which the Franchisee must perform and are not targets or objectives.

12.2 ~~12.2~~ If You fail to achieve the Minimum Performance in any Assessment Period You must attend a meeting held by Master Licensee, at your cost, to discuss the performance of the Business.

12.3 ~~12.3~~ You must at that meeting: (a) provide Master Licensee and Franchisor with a written explanation for the failure to achieve the Minimum Performance, if requested to do so by Master Licensee or Franchisor; and (b) if requested by Master Licensee or Franchisor, set out specific strategies or actions to be taken to address the failure which are acceptable to Master Licensee and Franchisor.

12.4 ~~12.4~~ If Master Licensee and Franchisor consider that You have failed to achieve the Minimum Performance for reasons within your control, Master Licensee or Franchisor may require You, your NBC, your EBCs and/or employees, to undertake additional training, at your cost.

12.5 ~~12.5~~ If You fail to: (a) attend a meeting with Master Licensee in accordance with Section 12.2; (b) attend and complete additional training or procure additional training that You are required to attend and complete to the satisfaction of Franchisor as required by Master Licensee and Franchisor under Section 12.4; (c) implement any agreed strategy or action resulting from the meeting referred to in Section 12.2; (d) meet Minimum Performance within six (6) months of: attending a meeting with Master Licensee; or You completing additional training, as required under Section 12.4, You must, within six (6) months of the date upon which Master Licensee notifies You that You have failed to meet one (1) or more of your obligations under this section, transfer the Business in accordance with the procedure set out in Section 20.

12.6 ~~12.6~~ If You are required to transfer the Business under Section 12.5 and fail to do so within the required time frame, Master Licensee may terminate this Agreement by written notice to You and the Master Licensee is not required to pay any compensation to You or any other person in respect of the termination.

12.7 ~~12.7~~ Master Licensee will review and set a new Minimum Performance at each Renewal.

## SECTION 13 - PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

13.1 Except for equipment and products that are proprietary to Licensor or Franchisor, you may purchase your equipment, software, supplies, and other items from any reputable manufacturer or supplier. To the extent that Franchisor publishes standards for non-proprietary equipment, software, telephone lines, Internet service, supplies, stationery, or other items used in the Business, you must use only items meeting the applicable standards. If you receive notice from Master Licensee of a change in the applicable standards, you agree to comply with the new or revised standards as soon as practicable.

## SECTION 14 - INSURANCE AND INDEMNIFICATION

14.1 ~~14.1~~ You must purchase before the Business opens, and at all times thereafter maintain in full force and effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:

- A. ~~N.~~ Professional indemnity insurance;
- B. ~~K.~~ Comprehensive general liability insurance;
- C. ~~L.~~ Workers' compensation insurance and employers' liability insurance without any limit as to the amount;
- D. ~~M.~~ Insurance required by the terms of any lease, mortgage or other loan for the Business;
- E. ~~N.~~ Any additional insurance that Master Licensee or Franchisor may inform you is required; and
- F. ~~O.~~ All liability policies must list Master Licensee and Franchisor as additional named insureds. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.

14.2 ~~14.2~~ All policies of insurance must be with responsible companies qualified to do business and in good standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least thirty (30) days' prior written notice from the insurer to Master Licensee and Franchisor. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.

14.3 ~~14.3~~ If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. Within five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.

14.4 ~~14.4~~ You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 20. This indemnity is not limited by the amount of insurance that you carry.

14.5 ~~14.5~~ All property used in the Business will be maintained at your sole risk, and if any property is damaged in any way, Master Licensee will not compensate you except to the extent the damage was caused by Master Licensee's gross negligence or willful acts.

## SECTION 15 - TRADEMARKS AND CONFIDENTIAL INFORMATION

15.1 ~~15.1~~ You acknowledge Licensor's exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of Licensor. You agree that you will not, during or after the term of this Agreement:

- A. ~~O.~~ contest or aid in contesting the validity or ownership of the Marks;

B. ~~P.~~ take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or

~~Q.~~ use, register or attempt to register the Marks in your own name for any purpose, including but not limited to, any registration at any government or domain name registry. You may, however, register a "d/b/a" or a fictitious business name certificate in connection with the operation of the Business with the written permission of the Master Licensee.

15.2 ~~15.2~~ You agree to:

A. ~~P.~~ use the Marks only in connection with the Business;

B. ~~R.~~ use the Marks only in accordance with the Manuals;

C. ~~S.~~ reproduce the Marks exactly and accurately; and

D. ~~T.~~ change, discontinue, or substitute for any of the Marks, at your own expense, if Master Licensee notifies you that Licensor or Franchisor has modified the Marks to be used in the U.S.A.

15.3 ~~15.3~~ You acknowledge that you will have access to the Manuals and other valuable trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the "Confidential Information"). The Confidential Information was developed at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 20, you will return or destroy all Confidential Information.

15.4 ~~15.4~~ You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.

15.5 ~~15.5~~ You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 18 and not use any Client or prospective client data for any purpose contrary to Section 16.2.

## SECTION 16 - RESTRICTIONS ON COMPETITION

16.1 ~~16.1~~ During the Term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a Business Coach (or any similar capacity) to, provide financial assistance to, or acquire any interest in any business that offers services in competition with or similar to any of the Coaching Services ("Competing Business") to clients in the U.S.A.

~~16.2~~ —

16.2 The restriction in Section 16.1 will also apply for a continuous two (2) year period after the expiration or termination of this Agreement or after a transfer approved under Section 20, but only as to clients in the Designated Territory and within one hundred (100) miles of the Designated Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.

~~16.3~~ During the term of this Agreement and for a continuous two (2) year period after its expiration or termination or after a transfer approved under Section 20, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee.

16.3 ~~16.4~~ Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in this Section 16 by written notice to you.

16.4 ~~16.5~~ This Section and Section 15 apply to your NBC, your EBCs, employees and individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee's request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 15 and 16.

16.5 ~~16.5~~ This Section and Section 15 apply to your NBCs, employees and individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee's request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 15 and 16.

16.6 ~~16.6~~ You agree that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 15 or Section 16 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may, notwithstanding the provisions of Section 22.9 hereof, seek injunctive relief, without notice to you, in addition to any other relief that may be available to them for breach of Section 15 or Section 16.

16.7 ~~16.7~~ In the event of a breach of the provisions of Sections 15 or 16, Franchisor is entitled to liquidated damages from you in the amount of Two Hundred Fifty Thousand Dollars (US\$250,000.00). You expressly agree that this amount is not a penalty but a reasonable estimate of the damages that would result from any such breach. In the event that legal action becomes necessary for the enforcement of any of the provisions of Sections 15 or 16 of this Agreement or to collect the liquidated damages provided herein, the prevailing party shall receive in addition to any other damages or relief awarded, its reasonable attorney's fees, together with appropriate costs and interest. You agree that in the event of a breach of any of the provisions of Sections 15 or 16, Franchisor shall be entitled, notwithstanding the provisions of Section 22.9 hereof, to recover provisions or permanent injunctive relief as well as liquidated damages, and that the liquidated damages provision included herein does not provide Franchisor with an adequate remedy at law for any such breaches which you may commit.

16.8 ~~16.8~~ If a court or arbitrator determines that any restriction or provision in this Section 16, strictly applied, would be invalid or unenforceable, then the restriction or provision will be deemed modified to the extent necessary (but only to that extent) to make it valid and enforceable. If a dispute regarding enforceability of Section 16.2 or 16.3 is resolved in favor of Master Licensee and Franchisor, the two (2) year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.

## SECTION 17 – DEFAULT AND TERMINATION

### 17.1 ~~17.1~~ Termination by You.

If you are in compliance with this Agreement and Master Licensee materially breaches this Agreement and fails to cure the breach within sixty (60) days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective ten (10) days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 18.

### ~~17.2~~ Termination by Master Licensee – No Right to Cure.

In addition to its other rights of termination contained in this Agreement, Master Licensee will have the right to terminate this Agreement by written notice, effective immediately, if you:

- A. ~~OO.~~ voluntarily abandon the franchise relationship;
- B. ~~K.~~ are convicted of a criminal offense directly related to the Business, or convicted of any felony;
- C. ~~L.~~ fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within twenty four (24) hours after receiving written notice to cure;
- D. ~~M.~~ fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;
- E. ~~N.~~ make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;
- F. ~~O.~~ submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of twelve (12) consecutive months, which understate by more than five percent (5%) the Gross Revenues of the Business;
- G. ~~P.~~ make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;
- H. ~~Q.~~ fail to submit sales reports or financial statements when due on three (3) or more occasions in any twelve (12) month period;
- I. ~~R.~~ fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any twelve (12) month period;
- J. ~~S.~~ fail on three (3) or more occasions in a twelve (12) month period to pay creditors, employees, or suppliers on a timely basis;
- K. ~~T.~~ fail on three (3) or more occasions in a thirty six (36) month period to achieve an overall score of at least eighty percent (80%) on Franchisor's compliance audit or a score of at least seventy percent (70%) for any section of the compliance audit;
- L. ~~U.~~ fail to achieve Minimum Performance in three (3) or more Assessment Periods during the Term.



## 17.2 Termination by Master Licensee – Failure to Cure.

Except as provided in Section 17.2, you will have thirty (30) days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the thirty (30) day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.

## **SECTION 18 – OBLIGATIONS UPON EXPIRATION OR TERMINATION**

18.1 ~~18.1~~ Upon expiration or termination of this Agreement, you must:

- A. ~~PP.~~ Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;
- B. ~~V.~~ Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;
- C. ~~W.~~ Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor. You must execute an assignment ("Conditional Assignment of Telephone and Directory Listings"), in a form set forth in Attachment 4;
- D. ~~X.~~ Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee.
- E. ~~Y.~~ Provide Master Licensee with executed copies of all Client agreements and immediately execute any further agreements requested by Master Licensee necessary to assign any Client agreements to Master Licensee.
- F. ~~Z.~~ Immediately amend or terminate your business registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within thirty (30) days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.
- G. ~~AA.~~ Comply with the provisions of Section 16 (Restrictions on Competition).

18.2 ~~18.2~~ The expiration or termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies that Master Licensee, Franchisor, or Licensor may have against you.

18.3 ~~18.3~~ You acknowledge that injuries caused by your failure to comply with this Section 18 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 18.

18.4 ~~18.4~~ If Master Licensee terminates this Agreement based on your default, you must pay Master Licensee liquidated damages, calculated as follows: (a) the average of the monthly Royalty Fees and Marketing and Advertising Fees of all Business Coaches due for the last twelve (12) months

before termination (not including the months before the Royalty Fee and Marketing and Advertising Fee obligations begin under Sections 4.1 and 4.2); (b) multiplied by the lesser of twenty four (24) or the number of months remaining in the then-current term under Section 2, (c) discounted to present value using the then-current prime rate of interest quoted by Master Licensee's principal commercial bank; (d) minus the present value (determined using the same period as in (b) and the same discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.

## SECTION 19 – THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR

19.1 ~~19.1~~ You acknowledge and agree that all of Master Licensee's rights and all of your obligations under this Agreement inure to the benefit of Franchisor and Licensor, and that they each have a third-party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.

19.2 ~~19.2~~ Upon termination or expiration of the Master License Agreement for any reason, this Agreement will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.

## SECTION 20 - TRANSFER

20.1 ~~20.1~~ **By Master Licensee.** Master Licensee may transfer its rights under this Agreement as it sees fit without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.

20.2 ~~20.2~~ **By You -- General.**

A. ~~AA.~~ None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 20. Any action contrary to this Section 20 will be a material breach of this Agreement and will be void.

B. ~~BB.~~ If this Agreement has been transferred to an entity under Section 20.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 20.

C. ~~CC.~~ No transfer that requires Master Licensee's consent may be completed until at least sixty (60) days after Master Licensee receives written notice of the proposed transfer. You agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 20.3.

D. ~~DD.~~ Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.

E. ~~EE.~~ All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.

~~20.3-~~

### 20.3 **Conditions to Transfers.**

No transfer will be approved by Master Licensee or be effective unless and until:

- A. ~~RR.~~ The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Business Coach;
- ~~FF.~~ The proposed transferee has paid the then-current training fee and has satisfactorily completed the ActionCOACH induction training program, except that part or all of this requirement may be waived if the transferee has completed the training program within the last five (5) years;
- B. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;
- C. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;
- D. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement ("Transfer Fee"); and
- E. The transferee has executed a new Business Coach Franchise Agreement in the form then being offered by Master Licensee to new Business Coaches in the Territory.

### 20.4 ~~20.4~~ **Transfer to a Corporation, LLC, etc.**

If you are an individual (and not a business entity) and you desire to transfer this Agreement to a corporation, limited liability company, partnership, trust, or other entity, you may do so only if:

- A. ~~SS.~~ The entity is newly formed and its authorized activities are limited to operating the Business;
- B. ~~G.~~ You are the majority owner and have sole power to direct and control the management and affairs of the entity;
- C. ~~H.~~ You remain jointly liable with the entity for all obligations of the Business Coach under this Agreement. You acknowledge and agree that the assumption of your obligations by the entity does not limit your personal obligations under this Agreement, and that you and the entity will be jointly and severally liable.
- D. ~~I.~~ You continue to devote your full time and best efforts to manage the operations of the Business, unless you have a Nominated Business Coach approved by Master Licensee;
- E. ~~J.~~ The entity signs an agreement with Master Licensee assuming, jointly and severally, all of your obligations under this Agreement; and
- F. ~~K.~~ The stock certificates, certificated units of partnership or certificated beneficial interests of the corporation, partnership or trust bear the following legend:

"The (shares of capital stock) (partnership interest) (beneficial interest) represented by this certificate are subject to the terms and conditions set forth in

that certain Business Coach Franchise Agreement dated \_\_\_\_\_ between the Company and \_\_\_\_\_, a copy of which is on file in the Company's principal office and a copy of which will be provided to the holder of record hereof upon written request without charge."

**20.5 ~~20.5~~ Death, Incapacity or Personal Bankruptcy.**

~~A.~~—If You (or any owner, if this Agreement has been transferred to an entity) die, become incapacitated, or enter bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within one hundred twenty (120) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 20.2 and 20.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the Nominated Business Coach, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days; or (ii) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 19.3, the executor may transfer the decedent's interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.

A. ~~B.~~—If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate this Agreement by signing a termination agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.

**SECTION 21 – OPTION TO PURCHASE**

21.1 ~~21.1~~ Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 20.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.

21.2 ~~21.2~~ Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within thirty (30) days following receipt of notice from you under Section 20.2. You will have fourteen (14) days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 21.1 within thirty (30) days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 19.

~~21.3~~

[21.3](#) The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.

## **SECTION 22 – GENERAL PROVISIONS**

### **[22.1](#) ~~22.1~~ Relationship of Parties.**

You do not have any authority to act on behalf of, or as an agent of, Master Licensee, Franchisor, or Licensor for any purpose, nor may you hold yourself out as having such authority. No fiduciary, agency, employment, or partnership relationship exists between you and Master Licensee. You are an independent contractor responsible for all obligations and liabilities of the Business, including any claims or demands based on damage or destruction of property or on injury, illness or death of any person arising directly or indirectly from, or in connection with, the operation of the Business.

### **[22.2](#) ~~22.2~~ No Conflict with Other Agreements.**

You represent that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement.

### **[22.3](#) ~~22.3~~ Prevailing Party Reimbursement.**

In any legal action or arbitration involving you and Master Licensee and/or Franchisor, the prevailing party will be entitled to recover its investigation costs, collection costs, reasonable attorneys' fees, court costs, and all litigation or arbitration expenses, including arbitrators' fees.

### **[22.4](#) ~~22.4~~ No Waiver.**

No failure or delay on the part of Master Licensee or Franchisor in connection with the enforcement or exercise of any rights under this Agreement will affect Master Licensee's or Franchisor's right to strictly enforce this Agreement at any time. No custom or practice regarding this Agreement will preclude the strict enforcement of this Agreement. No waiver by Master Licensee of performance of any provision of this Agreement will constitute a waiver of Master Licensee's or Franchisor's rights to enforce that provision at any future time.

### **[22.5](#) ~~22.5~~ Entire Agreement; Amendments.**

This Agreement constitutes the entire agreement between you and Master Licensee and supersedes all prior agreements, negotiations, correspondence, and representations, whether oral or written, concerning the same subject matter; provided however, that nothing in the foregoing section is intended to disclaim any representations made by Master Licensee in the Franchise Disclosure Document provided to you in connection with your entry into this Agreement. Except as expressly provided herein, this Agreement may be modified only by a written document signed by you and an authorized representative of Master Licensee.

### **[22.6](#) ~~22.6~~ Survival.**

All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 20, including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 20.

~~22.7~~

## 22.7 Severability.

If any term or provision of this Agreement or the application thereof to any person, property or circumstance is determined by a court or arbitrator to be invalid or unenforceable, the remainder of this Agreement will be unaffected and will remain in full force and effect. Should this prove impractical, Master Licensee will have the option of terminating this Agreement upon written notice to you.

## 22.8 ~~22.8~~ Governing Law.

This Agreement will be interpreted in accordance with and governed by the laws of the state in which Franchisor's principal office is located at the time of the dispute, except as otherwise required by the laws of the state in which the Business is located.

## ~~22.9~~ Mediation and Arbitration.

- A. ~~FF.~~ This dispute resolution clause applies to claims (except claims by Master Licensee for any payment to be made by Franchisee to Master Licensee under this Agreement) by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 20.
- B. ~~L.~~ The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within ten (10) days, will be submitted to nonbinding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.
- C. ~~M.~~ Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within sixty (60) days, must be resolved exclusively by mandatory arbitration in accordance with the rules of the American Arbitration Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.
- D. ~~N.~~ Notwithstanding Section 22.8, all issues relating to arbitrability or the enforcement of this Section 22.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.
- E. ~~O.~~ Each party to any arbitration or litigation under this Agreement waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary

damages against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.

E. ~~P.~~ Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.

#### 22.9 ~~22.10~~ Improvements.

If Franchisee develops any improvement in the System, Franchisee will promptly notify Master Licensee and will provide all necessary information to Master Licensee. All such changes and improvements will be the sole property of Franchisor.

#### ~~22.11~~ Notices.

All notices pursuant to this Agreement must be in writing and be delivered in person or mailed by certified or other receipted mail, or by Federal Express or other receipted commercial delivery service, or by facsimile or electronic mail. The addresses for notice will be those set forth in Attachment 1. You or Master Licensee, with notice to the other party, may change the address to which notices will be sent.

#### 22.10 ~~22.12~~ Successors.

This Agreement will inure to the benefit of and be binding on you and Master Licensee, and your and Master Licensee's respective successors, assigns, heirs, executors, administrators, and personal representatives.

#### 22.11 ~~22.13~~ Costs to alter contracts.

If you request, and Master Licensee approves, any amendment to this Agreement after the date of this Agreement, you agree to reimburse Master Licensee (and Franchisor, if applicable) for their reasonable costs (including attorneys' fees) incurred in connection with such amendment.

#### 22.12 ~~22.14~~ Acknowledgments.

**YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS COACH FRANCHISE AND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. MASTER LICENSEE EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SALES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.**

**YOU ACKNOWLEDGE THAT YOU RECEIVED A FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS (10 BUSINESS DAYS IN MARYLAND, MICHIGAN, NEW YORK, OREGON RHODE ISLAND & WASHINGTON) BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.**

**YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS AGREEMENT, AND THAT MASTER LICENSEE HAS GIVEN YOU AMPLE TIME AND OPPORTUNITY, AND HAS ENCOURAGED YOU, TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.**

[\[Signature page follows\]](#)

THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.

APPROVED AND EXECUTED ~~ON~~ AS OF THE EFFECTIVE DATE.-

**FRANCHISEE**

By: \_\_\_\_\_ By:

Title: \_\_\_\_\_ Title:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Ownership %: \_\_\_\_\_ ~~Ownership~~  
%:

 Ownership %: \_\_\_\_\_

All persons with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guarantee attached to this Agreement.

**MASTER LICENSEE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTACHMENT 1

~~TO PRACTICE PREMIUM BUSINESS COACH FRANCHISE AGREEMENT~~ THE PRACTICE (PREMIUM) BUSINESS COACH FRANCHISE AGREEMENT

~~1. Master Licensee's Territory:~~

~~2. Designated Territory: Refer to Attachment 3.~~

~~2. Designated Direct Marketing Area: Refer to Attachment 3.~~

~~3. Franchise Fee: Seventy Four Thousand Five Hundred Dollars (\$74,500)~~

~~4. Royalty Fee and Marketing and Advertising Fee:~~

~~The monthly Royalty Fee is \$1,950 if Gross Revenues for the preceding month is below \$15,000—~~

~~• Plus 9% of Gross Revenues between \$15,000 and \$64,999.99;~~

~~• Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;~~

~~• Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;~~

~~• Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;~~

~~• Plus 5% of Gross Revenues above \$144,999.99.~~

~~The Royalty Fee is due on the 1<sup>st</sup> day of each calendar month and in accordance with Section 4.1.~~

~~The monthly Marketing and Advertising Fee is 5% of Gross Revenues in the preceding month (capped at \$750) is due on the 5<sup>th</sup> day of each calendar month, except that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your NBC, as applicable, complete the induction training program.~~

1 Parties

Master Licensee -

Name:

Address:

Email:

Franchisee -

Name:

Address:

Email:

**2** **Territory**

Master Licensee's Territory:

Designated Territory: See Attachment 3

3<sup>rd</sup> Party DDMA:

N.A.

See Attachment 3

**3** **Franchise Fee**

Franchise Fee: \$74,500

**4** **Term**

Term: 15 years

Effective Date:

Expiry Date:

Renewal Term: 15 years

**5** **Royalty Fee**

The monthly Royalty Fee is \$1,950 if Gross Revenues for the preceding month is below \$15,000 -

- Plus 9% of Gross Revenues between \$15,000 and \$64,999.99;
- Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;
- Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;
- Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;
- Plus 5% of Gross Revenues above \$144,999.99.
- 
- 
- 
- 
-

**6**     Marketing and Advertising Fee     The monthly Marketing and Advertising Fee is 5% of Gross Revenues in the preceding month (capped at \$750) is due on the 5<sup>th</sup> day of each calendar month With respect to Gross Revenues in the month in which you or your NBC, as applicable, complete the induction training program.

**7**     ~~5. Minimum Performance:~~     Requirement     An average Gross Revenue of ~~Nine Thousand Five Hundred Dollars (\$9,500)~~ per month per Business Coach each Assessment Period.

**8**     ~~6. Assessment Period~~     Each period of ~~three (3)~~ consecutive months during the Term, commencing on the 13th month ~~following the first six (6) months~~ from the ~~Commencement~~Effective Date.

**9**     ~~7. Training Fee:~~     ~~Twenty Five Thousand Dollars (\$25,000) for you or your NBC. The~~     • For You and/or your NBC: \$25,000 per trainee for the 10-Dayday training. The fee includes accommodations and meals during the training sessions only; and Five Thousand Dollars (\$5,000) for each EBC. The 5-Day training fee excludes travel, accommodations and meals outside of during the training sessions.

• For your EBCs and Key Personnel: \$5,000 per trainee for the 5-day training. The fee includes meals during the training sessions only.

**10**     ~~8. Renewal Fee:~~     ~~One Thousand Two Hundred Fifty Dollars (\$1,250).~~ \$2,500

**11**     Mandatory Annual Regional Conference and Technology Fee     \$300/quarter

**12**     ~~9. Transfer Fee:~~     ~~One Thousand Two Hundred Fifty Dollars (\$1,250).~~ \$2,500

~~10. Relocation Fee:~~     ~~Two Thousand Five Hundred Dollars (\$2,500)~~

~~11. Termination Fee:~~     ~~[Intentionally omitted]~~

~~12. Quarterly Administrative Fee:~~     ~~Six Hundred Fifty Dollars (\$600) per quarter~~

~~13. Upgrade Fee:~~     ~~Two Hundred Ten Thousand Dollars (\$210,000) is due to Master Licensee if you are not in breach of the Agreement and you want to upgrade to a FIRM franchise. Any upgrade is subject to the payment of the Upgrade Fee and any and all~~

~~related federal or state law requirements. The Upgrade Fee shall be in lieu of the franchise fee for a FIRM franchise.~~

~~14. **Interest Rate:** One and one half percent (1.5%) per month (or the maximum rate permitted by law, if less than 1.5%)~~

~~15. **Business Coaches:**~~

~~16. **Employees:**~~

~~17. **Addresses:**~~

~~(a) **Master Licensee:**~~

~~(b) **Business Coach:**~~

**18. Office Location:**

<b>13</b>	<b><u>Relocation Fee</u></b>	<u>\$5,000</u>
<b>14</b>	<b><u>Upgrade Fee</u></b>	<u>Fifteen Thousand Dollars (\$15,000); plus the difference between the Franchise Fee you originally paid and the current FIRM Franchise Fee based on your DDMA.</u>  <u>The Upgrade Fee is due to Master Licensee if you are not in breach of the Agreement and you want to upgrade to a FIRM franchise. Any upgrade is subject to the payment of the Upgrade Fee and any and all related federal or state law requirements. The Upgrade Fee shall be in lieu of the franchise fees for a FIRM franchise.</u>
<b>15</b>	<b><u>Interest Rate</u></b>	<u>1.5% per month or the maximum rate permitted by law, whichever is less</u>
<b>16</b>	<b><u>Business Coaches</u></b>	<ul style="list-style-type: none"><li><u>• Nominated Business Coach;</u></li><li><u>• Employee Business Coaches;</u></li></ul>
<b>17</b>	<b><u>Office Location</u></b> (if different from the address in Item 1 above)	
<b>17</b>	<b><u>Tradenames and Trademarks</u></b>	<u>ActionCOACH</u>



~~19. Trade Names and Marks:~~ [ATTACHMENT 2](#)

20

ActionCOACH

21



~~20. Expiry Date:~~

TO THE PRACTICE (PREMIUM) BUSINESS COACH FRANCHISE AGREEMENT PERSONAL GUARANTEE

We, the undersigned, in order to induce Master Licensee to enter into a Business Coach Franchise Agreement (the "Agreement") with \_\_\_\_\_ ("Business Coach"), guarantee performance of Business Coach's obligations under the Agreement, including, without limitation, payment of all monetary obligations of Business Coach to Master Licensee. In addition, we agree to be personally bound by the confidentiality, non-competition, transfer, and dispute resolution provisions of the Agreement. We acknowledge that our obligations under this Personal Guarantee are joint, several, personal and irrevocable.

GUARANTORS:

Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

SIGNED \_\_\_\_\_

Date: \_\_\_\_\_

Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

~~SIGNED~~

~~Date:~~

Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

SIGNED \_\_\_\_\_

Date: \_\_\_\_\_

SIGNED \_\_\_\_\_

Date: \_\_\_\_\_

| Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

| SIGNED \_\_\_\_\_

| Date: \_\_\_\_\_



ou become aware of any change to Zip Code boundaries or any other change which alters the Designated Territory.

**B.     3<sup>rd</sup> Party DDMA**

Master Licensee has identified all 3<sup>RD</sup> Party DDMA's in ~~Master Licensee's~~ the Designated Territory having the following zip codes, postal codes and/or counties in the State of:


If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the DDMA, Master Licensee will use its best endeavors to reassign the redesignated zip codes that corresponds as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the DDMA.

**C.     DDMA**

The DDMA consists of the following zip codes, postal codes and/or counties in the State of:


	If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the			

D  
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M  
A  
,  
M  
a  
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t

er Licensee will use its best endeavors to reassign the redesignated zip codes that corresponds as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the DDMA.

**D. Franchisees that have the Right to Direct Marketing in the DDMA**

The following franchisees and their Business Coaches have the right to direct market within the DDMA.



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ATTACHMENT 4  
TO THE PRACTICE (PREMIUM) BUSINESS COACH FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS**

In consideration of Master Licensee ("Assignee") concurrently granting an ActionCOACH Practice Business Coach Agreement ("Franchised Business") to \_\_\_\_\_ ("Assignor"), and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet web site addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of the Franchised Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Assignee. This Assignment is valid on the effective date and is irrevocable. Assignee may fill in, add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

Date: _____				
20				

**ASSIGNOR:** \_\_\_\_\_ **ASSIGNEE:** \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_, 20

<u>ASSIGNOR:</u>	<u>ASSIGNEE:</u>
By: _____	By: _____
Its: _____	Its: _____

**ATTACHMENT 5  
TO  
THE PRACTICE 5 YEAR BUSINESS COACH FRANCHISE AGREEMENT**

**DIRECT DEBIT AUTHORIZATION FORM**

Effective date of Authorization:	
Type of Authorization: <input type="checkbox"/> New Authorization <input type="checkbox"/> Change banking information	
<input type="checkbox"/> Change payment amount <input type="checkbox"/> Discontinue electronic payment	
<input type="checkbox"/> Change payment date	
Last Name <span style="float: right;">First Name</span>	
Address	
City <span style="float: right;">State                      Zip</span>	
Please debit payments from my (check one):	Routing Number:
<input type="checkbox"/> Checking Account (attach voided check when returning)	<i>(valid routing #'s must start with 0, 1, 2, or 3)</i>
<input type="checkbox"/> Savings Account (contact your financial institution for Routing#)	Account Number:
Date of first payment: ____/____/____	Frequency of payment:
Date of last payment (optional): ____/____/____	<input type="checkbox"/> Monthly on the 1 <sup>st</sup> (ROYALTY)
	<input type="checkbox"/> Monthly on the 5 <sup>th</sup> (MARKETING)
<b>Deduction Amount:</b>	
<b>ROYALTY:</b> If you have signed a franchise agreement with percentage based Royalty Fee, you will be deducted the amount due based on gross revenues reported in the <b>ActionMEMBERS</b> KPI system.	
<b>MARKETING:</b> If you have signed a franchise agreement with percentage based Marketing and Advertising Fee, you will be deducted the amount due based on gross revenues reported in the ActionMEMBERS KPI system.	
<b>AGREEMENT</b>	
I authorize [Name of Master Licensee] to process debit entries to my account. I understand that this authority will remain in effect until I provide reasonable notification to terminate authorization.	
Authorized Signature: _____ Date: _____	
FOR OFFICE USE ONLY:	DATE:



**EXHIBIT B2**

**to**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**PRACTICE BUSINESS COACH FRANCHISE AGREEMENT**



# THE PRACTICE

*BUSINESS COACH FRANCHISE AGREEMENT*

**THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT-**

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Attachment 2: Personal Guarantee

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Attachment 4: Conditional Assignment of Telephone and Directory Listings

Attachment 5: Direct Debit Authorization Form

## THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT

THIS AGREEMENT is entered into ~~effective~~ as of the Effective Date between ~~(“ Master Licensee”)~~ and ~~(“ You” or “Franchisee”)~~.

### RECITALS

- A. ActionCOACH IPCo, Ltd. (“Licensor”) owns the Marks, the System, and the Confidential Information, all as defined below, and has granted ActionCOACH North America, LLC ( “ Franchisor”) the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information within the Designated Territory.
- B. Franchisor has granted the Master Licensee the right to sublicense the Marks, the System and the Confidential Information (each as defined in this Agreement) within the Designated Territory.
- C. You wish to obtain the right to operate an ActionCOACH business coaching and mentoring business in the Designated Territory.

The parties agree as follows:

### DEFINITIONS

**“Across-Area Marketing Programs”** means Licensor’s and Franchisor’s Internet, television, electronic, co-branding, alliance, affinity, and other marketing programs, policies and strategies.

**“Agreement”** means this “The Practice Business Coach Franchise Agreement”.

**“Assessment Period”** means the period specified in Attachment 1 for which Master Licensee will assess whether your performance meets the Minimum Performance requirement;

~~**“Blue Chip Account”** is a Fortune 500 Company that is listed in the past and present annual list compiled and published by Fortune magazine or similar publication. Due to the rapid development of new business concepts including online businesses, Franchisor reserves its rights to amend the guidelines and policies for Blue Chip Accounts from time to time.~~

**“Business”** means the ActionCOACH business coaching, business training and mentoring business that you are authorized under this Agreement to conduct within the Designated Territory.

**“Business Coach”** means a person providing Coaching Services to Clients under a Business Coach Franchise Agreement.

**“Client”** means a business owner or other customer who agrees to purchase Coaching Services from the Business.

**“Client Information”** means details, including lists, of Clients collected by Franchisee in accordance with this Agreement.

**“Client Forms”** means the forms specified by Franchisor in the Manuals or otherwise specified in writing by Franchisor to be used by the Franchisee to procure the details of Clients.

**“Coaching Services”** means the business coaching, business training and mentoring services (excluding executive coaching), training modules, products, business plan drafting assistance, and other services and products authorized by Franchisor from time to time for delivery to Clients.

**“Confidential Information”** has the meaning defined in Section 15 of this Agreement.

**“Direct Marketing”** means communication to prospective clients within the ~~DDMA~~Designated Territory by direct mail, telemarketing, email marketing, door-to-door marketing, broadcast faxing, voicemail marketing, couponing or direct selling. The Franchisor has the sole right to determine, whether or not any other activity or marketing method not defined herein is considered as Direct Marketing and its decision shall be binding on all parties.

**“3<sup>rd</sup> Party Designated Direct Marketing Area” or “3<sup>rd</sup> Party DDMA”** means the areas specified in Attachment 3 for the purpose of identifying areas you are restricted from Direct Marketing to prospective clients and Clients. Master Licensee identifies ~~the DDMA~~these restricted areas as a geographical area defined by zip codes, postal codes and/or counties.

**“Effective Date”** has the meaning given in Attachment 1.

**“Financial Year”** means a year commencing 1 January and ending 31 December.

**“Franchisee” or “You”** have the meaning given in Attachment 1.

**“Gross Revenues”** means the total receipts derived from services performed and products sold by or in connection with the Business. Any property or services received from Clients in exchange for Coaching Services will be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds you may receive from business interruption insurance. Gross Revenues do not include sales taxes or credits such as the sale price of any products returned by Clients or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.

**“Manuals”** means the operations manuals, policy statements, directives, and other written instructions issued by Franchisor with respect to the System, including, without limitation, information and materials posted in the Intranet areas of the ActionCOACH website. Part or all of the Manuals may be issued in electronic form. Franchisor may amend the Manuals from time to time.

**“Marks”** means the marks listed in Attachment 1 and such other registered and unregistered trade names, trademarks, service marks, logos, commercial symbols, Internet domain names, web site identifiers, designs, color schemes, and trade dress as Franchisor may designate from time to time for use with the System.

**“Master Licensee”** has the meaning given in Attachment 1.

**“Minimum Performance”** means the criteria specified in Section 12 and Attachment 1.

**“Nominated Business Coach” or “NBC”** means the specific individual who is authorized by Master Licensee and you to provide Coaching Services to Clients on behalf of the Business. Only one person may be the Nominated Business Coach at any given time. Ordinarily, you must personally serve as the Nominated Business Coach throughout the Term. You may appoint another individual to serve as Nominated Business Coach only if: (i) Master Licensee approves you in writing to appoint a Nominated Business Coach; and (ii) the proposed Nominated Business Coach (a) has been approved by Master Licensee and trained by Franchisor; (b) has signed a Nominated Business Coach Agreement with you and the Master Licensee; and (c) has direct responsibility for all operations of the Business and the authority to bind you in any dealings with Master Licensee or Franchisor.

**“System”** means the business methods, specifications, procedures, and accumulated trial and error developed, and to be developed, by Licensor and/or Franchisor for the operation and management of an ActionCOACH business coaching and mentoring business.

“Term” has the meaning set forth in ~~Section 2.1.~~[Attachment 1.](#)

## SECTION 1 – RIGHTS GRANTED

- [1.1](#) ~~1.1~~ Master Licensee grants you the right, and you undertake the obligation, to:
- A. Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis within the Designated Territory;
  - B. Operate the Business from the office location only as set forth in Section 9; and
  - C. Use the Marks and the System as they may be modified and developed from time to time on a non-exclusive basis in the operation of the Business.
- [1.2](#) ~~1.2~~ This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.
- [1.3](#) ~~1.3~~ You may not grant a sub-franchise or otherwise sublicense any of your rights under this Agreement.

## SECTION 2 - TERM AND RENEWAL OPTIONS

- [2.1](#) ~~2.1~~ The term of this Agreement commences on the ~~date of its execution by Master Licensee (“Commencement Date”). Unless~~[Effective Date and unless](#) sooner terminated under Section 17, this Agreement will expire ~~ten (10) years (“ on the Expiry Date”) from the date of its execution by Master Licensee (“Term”).~~
- [2.2](#) ~~2.2~~ You will have the option to renew the right to operate the Business for successive periods of ten (10) years each. Master Licensee may refuse to renew your right to operate the Business, in its absolute discretion, if any of the following conditions have not been satisfied:
- A. You must give Master Licensee written notice of your election to renew (“Renewal Notice”) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.
  - B. You must be current in all payment obligations to Master Licensee and must have remedied any breach of this Agreement specified by Master Licensee by written notice.
  - C. You must not have received more than one (1) written notice of default from Master Licensee in the twenty four (24) months preceding delivery of the Renewal Notice.
  - D. You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.
  - E. You must have achieved Minimum Performance set out in Attachment 1.
  - F. You must execute a new Business Coach Franchise Agreement on the then current form designated by Franchisor, the terms of which may differ from this Agreement. Your failure to execute the updated Business Coach Franchise Agreement within thirty (30) days after its delivery will be deemed an election not to renew.

- G. You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.
- H. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to reflect the then-current image of the ActionCOACH concept.
- I. You must pay Master Licensee the Renewal Fee specified in Attachment 1.
- J. You must have attended at least ninety percent (90%) of Franchisor's Regional conferences (including the Business Excellence Forum). If You have not met this requirement, Franchisor may allow You to re-attend Franchisee Training to remedy non-compliance. However, You must pay the then-current Franchisee Training Fee.

### SECTION 3 - INITIAL FEES

3.1 ~~3.1~~ You must pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.

3.2 ~~3.2~~ You must pay Master Licensee the Training Fee specified in Attachment 1 upon signing of this Agreement.

~~3.3~~ ~~[Intentionally omitted]~~

3.3 ~~3.4~~ You must pay, or reimburse, Master Licensee on demand for all Master Licensee's costs (including legal costs) in connection with or incidental to the instructions for and the negotiation, preparation and execution of this Agreement and all related agreements.

3.4 ~~3.5~~ The Franchise Fee and Training Fee are not refundable, in whole or in part, under any circumstances.

### SECTION 4 – ONGOING FEES AND ROYALTIES

4.1 ~~4.1~~ On or before the first (1<sup>st</sup>) day of each calendar month you must pay Master Licensee a Base Royalty Fee as set forth on Attachment 1. ~~No Royalty Fee is~~ If your Gross Revenues were at or above \$15,000 during the prior month, on or before the (5<sup>th</sup>) of each calendar month, you must also pay Master Licensee a Percentage Based Royalty as set forth in Attachment 1. No Royalty Fees are due until the second (2<sup>nd</sup>) month after which you or your NBC complete the ActionCOACH induction training program.

4.2 ~~4.2~~ On or before the fifth (5<sup>th</sup>) day of each calendar month, you must pay Master Licensee a Marketing and Advertising Fee as set forth on Attachment 1; provided, however, that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your NBC, as applicable, complete the ActionCOACH induction training program. Each Marketing and Advertising Fee payment must be accompanied by a statement of the preceding month's Gross Revenues on a form approved by Master Licensee.

4.3 ~~4.3~~ Any amount due under this Agreement that is not paid on or before the due date will accrue interest at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.

4.4 —~~4.4~~— On or before the 1st day of each quarter you must pay Franchisor, through Master Licensee, a Quarterly ~~Administrative~~Conference and Technology Fee as set forth on Attachment 1, which fee shall be for your conference fee at annual regional conferences (which includes the Business Excellence

[Forum](#)), technical and administrative support, provision of an email address, and an ActionCOACH webpage to be determined by Franchisor.

~~4.5~~ You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee or Franchisor for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee, Franchisor and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee or Franchisor as set out in Section 4.6.

4.5 ~~4.6~~ With the exception of the Franchise Fee and Training Fee, You must make all payments to Master Licensee with respect to amounts owed by You to Master Licensee pursuant to this Agreement by means of direct debit into a bank account nominated by Master Licensee and must, prior to commencing operation of the Business: A) nominate in writing to Master Licensee a bank account from which Master Licensee will direct debit the payments; and B) sign Attachment 5 and all necessary forms and consents permitting the direct debit of funds from the bank account in the manner and on the dates specified in writing by Master Licensee. Master Licensee may, at its sole discretion, specify another form of payment, and You agree to make payment through the method specified by Master Licensee in writing as well as sign all reasonably necessary forms and consents to permit the said newly specified payment method.

4.6 ~~4.7~~ You must pay for the cost of any of Master Licensee's administrative fees connected with the failure of your direct debit facility.

4.7 ~~4.8~~ You have no right of set off as against Master Licensee or Franchisor. You must not for any reason withhold payment of any amount due to Master Licensee or Franchisor. This applies even if You allege that Master Licensee has not performed or is not performing an obligation imposed upon it under this Agreement or a related agreement. Master Licensee may accept any part payment without prejudice to its right to recover the balance due or pursue any other remedy. Master Licensee may set off against any payment due to You by Master Licensee any of your unpaid debts to Master Licensee.

## SECTION 5 - ADVERTISING AND MARKETING

5.1 ~~5.1~~ You will advertise and promote the Business at your own expense and in accordance with the Manuals. However, you may not publish or distribute any advertising or promotional material unless it has been approved in writing by Master Licensee, which approval will not be unreasonably withheld or unduly delayed. If Master Licensee objects to any advertising or promotional material that you are using, you must immediately stop using it. Advertising and promotional materials furnished by Master Licensee may be used only in the manner and during the period specified by Master Licensee. Master Licensee has the right to charge reasonable fees for any materials that Master Licensee provides.

5.2 ~~5.2~~ You acknowledge that, unless otherwise specified by Franchisor in writing, forty percent (40%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts. Franchisor and Master Licensee may use the Marketing and Advertising Fees to pay the costs of:-  
a) developing and conducting advertising and promotional campaigns, as determined by Franchisor or Master Licensee in its sole discretion, including customer database development and management; b) developing and funding advertisements; c) sourcing the production of

marketing materials and other sales materials; d) conducting research including research in relation to products and customers; e) developing public relations, customer and supply relations; f) engaging advertising agencies and marketing consultants; g) coordinating the activities set out above and administering the Marketing and Advertising Fees, including reasonable overhead and administrative costs, the cost of materials and employees' salaries and printing costs; and h) payment of accountancy, legal and other fees in respect of audits of the records of the Marketing Fees. Franchisor and Master Licensee may determine in its discretion how the Marketing Fees is spent.

[5.3](#) — ~~5.3~~ — You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.

[5.4](#) — ~~5.4~~ — You acknowledge that your web site, if any, constitutes advertising and promotion subject to Section 5.1 above. You agree to comply with all policies and standards that Master Licensee or Franchisor issues from time to time with respect to web sites specifically. You also acknowledge that in the event you do want to create your own web site, you are required to obtain Franchisor's prior approval of the design, content and appearance of the website and to use Franchisor's approved supplier for design, development and web hosting to ensure compliance with Franchisor's requirements for branding and usage of the Marks. Master Licensee or Franchisor may: (i) require that your web site be accessible only by link from Master Licensee's site, and (ii) prohibit links between your web site and any other web site. You acknowledge that any copyright in your web site will be deemed to be owned by Franchisor. You agree to execute any documents that Master Licensee requires to affirm Franchisor's ownership of the copyright. You represent that You have, or will have, the lawful right to use any proprietary materials of others that appear in your web site.

## SECTION 6 - RECORDS AND AUDITS

[6.1](#) — ~~6.1~~ — You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make a "financial performance representation" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.

[6.2](#) — ~~6.2~~ — While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 20, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds five percent (5%) of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts

due, Master

Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds Fifty Dollars (\$50.00).

## SECTION 7 – ASSISTANCE BY MASTER LICENSEE

7.1 ~~7.1~~ Master Licensee will:

- A. Arrange for you and your Nominated Business Coach (if applicable) to attend Franchisor's training program.
- B. Assist you with the preparation of an initial business plan.
- C. Provide you with guidance on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This will include on-line access to advertising and promotional material and may include guidance on advertising and promotional programs.
- D. Each week for the first ninety (90) days after you complete the ActionCOACH training program, provide access via conference or personal calls to discuss any operational challenges and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls (as determined by Master Licensee in its absolute discretion) with you to discuss operational challenges and conduct ongoing training.
- E. Grant approval of your office location and assist you in determining the location of your office. The selection of your office location will be your responsibility.
- F. Arrange for you or your Nominated Business Coach (if applicable) to attend Franchisor's annual regional conferences (which includes the Business Excellence Forum). There will be a conference fee to attend the global conferences, and you must pay all travel and living expenses of your attendee(s). Master Licensee may also hold such conferences within the Designated Territory. Unless waived by Franchisor in writing, attendance by you at Franchisor's Regional North American Conferences (including the Business Excellence Forum) is mandatory.
- G. Provide to ~~you~~you an online WIKI format version of the Manuals and any amendments thereto promulgated by Franchisor via online access. The Manuals for your Nominated Business Coach will be supplied to you via on-line access once Master Licensee receives an executed copy of the Nominated Business Coach Agreement and the Training Fee has been paid.
- H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.
- I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.

7.2 ~~7.2~~ Master Licensee will offer you such additional guidance and assistance as Master Licensee deems necessary or advisable. Failure of Master Licensee to provide any particular service, either initial or continuing, will not excuse you from paying any of the fees including but not limited to, the Franchise Fee, Royalty Fees or Marketing and Advertising Fees.

## SECTION 8 - TERRITORY ISSUES AND 3<sup>rd</sup> Party DDMA

8.1 — ~~8.1~~ — Your franchise is non-exclusive. There will be other Business Coaches providing Coaching Services in the Designated Territory. In addition, Franchisor and Licensor may sell products in the Designated Territory via Across-Area Marketing Programs. Master Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.

~~8.2~~ — You may not advertise in any media whose primary circulation or footprint is outside of the Designated Territory, nor may you engage in Direct Marketing to clients or prospects outside of the Designated Territory or within a 3<sup>rd</sup> Party DDMA. Franchisor and Master Licensee may establish terms and conditions under which you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the Designated Territory, you must refer the request to Master Licensee. If the Client's or prospective client's principal office is outside of your Designated Territory and Franchisor has not licensed any third party to operate in that territory, Master Licensee may refer the request for services back to you.

8.2 — ~~8.3~~ — You may request Master Licensee's approval to relocate your Business to the territory of another ActionCOACH master licensee. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment, you must pay Master Licensee a relocation fee of Five Thousand Dollars (\$5,000) to compensate Master Licensee for its lost future income from your franchise.

~~8.4~~ — ~~The right to provide Coaching Services to Blue Chip Accounts is hereby specifically excluded. You acknowledge that other Business Coaches may provide Coaching Services to Blue Chip Accounts at or from locations in the Designated Territory. With the prior written consent of Master Licensee, You may provide Coaching Services to Blue Chip Accounts at or from locations in a territory of another Business Coach at the sole discretion of Master Licensee. Franchisor retains the sole and exclusive right to identify Clients or potential Clients as Blue Chip Accounts and permit other Business Coaches to provide Coaching Services in accordance with Franchisor's policy (as amended from time to time) on Blue Chip Accounts. All disputes relating to Blue Chip Accounts will be resolved by Franchisor, whose decision will be final and binding upon all parties.~~

~~8.5~~ — ~~You acknowledge that it is necessary for Franchisor and Master Licensee to identify, manage and service Blue Chip Accounts to ensure the consistent delivery and co-ordination of Coaching Services provided to Blue Chip Accounts.~~

## SECTION 9 – OFFICE LOCATION

9.1 — ~~9.1~~ — You can locate your office anywhere within the Designated Territory. The office must at all times be well presented and of a professional nature. Your approved office location is specified in Attachment 1. You must notify Master Licensee (in advance, if possible) if you intend to change your office location, or if for any reason you are or will be unable to operate the Business from your then-current approved office location (such as a taking by eminent domain, termination of your lease, mortgage default, or damage or repair). The term of this Agreement will not be extended by any such interruption, nor will you be excused from paying Marketing and Advertising Fees or Royalty Fees during such interruption.

9.2 — ~~9.2~~ — Your office must comply, at your sole cost and expense, with the fit out guide contained in the Manuals which may be amended from time to time.

9.3 — ~~9.3~~ — You confirm your approval of any office location which is specified in Attachment 1 and acknowledge that You have:

- A. made all necessary enquiries and have conducted your own due diligence in relation to the office location;

- B. absolutely and unconditionally satisfied yourself as a result of these enquiries and your own due diligence as to the suitability of the office location and the location of the office for the conduct of the Business;

entered into this Agreement as a result of your own assessment of all of these matters and not in reliance upon any alleged statement, warranty, condition or representation made to or alleged to have been made to You by Master Licensee, Franchisor or by any person on behalf of Master Licensee or Franchisor; and

- C. ~~D.~~—If no premises are specified in Attachment 1 then You must, prior to obtaining approval of the office location, confirm in writing your approval of the office location approved under Section 9.1 and acknowledge that it has met the requirements specified in Section 9.3 (A), (B) and (C).

## SECTION 10 - MANUALS

10.1 ~~10.1~~ You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You must not make any copies (paper, electronic, or otherwise) of the Manuals.

10.2 ~~10.2~~ Licensor or Franchisor may revise the Manuals at any time and from time to time. Master Licensee will communicate any such changes to you. Such revisions may include changes with respect to:

- A. The authorized Coaching Services;
- B. Operating procedures;
- C. Advertising and promotions;
- D. Equipment and supplies;
- E. Dress codes;
- F. Additions or modifications of Marks;
- G. Accounting and reporting systems and forms; and
- H. Insurance requirements.

10.3 ~~10.3~~ You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.

## SECTION 11 – YOUR DUTIES AND OBLIGATIONS

11.1 ~~11.1~~—You agree to use your best efforts to increase the reputation of, and demand for, Coaching Services in the Designated Territory.

11.2 ~~11.2~~—You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:

- A. ~~A.~~—You or your Nominated Business Coach must complete the ActionCOACH induction training program, at a location designated by Franchisor. You must complete training before the Business opens. Your NBC is not permitted to

provide Coaching Services until after he/she has completed Franchisor's training. Attendance by You at Franchisor's Regional Conferences (including the Business Excellence Forum) is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.

- B. You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.
- C. You may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.
- D. All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.
- E. You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate or other legal name, but you may append "d/b/a ActionCOACH" after your corporate or legal name using the then current naming convention as approved by Master Licensee.
- F. You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee. At your cost, you must display signs at such events in accordance with the Manuals' specifications.
- G. You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.
- H. You must comply with all laws applicable to the Business.
- I. You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.
- J. You must provide the supervision, support and instruction required under any support agreement you enter into with your Nominated Business Coach.
- K. Prior to contracting with or employing, You must require your employees and Nominated Business Coach to sign a nondisclosure and non-compete agreement in a form acceptable to Master Licensee and Franchisor.
- N. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the Territory, whether franchised or operated by Franchisor (or its Affiliates).

11.3 ~~44.3~~ You must submit to Master Licensee the reports and information specified in the Manuals

from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:

- A. A report entitled "Action Plan," which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee's request.
- B. A report entitled "Key Performance Indicators," which summarizes the activities of the Business for each week. This report must be completed and delivered to Master Licensee at the end of each week or as otherwise specified in the Manuals. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.
- C. Weekly marketing results and sales performance reports.
- D. Detailed financial statements for the Business by 31 March after the end of each Financial Year for that Financial Year including a balance sheet, a profit and loss statement and a source and application of funds statement prepared by the Franchisee's accountant certifying that the contents are true and correct and are a fair and accurate view of the Business.

11.4 ~~11.4~~ You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system relating to your ActionCOACH Business.

11.5 ~~11.5~~ A Nominated Business Coach, must: (i) be approved by Master Licensee and trained by Franchisor; (ii) sign a Nominated Business Coach Agreement with you; and (iii) have direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.

11.6 ~~11.6~~ Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than seventy two (72) hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.

11.7 ~~11.7~~ Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than twelve (12) per year. You will use your best endeavors to attend.

11.8 ~~11.8~~ While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 20, you agree to supply Master Licensee with your home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.

11.9 You must:

- A. Inform Master Licensee in writing of, and promptly act to address, all Client complaints at your cost and in accordance with any relevant provision set out in the Manuals.
- B. If the Franchisee fails to address a Client complaint within two (2) Business Days, Master Licensee may attempt to address the complaint.
- C. If Master Licensee acts to address a Client complaint due to your failure to

satisfactorily address the complaint, You must pay the reasonable costs incurred by Master Licensee in attempting to address the complaint.

~~11.10~~ Subject to any applicable Law, You must:

- D. ~~D.~~ collect the information from Clients specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;
- E. ~~E.~~ collect Client information in the manner specified in the Manuals or otherwise in writing by Franchisor or Master Licensee;
- F. ~~F.~~ provide Franchisor and Master Licensee with all Client Information, in the form specified in the Manuals, at the end of each Month or within twenty four (24) hours after receiving a request from Master Licensee.

11.10 ~~11.11~~ Franchisor and/or Master Licensee may establish and maintain a Client database to store Client Information.

11.11 ~~11.12~~ All Clients and the information contained in both the Client Forms completed by Clients and the client database are and will remain the sole property of Franchisor and Master Licensee.

## SECTION 12 - MINIMUM PERFORMANCE

12.1 ~~12.1~~ You must achieve Minimum Performance which the Franchisee accepts are minimum criteria which the Franchisee must perform and are not targets or objectives.

12.2 ~~12.2~~ If You fail to achieve the Minimum Performance in any Assessment Period You must attend a meeting held by Master Licensee, at your cost, to discuss the performance of the Business.

12.3 ~~12.3~~ You must at that meeting: (a) provide Master Licensee and Franchisor with a written explanation for the failure to achieve the Minimum Performance, if requested to do so by Master Licensee or Franchisor; and (b) if requested by Master Licensee or Franchisor, set out specific strategies or actions to be taken to address the failure which are acceptable to Master Licensee and Franchisor.

12.4 ~~12.4~~ If Master Licensee and Franchisor consider that You have failed to achieve the Minimum Performance for reasons within your control, Master Licensee or Franchisor may require You, your NBC's and employees, to undertake additional training, at your cost.

12.5 ~~12.5~~ If You fail to: (a) attend a meeting with Master Licensee in accordance with Section 12.2; (b) attend and complete additional training or procure additional training that You are required to attend and complete to the satisfaction of Franchisor as required by Master Licensee and Franchisor under Section 12.4; (c) implement any agreed strategy or action resulting from the meeting referred to in Section 12.2; (d) meet Minimum Performance within six (6) months of: attending a meeting with Master Licensee; or You completing additional training, as required under Section 12.4, You must, within six (6) months of the date upon which Master Licensee notifies You that You have failed to meet one (1) or more of your obligations under this section, transfer the Business in accordance with the procedure set out in Section 20.

12.6 ~~12.6~~ If You are required to transfer the Business under Section 12.5 and fail to do so within the required time frame, Master Licensee may terminate this Agreement by written notice to You and the Master Licensee is not required to pay any compensation to You or any other person in respect of the termination.

12.7 ~~12.7~~ Master Licensee will review and set a new Minimum Performance at each Renewal.

### SECTION 13 - PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

- 13.1 Except for equipment and products that are proprietary to Licensor or Franchisor, you may purchase your equipment, software, supplies, and other items from any reputable manufacturer or supplier. To the extent that Franchisor publishes standards for non-proprietary equipment, software, telephone lines, Internet service, supplies, stationery, or other items used in the Business, you must use only items meeting the applicable standards. If you receive notice from Master Licensee of a change in the applicable standards, you agree to comply with the new or revised standards as soon as practicable.

### SECTION 14 - INSURANCE AND INDEMNIFICATION

- [14.1](#) ~~14.1~~ You must purchase before the Business opens, and at all times thereafter maintain in full force and effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:

- A. Professional indemnity insurance;
- B. Comprehensive general liability insurance;
- C. Workers' compensation insurance and employers' liability insurance without any limit as to the amount;
- D. Insurance required by the terms of any lease, mortgage or other loan for the Business;
- E. Any additional insurance that Master Licensee or Franchisor may inform you is required; and
- F. All liability policies must list Master Licensee and Franchisor as additional named insureds. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.

- [14.2](#) ~~14.2~~ All policies of insurance must be with responsible companies qualified to do business and in good standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least thirty (30) days' prior written notice from the insurer to Master Licensee and Franchisor. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.

- [14.3](#) ~~14.3~~ If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. Within five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.

- [14.4](#) ~~14.4~~ You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 20. This indemnity is not limited by the amount of insurance that you carry.

~~14.5~~ All property used in the Business will be maintained at your sole risk, and if any property is damaged in any way, Master Licensee will not compensate you except to the extent the damage was caused by Master Licensee's gross negligence or willful acts.

## SECTION 15 - TRADEMARKS AND CONFIDENTIAL INFORMATION

15.1 ~~15.1~~ You acknowledge Licensor's exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of Licensor. You agree that you will not, during or after the term of this Agreement:

- A. contest or aid in contesting the validity or ownership of the Marks;
- B. take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or
- C. use, register or attempt to register the Marks in your own name for any purpose, including but not limited to, any registration at any government or domain name registry. You may, however, register a "d/b/a" or a fictitious business name certificate in connection with the operation of the Business with the written permission of the Master Licensee.

15.2 You agree to:

- A. use the Marks only in connection with the Business;
- B. use the Marks only in accordance with the Manuals;
- C. reproduce the Marks exactly and accurately; and
- D. change, discontinue, or substitute for any of the Marks, at your own expense, if Master Licensee notifies you that Licensor or Franchisor has modified the Marks to be used in the U.S.A.

15.3 ~~15.3~~ You acknowledge that you will have access to the Manuals and other valuable trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the "Confidential Information"). The Confidential Information was developed at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential

Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 20, you will return or destroy all Confidential Information.

[15.4](#) ~~15.4~~—You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.

~~15.5~~—You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 18 and not use any Client or prospective client data for any purpose contrary to Section 16.2.

### SECTION 16 - RESTRICTIONS ON COMPETITION

[16.1](#) ~~16.1~~—During the Term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a Business Coach (or any similar capacity) to, provide financial assistance to, or acquire any interest in any business that offers services in competition with or similar to any of the Coaching Services (“Competing Business”) to clients in the U.S.A.

[16.2](#) ~~16.2~~—The restriction in Section 16.1 will also apply for a continuous two (2) year period after the expiration or termination of this Agreement or after a transfer approved under Section 20, but only as to clients in the Designated Territory and within one hundred (100) miles of the Designated Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.

[16.3](#) ~~16.3~~—During the term of this Agreement and for a continuous two (2) year period after its expiration or termination or after a transfer approved under Section 20, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee.

[16.4](#) ~~16.4~~—Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in this Section 16 by written notice to you.

[16.5](#) ~~16.5~~—This Section and Section 15 apply to your NBCs, employees and individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee’s request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 15 and 16.

[16.6](#) ~~16.6~~—You agree that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 15 or Section 16 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may, notwithstanding the provisions of Section 22.9 hereof, seek injunctive relief, without notice to you, in addition to any other relief that may be available to them for breach of Section 15 or Section 16.

16.7 ~~16.7~~ In the event of a breach of the provisions of Sections 15 or 16, Franchisor is entitled to liquidated damages from you in the amount of Two Hundred Fifty Thousand Dollars (US\$250,000.00). You expressly agree that this amount is not a penalty but a reasonable estimate of the damages that would result from any such breach. In the event that legal action becomes necessary for the enforcement of any of the provisions of Sections 15 or 16 of this Agreement or to collect the liquidated damages provided herein, the prevailing party shall receive in addition to any other damages or relief awarded, its reasonable attorney's fees, together with appropriate costs and interest. You agree that in the event of a breach of any of the provisions of Sections 15 or 16, Franchisor shall be entitled, notwithstanding the provisions of Section 22.9 hereof, to recover provisional or permanent injunctive relief as well as liquidated damages, and that the liquidated damages provision included herein does not provide Franchisor with an adequate remedy at law for any such breaches which you may commit.

~~16.8~~ If a court or arbitrator determines that any restriction or provision in this Section 16, strictly applied, would be invalid or unenforceable, then the restriction or provision will be deemed modified to the extent necessary (but only to that extent) to make it valid and enforceable. If a dispute regarding enforceability of Section 16.2 or 16.3 is resolved in favor of Master Licensee and Franchisor, the two (2) year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.

## SECTION 17 – DEFAULT AND TERMINATION

### 17.1 ~~17.1~~ Termination by You.

If you are in compliance with this Agreement and Master Licensee materially breaches this Agreement and fails to cure the breach within sixty (60) days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective ten (10) days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 18.

### 17.2 ~~17.2~~ Termination by Master Licensee – No Right to Cure.

In addition to its other rights of termination contained in this Agreement, Master Licensee will have the right to terminate this Agreement by written notice, effective immediately, if you:

- A. voluntarily abandon the franchise relationship;
- B. are convicted of a criminal offense directly related to the Business, or convicted of any felony;
- C. fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within twenty four (24) hours after receiving written notice to cure;
- D. fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;
- E. make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;
- F. submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of twelve (12) consecutive

months, which understate by more than five percent (5%) the Gross Revenues of the Business;

- G. make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;
- H. fail to submit sales reports or financial statements when due on three (3) or more occasions in any twelve (12) month period;
- I. fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any twelve (12) month period;
- J. fail on three (3) or more occasions in a twelve (12-) month period to pay creditors, employees, or suppliers on a timely basis;
- K. fail on three (3) or more occasions in a thirty six (36) month period to achieve an overall score of at least eighty percent (80%) on Franchisor's compliance audit or a score of at least seventy percent (70%) for any section of the compliance audit;

~~L.~~ fail to achieve Minimum Performance in three (3) or more Assessment Periods during the Term.

### **17.3 ~~17.3~~ Termination by Master Licensee – Failure to Cure.**

Except as provided in Section 17.2, you will have thirty (30) days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the thirty (30) day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.

## **SECTION 18 – OBLIGATIONS UPON EXPIRATION OR TERMINATION**

- 18.1 Upon expiration or termination of this Agreement, you must:
- A. Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;
  - B. Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;
  - C. Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor. You must execute an assignment ("Conditional Assignment of Telephone and Directory Listings"), in a form set forth in Attachment 4;
  - D. Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee.

- E. Provide Master Licensee with executed copies of all Client agreements and immediately execute any further agreements requested by Master Licensee necessary to assign any Client agreements to Master Licensee.
- F. Immediately amend or terminate your business registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within thirty (30) days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.
- G. Comply with the provisions of Section 16 (Restrictions on Competition).

18.2 —~~18.2~~—The expiration or termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies that Master Licensee, Franchisor, or Licensor may have against you.

18.3 —~~18.3~~—You acknowledge that injuries caused by your failure to comply with this Section 18 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 18.

~~18.4~~—If Master Licensee terminates this Agreement based on your default, you must pay Master Licensee liquidated damages, calculated as follows: (a) the average of your monthly Royalty Fees and Marketing and Advertising Fees due for the last twelve (12) months before termination (not including the months before the Royalty Fee and Marketing and Advertising Fee obligations begin under Sections 4.1 and 4.2); (b) multiplied by the lesser of twenty four (24) or the number of months remaining in the then-current term under Section 2, (c) discounted to present value using the then-current prime rate of interest quoted by Master Licensee's principal commercial bank; (d) minus the present value (determined using the same period as in (b) and the same discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.

#### SECTION 19 – THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR

19.1 —~~19.1~~—You acknowledge and agree that all of Master Licensee's rights and all of your obligations under this Agreement inure to the benefit of Franchisor and Licensor, and that they each have a third- party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.

19.2 —~~19.2~~—Upon termination or expiration of the Master License Agreement for any reason, this Agreement will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.

#### SECTION 20 - TRANSFER

20.1 —~~20.1~~—**By Master Licensee.** Master Licensee may transfer its rights under this Agreement as it sees fit without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.

~~20.2~~

## **20.2 By You -- General.**

- A. None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 20. Any action contrary to this Section 20 will be a material breach of this Agreement and will be void.
- B. If this Agreement has been transferred to an entity under Section 20.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 20.
- C. No transfer that requires Master Licensee's consent may be completed until at least sixty (60) days after Master Licensee receives written notice of the proposed transfer. You agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 20.3.
- D. Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.
- ~~E.~~ All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.

## **20.3 ~~20.3~~ Conditions to Transfers.**

No transfer will be approved by Master Licensee or be effective unless and until:

- A. The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Business Coach;
- B. The proposed transferee has paid the then-current training fee and has satisfactorily completed the ActionCOACH induction training program, except that part or all of this requirement may be waived if the transferee has completed the training program within the last five (5) years;
- C. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;
- D. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;
- E. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement ("Transfer Fee"); and
- F. The transferee has executed a new Business Coach Franchise Agreement in the form then being offered by Master Licensee to new Business Coaches in the Territory.

## **20.4 ~~20.4~~ Transfer to a Corporation, LLC, etc.**

If you are an individual (and not a business entity) and you desire to transfer this Agreement to a corporation, limited liability company, partnership, trust, or other entity, you may do so only if:

- A. The entity is newly formed and its authorized activities are limited to operating the Business;
- B. You are the majority owner and have sole power to direct and control the management and affairs of the entity;
- C. You remain jointly liable with the entity for all obligations of the Business Coach under this Agreement. You acknowledge and agree that the assumption of your obligations by the entity does not limit your personal obligations under this Agreement, and that you and the entity will be jointly and severally liable.
- D. You continue to devote your full time and best efforts to manage the operations of the Business, unless you have a Nominated Business Coach approved by Master Licensee;
- E. The entity signs an agreement with Master Licensee assuming, jointly and severally, all of your obligations under this Agreement; and
- F. The stock certificates, certificated units of partnership or certificated beneficial interests of the corporation, partnership or trust bear the following legend:

"The (shares of capital stock) (partnership interest) (beneficial interest) represented by this certificate are subject to the terms and conditions set forth in that certain Business Coach Franchise Agreement dated        between the Company and       , a copy of which is on file in the Company's principal office and a copy of which will be provided to the holder of record hereof upon written request without charge."

#### **20.5 ~~20.5~~ Death, Incapacity or Personal Bankruptcy.**

- A. If You (or any owner, if this Agreement has been transferred to an entity) die, become incapacitated, or enter bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within one hundred twenty (120) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 20.2 and 20.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the Nominated Business Coach, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days; or (ii) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 19.3, the executor may transfer the decedent's interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- B. If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate this Agreement by signing a termination agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.

## SECTION 21 – OPTION TO PURCHASE

**21.1** ~~21.1~~ Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 20.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.

**21.2** ~~21.2~~ Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within thirty (30) days following receipt of notice from you under Section 20.2. You will have fourteen (14) days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 21.1 within thirty (30) days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 19.

~~21.3~~ The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.

## SECTION 22 – GENERAL PROVISIONS

**22.1** ~~22.1~~ **Relationship of Parties.**

You do not have any authority to act on behalf of, or as an agent of, Master Licensee, Franchisor, or Licensor for any purpose, nor may you hold yourself out as having such authority. No fiduciary, agency, employment, or partnership relationship exists between you and Master Licensee. You are an independent contractor responsible for all obligations and liabilities of the Business, including any claims or demands based on damage or destruction of property or on injury, illness or death of any person arising directly or indirectly from, or in connection with, the operation of the Business.

**22.2** ~~22.2~~ **No Conflict with Other Agreements.**

You represent that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement.

**22.3** ~~22.3~~ **Prevailing Party Reimbursement.**

In any legal action or arbitration involving you and Master Licensee and/or Franchisor, the prevailing party will be entitled to recover its investigation costs, collection costs, reasonable attorneys' fees, court costs, and all litigation or arbitration expenses, including arbitrators' fees.

**22.4** ~~22.4~~ **No Waiver.**

No failure or delay on the part of Master Licensee or Franchisor in connection with the enforcement or exercise of any rights under this Agreement will affect Master Licensee's or Franchisor's right to strictly enforce this Agreement at any time. No custom or practice regarding this Agreement will preclude the strict enforcement of this Agreement. No waiver by Master Licensee of performance of any provision of

this Agreement will constitute a waiver of Master Licensee's or Franchisor's rights to enforce that provision at any future time.

#### **22.5 ~~22.5~~ Entire Agreement; Amendments.**

This Agreement constitutes the entire agreement between you and Master Licensee and supersedes all prior agreements, negotiations, correspondence, and representations, whether oral or written, concerning the same subject matter; provided however, that nothing in the foregoing section is intended to disclaim any representations made by Master Licensee in the Franchise Disclosure Document provided to you in connection with your entry into this Agreement. Except as expressly provided herein, this Agreement may be modified only by a written document signed by you and an authorized representative of Master Licensee.

#### **22.6 ~~22.6~~ Survival.**

All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 20, including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 20.

#### **22.7 ~~22.7~~ Severability.**

If any term or provision of this Agreement or the application thereof to any person, property or circumstance is determined by a court or arbitrator to be invalid or unenforceable, the remainder of this Agreement will be unaffected and will remain in full force and effect. Should this prove impractical, Master Licensee will have the option of terminating this Agreement upon written notice to you.

#### **22.8 ~~22.8~~ Governing Law.**

This Agreement will be interpreted in accordance with and governed by the laws of the state in which Franchisor's principal office is located at the time of the dispute, except as otherwise required by the laws of the state in which the Business is located.

#### **22.9 ~~22.9~~ Mediation and Arbitration.**

- A. This dispute resolution clause applies to claims (except claims by Master Licensee for any payment to be made by Franchisee to Master Licensee under this Agreement) by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 20.
- B. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within ten (10) days, will be submitted to nonbinding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.
- C. Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within sixty (60) days, must be resolved exclusively by mandatory arbitration in accordance with the rules of the American Arbitration

Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.

- D. Notwithstanding Section 22.8, all issues relating to arbitrability or the enforcement of this Section 22.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.
- E. Each party to any arbitration or litigation under this Agreement waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.
- F. Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.

#### ~~22.10~~ Improvements.

If Franchisee develops any improvement in the System, Franchisee will promptly notify Master Licensee and will provide all necessary information to Master Licensee. All such changes and improvements will be the sole property of Franchisor.

#### 22.10 ~~22.11~~ Notices.

All notices pursuant to this Agreement must be in writing and be delivered in person or mailed by certified or other receipted mail, or by Federal Express or other receipted commercial delivery service, or by facsimile or electronic mail. The addresses for notice will be those set forth in Attachment 1. You or Master Licensee, with notice to the other party, may change the address to which notices will be sent.

#### 22.11 ~~22.12~~ Successors.

This Agreement will inure to the benefit of and be binding on you and Master Licensee, and your and Master Licensee's respective successors, assigns, heirs, executors, administrators, and personal representatives.

#### 22.12 ~~22.13~~ Costs to alter contracts.

If you request, and Master Licensee approves, any amendment to this Agreement after the date of this Agreement, you agree to reimburse Master Licensee (and Franchisor, if applicable) for their reasonable costs (including attorneys' fees) incurred in connection with such amendment.

#### 22.13 ~~22.14~~ Acknowledgments.

**YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS COACH FRANCHISE AND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON YOUR**

ABILITY AS AN INDEPENDENT BUSINESSPERSON. MASTER LICENSEE EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SALES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

YOU ACKNOWLEDGE THAT YOU RECEIVED A FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS (10 BUSINESS DAYS IN MARYLAND, MICHIGAN, NEW YORK, OREGON RHODE ISLAND & WASHINGTON) BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.

YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS AGREEMENT, AND THAT MASTER LICENSEE HAS GIVEN YOU AMPLE TIME AND OPPORTUNITY, AND HAS ENCOURAGED YOU, TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.

APPROVED AND EXECUTED ~~ON~~ AS OF THE EFFECTIVE DATE.

**FRANCHISEE**

By: \_\_\_\_\_ By: \_\_\_\_\_  
 Printed: \_\_\_\_\_ Printed: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
~~% Ownership %:~~ ~~Ownership %:~~ \_\_\_\_\_ % Ownership: \_\_\_\_\_

All persons with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guarantee attached to this Agreement.

**MASTER LICENSEE**

By: \_\_\_\_\_  
 Printed: \_\_\_\_\_  
 Title: \_\_\_\_\_

**ATTACHMENT 1**  
**TO THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT**

~~1. Master Licensee's Territory:~~

~~2. Designated Territory: Refer to Attachment 3.~~

~~Designated Direct Marketing Area: Refer to Attachment 3.~~

~~3. Franchise Fee: Forty Four Thousand Five Hundred Dollars (\$44,500)~~

~~4. Royalty Fee and Marketing and Advertising Fee:~~

~~The monthly Royalty Fee is \$1,950 if Gross Revenues for the preceding month is below \$15,000—~~

- ~~• Plus 9% of Gross Revenues between \$15,000 and \$64,999.99;~~
- ~~• Plus 8% of Gross Revenues between \$65,000 and \$104,999.99;~~
- ~~• Plus 7% of Gross Revenues between \$105,000 and \$124,999.99;~~
- ~~• Plus 6% of Gross Revenues between \$125,000 and \$144,999.99;~~
- ~~• Plus 5% of Gross Revenues above \$144,999.99.~~

~~The Royalty Fee is due on the 1<sup>st</sup> day of each calendar month in accordance with Section 4.1.~~

~~The monthly Marketing and Advertising Fee is 5% of Gross Revenues in the preceding month (capped at~~

**1 Parties**

Master Licensee -  
Name:  
Address:  
Email:

Franchise  
e - Name:  
Address:  
Email:

<b><u>2</u></b>	<b><u>Territory</u></b>	<u>Master Licensee's Territory:</u>  <u>Designated Territory: See Attachment 3</u>  <u>3<sup>rd</sup> Party DDMA:</u>  <u>N.A.</u>  <u>See Attachment 3</u>
<b><u>3</u></b>	<b><u>Franchise Fee</u></b>	<u>Franchise Fee: \$44,500</u>
<b><u>4</u></b>	<b><u>Term</u></b>	<u>Term: 10</u> <u>years</u> <u>Effective</u> <u>Date: Expiry</u> <u>Date:</u> <u>Renewal Term: 10 years</u>
<b><u>5</u></b>	<b><u>Royalty Fee</u></b>	a) <u>Monthly Base Royalty Fee due on the 1<sup>st</sup></u> <u>day of the each month at the rate of</u> <u>\$1,950; plus</u>  c) <u>Percentage Base Royalty Fee due on the</u> <u>5<sup>th</sup> day of each month at the following</u> <u>rates:</u> <ul style="list-style-type: none"> <li><u>• 9% of Gross Revenues between</u> <u>\$15,000 and \$64,999.99;</u></li> <li><u>• Plus 8% of Gross Revenues between</u> <u>\$65,000 and \$104,999.99;</u></li> <li><u>• Plus 7% of Gross Revenues between</u> <u>\$105,000 and \$124,999.99;</u></li> <li><u>• Plus 6% of Gross Revenues between</u> <u>\$125,000 and \$144,999.99;</u></li> <li><u>• Plus 5% of Gross Revenues above</u> <u>\$144,999.99.</u></li> </ul>
<b><u>6</u></b>	<b><u>Marketing and Advertising Fee</u></b>	<u>The monthly Marketing and Advertising Fee is</u> <u>5% of Gross Revenues in the preceding month.</u>

[\(capped at](#)

\$750) and is due on the 5th day of each calendar month, except that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your NBC, as applicable, complete the induction training program.

~~7~~ ~~5. Minimum Performance:~~ Requirement An average Gross Revenue of ~~Nine Thousand Five Hundred Dollars (\$9,500)~~ per month each Assessment Period.

~~8~~ ~~6. Assessment Period:~~ Each period of ~~three (3)~~ consecutive months during the Term, commencing ~~the Month following the first six (6) Months~~ on the 13th month from the ~~Commencement~~ Effective Date.

~~7. Training Fee:~~

~~8. Renewal Fee:~~

~~9. Transfer Fee:~~

~~10. Relocation Fee:~~

~~11. Termination Fee:~~

~~12. Quarterly Administrative Fee:~~

~~13. Upgrade Fee:~~

~~14. Interest Rate:~~



~~15. Nominated Business Coach:~~

~~16. Employees:~~

~~17. Addresses:~~

~~(a)~~ ~~Master Licensee:~~  
[Practice FA.03.18 USA](#)

~~(b) — Business Coach:~~

~~18. Office Location:~~

~~19. Trade Names and Marks:~~

~~(a) — ActionGOACH~~

~~20. Expiry Date:-~~

~~Twenty Five Thousand Dollars (\$25,000). The 10-Day \$25,000 for the 10-day~~ training. The fee includes accommodations and meals during the training sessions.

~~Two Thousand Five Hundred Dollars (\$2,500)~~

~~Two Thousand Five Hundred Dollars (\$2,500)~~

~~Five Thousand Dollars (\$5,000)~~

~~{Intentionally omitted}~~

<u>9</u>	<u>Renewal Fee</u>	<u>\$2,500</u>
<u>10</u>	<u>Mandatory Annual Regional Conference and Technology Fee</u>	<u>\$300/quarter</u>

~~Six Hundred Dollars (\$600) per-~~

<u>11</u>	<u>Transfer Fee</u>	<u>\$2,500</u>
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<u>12</u>	<u>Relocation Fee</u>	<u>\$5,000</u>
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<u>13</u>	<del>Forty</del> <u>Upgrade Fee</u>	<u>Ten</u> Thousand Dollars ( <del>\$40,000</del> <u>10,000</u> ); <u>plus the difference between the Franchise Fee you originally paid and the current PRACTICE (Premium) Franchise Fee</u>
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The Upgrade Fee is due to Master Licensee if you are not in breach of the Agreement and you want to upgrade to a PRACTICE Premium franchise. Any upgrade is subject to the payment of the Upgrade Fee and any and all related federal or state law requirements. The Upgrade Fee shall be in lieu of the franchise ~~fee~~fees for a PRACTICE Premium franchise.

<u>14</u>	<del>One and one half percent</del> <u>(Interest Rate</u> 1.5%) per month (or the maximum rate permitted by law, <del>if less than 1.5%</del> <u>whichever is less</u> )
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<u>15</u>	<u>Nominated Business Coach</u>
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<u>16</u>	<u>Office Location</u> (if different from the address in Item 1 above)
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<u>17</u>	<u>Tradenames and Trademarks</u>	<u>ActionCOACH</u>
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[ATTACHMENT 2](#)  
TO THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT

**PERSONAL GUARANTEE**

We, the undersigned, in order to induce Master Licensee to enter into a Business Coach Franchise Agreement (the "Agreement") with \_\_\_\_\_ ("Business Coach"), guarantee performance of Business Coach's obligations under the Agreement, including, without limitation, payment of all monetary obligations of Business Coach to Master Licensee. In addition, we agree to be personally bound by the confidentiality, non-competition, transfer, and dispute resolution provisions of the Agreement. We acknowledge that our obligations under this Personal Guarantee are joint, several, personal and irrevocable.

GUARANTORS:

Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

SIGNED- \_\_\_\_\_

Date: \_\_\_\_\_

Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

SIGNED-

Date:

Witness \_\_\_\_\_ PRINTED

SIGNED-

Date:

SIGNED \_\_\_\_\_

Date: \_\_\_\_\_

Witness \_\_\_\_\_

PRINTED \_\_\_\_\_

SIGNED \_\_\_\_\_

Date: \_\_\_\_\_

ATTACHMENT 3  
TO THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT

A. Designated Territory

Your Designated Territory ~~consists of the following zip codes, postal codes and/or counties in the State of:~~ will be the all of the Master Licensee's Territory (see Item 2 on Attachment 1)

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~~If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the Designated Territory, Master Licensee will use its best endeavors to reassign the redesignated zip codes that correspond as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to the boundaries or any other change which alters the Designated Territory.~~

3<sup>rd</sup> Party DDMA

Master Licensee has identified all ~~DDMA's~~ 3<sup>rd</sup> Party DDMA's in ~~Master Licensee's~~ the Designated Territory having the following zip codes, postal codes and/or counties in the ~~State of~~ Designated Territory:

~~THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT~~


If the U.S. Postal Service alters the boundaries or numbers of any of the zip codes referencing the DDMA, Master Licensee will use its best endeavors to reassign the redesignated zip codes that correspond as closely as possible to the previously held zip codes. You must advise Master Licensee if you become aware of any change to Zip Code boundaries or any other change which alters the DDMA.

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ATTACHMENT 4  
TO THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS**

In consideration of Master Licensee ("Assignee") concurrently granting an ActionCOACH Practice Business Coach Agreement ("Franchised Business") to ("Assignor"), and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet web site addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of the Franchised Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Assignee. This Assignment is valid on the effective date and is irrevocable. Assignee may fill in, add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

Date:

**ASSIGNOR:** \_\_\_\_\_ **ASSIGNEE:** \_\_\_\_\_

Date:

ASSIGNOR:

ASSIGNEE:

By: \_\_\_\_\_

By: \_\_\_\_\_ Its: \_\_\_\_\_

Its: \_\_\_\_\_

~~ATTACHMENT 41 TO  
THE PRACTICE BUSINESS COACH FRANCHISE AGREEMENT~~

By:-  
Its:-

**ATTACHMENT 57**  
**TO**  
**THE FIRM BUSINESS COACH FRANCHISE AGREEMENT**

**DIRECT DEBIT AUTHORIZATION FORM**

Effective date of Authorization: _____							
Type of Authorization:	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Authorization</td> <td style="width: 50%; border: none;">Change banking information</td> </tr> <tr> <td style="border: none;">Change payment amount</td> <td style="border: none;">Discontinue electronic payment</td> </tr> <tr> <td style="border: none;">Change payment date</td> <td style="border: none;"></td> </tr> </table>	New Authorization	Change banking information	Change payment amount	Discontinue electronic payment	Change payment date	
New Authorization	Change banking information						
Change payment amount	Discontinue electronic payment						
Change payment date							
Last Name	First Name						
Address							
City	State                      Zip						
Please debit payments from my (check one):  <input type="checkbox"/> Checking Account (attach voided check when returning)  <input type="checkbox"/> Savings Account (contact your financial institution for Routing#)	Routing Number: <i>(valid routing #'s must start with 0, 1, 2, or 3)</i>						
	Account Number:						
Date of first payment: ____ / ____ / ____  Date of last payment (optional): ____ / ____ / ____	Frequency of payment:  <input type="checkbox"/> Monthly on the 1 <sup>st</sup> (ROYALTY)  <input type="checkbox"/> Monthly on the 5 <sup>th</sup> (MARKETING)						
<b>Deduction Amount:</b>  <b>ROYALTY:</b> If you have signed a franchise agreement with percentage based Royalty Fee, you will be deducted the amount due based on gross revenues reported in the <b>ActionMEMBERS</b> KPI system.  <b>MARKETING:</b> If you have signed a franchise agreement with percentage based Marketing and Advertising Fee, you will be deducted the amount due based on gross revenues reported in the ActionMEMBERS KPI system.							
<b>AGREEMENT</b>  I authorize [Name of Master Licensee] to process debit entries to my account. I understand that this authority will remain in effect until I provide reasonable notification to terminate authorization.							
Authorized Signature: _____	Date: _____						
FOR OFFICE USE ONLY:	DATE:						



**EXHIBIT C**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**STATE-REQUIRED ADDENDA TO FRANCHISE AGREEMENT**

**If you are purchasing a franchise subject to Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota or Washington law, please sign the applicable state addendum only.**

**ADDENDUM  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the Illinois Franchise Disclosure Act of 1987, the parties agree to modify the [check appropriate box]  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Section 2 is modified to include the following paragraph:

The conditions under which the franchise can be terminated and the parties’ rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

0. Section 3 is modified to include the following:

The Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor/affiliates financial statements.

3. Section 17 is modified to include the following paragraph:

The conditions under which the franchise can be terminated and the parties’ rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

4. The following is added after the word “representations” in the first sentence of Section 22.5 of the Franchise Agreement:

, except for those contained in the disclosure document,

5. Section 22.8 is modified to include the following:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

6. The first two paragraphs of Section 22.13 are deleted.

7. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Illinois Franchise Disclosure Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_ By:

Title: \_\_\_\_\_ Title: \_\_\_\_\_

**ADDENDUM  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the *[check appropriate box]*  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

2. Sections 2.1(F) and 20.3(D) are amended to add the following:

Notwithstanding the foregoing, pursuant to COMAR 02.02.02.16L, the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. Section 3.1 is amended to add the following:

In Maryland, the Franchise Fee is not due until Master Licensee has fulfilled its pre-opening obligations to you.

9. Section 3.2 is amended to add the following:

In Maryland, the Training Fees are not due until Master Licensee has fulfilled its pre-opening obligations to you.

10. Section 3.3 is amended to add the following:

In Maryland, the Technology Fee is not due until Master Licensee has fulfilled its pre-opening obligations to you.

1. Section 4 is amended to add the following:

We do not collect any portion of the initial fees (including the franchise, training and technology fees) until we and ACNA have fulfilled all our pre-opening obligations to you.

11. Section 22.5 is amended to add the following:

Notwithstanding anything to the contrary in this Franchise Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to Master Licensee’s prior representations.

12. Section 22.8 is amended to add the following:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

13. Section 22.9 is amended to add the following:

Notwithstanding the foregoing, you may bring any claims under the Maryland Franchise Registration and Disclosure Law in a Maryland court.

0. The Maryland Attorney General has determined that we may not be able to fulfill our obligations to you in the establishment and opening of the business. Accordingly, ActionCOACH America, Inc. has provided a guaranty of performance of our obligations to you.

10. The acknowledgements in Section 22.13 do not constitute a release, estoppel or waiver by you of your rights under the Maryland Franchise Registration and Disclosure Law.

0. Notwithstanding anything to the contrary in this Franchise Agreement, any limitation of claims provision shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

11. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

**ADDENDUM  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the *[check appropriate box]*  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Sections 2.1(F) and 20.3(D) are amended to add the following:

The release required by this section will not relieve any person from liability imposed by Minn. Stat. §§ 80C.01-80C.22. However, Minn. Stat. §§ 80C.01–80C.22 does not bar a release given in connection with the voluntary settlement of disputes.

2. The following paragraph is added as Section 15.6:

Master Licensee will indemnify you against liability to a third party resulting from claims that your use of the Proprietary Marks infringes trademark rights of the third party, provided that your use is in accordance with the requirements of this Agreement and the System.

3. Section 17.4 is amended to add the following:

Notwithstanding anything to the contrary in Section 17.2 or 17.3, Master Licensee will comply with Minnesota Statutes § 80C.14, Subdivision 3, 4, and 5 which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of this Agreement.

4. The second sentence of Section 18.3 is deleted and replaced with the following:

You agree that Master Licensee will be entitled to seek injunctive relief in addition to any other relief that may be available for breach of this Section 18.

5. Section 22.8 is amended to add the following:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

6. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_

By:

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM  
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, §§ 680-695, and the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1-201.16), the parties agree to modify the *[check appropriate box]*  The FIRM - Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

7. Any provision in the Franchise Agreement that is inconsistent with New York General Business Law, Article 33, §§ 680-695 may not be enforceable.

8. Sections 2.1(F) and 20.3(D) are amended to add the following:

The release required by this Section will not apply to any claim you may have under New York General Business Law, Article 33, §§ 680-695.

9. Section 18.3 is amended to add the following:

Under New York General Business Law, Master Licensee’s right to obtain injunctive relief exists only after the proper proofs are made and the appropriate authority has granted such relief.

10. Section 20.1 is amended to add the following:

Master Licensee will not assign its rights under the Franchise Agreement except to an assignee who in Master Licensee’s good faith judgment is willing and able to assume Master Licensee’s obligations under the Franchise Agreement.

11. Section 22.8 is amended to add the following:

Notwithstanding the foregoing, New York General Business Law shall govern any claim arising under that law.

12. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of New York General Businesses Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM  
REQUIRED BY THE STATE OF NORTH DAKOTA**

In recognition of the requirements of the North Dakota Franchise Investment Law, North Dakota Cent. Code §§ 51-19-01 to 51-19-17, and the Rules and Regulations promulgated thereunder, the parties agree to modify the *[check appropriate box]*  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

13. Sections 2.1(F) and 20.3(D) are amended to add the following:

The release required by this Section will not apply to any claim you may have under the North Dakota Franchise Investment Law.

14. Section 16 is amended to add the following:

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.

15. Section 18.4 is amended to add the following:

Under North Dakota law, a requirement that franchisees consent to liquidated damages or termination penalties is unenforceable.

16. Section 20.3(D) is amended to add the following:

The release required by this Section will not apply to any claim you may have under the North Dakota Franchise Investment Law.

17. Sections 22.8, 22.9(B), and 22.9(C) are amended to add the following:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the arbitration of disputes at a location that is remote from the site of the franchisee’s business, consent to the application of laws of a state other than North Dakota, or consent to the waiver of a trial by jury is void.

18. Section 22.9(E) is amended to add the following:

Under North Dakota law, a requirement that franchisees consent to waiver of exemplary or punitive damages or penalties is unenforceable.

19. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and Franchisee satisfy all of the jurisdictional requirements of the North Dakota Franchise Investment Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the *[check appropriate box]*  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

3. Section 22.8 is amended to add the following:

Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

14. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_

By:

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

In recognition of the requirements of the South Dakota Codified Laws §§ 37-5B-5 and any regulations promulgated thereunder, the parties agree to modify the *[check appropriate box]*  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

4. Section 3.1 is amended to add the following:

The Franchise Fee is not due until Master Licensee and Franchisor have fulfilled their pre-opening obligations to you.

15. Section 3.2 is amended to add the following:

The Training Fees are not due until Master Licensee and Franchisor have fulfilled their pre-opening obligations to you.

16. Section 3.3 is amended to add the following:

The Technology Fee is not due until Master Licensee and Franchisor have fulfilled their pre-opening obligations to you.

2. Section 4 is amended to add the following:

We do not collect any portion of the initial fees (including the franchise, training and technology fees) until Master Licensee and Franchisor have fulfilled all of their pre-opening obligations to you.

0. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_ By: \_\_\_\_\_

Title:

Title:

**ADDENDUM  
REQUIRED BY THE STATE OF WASHINGTON**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties agree to modify the *[check appropriate box]*  The FIRM – Business Coach Agreement;  The Practice [type] – Business Coach Franchise Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Sections 2.1(F) and 20.3(D) are amended to add the following:

The release required by this Section will not apply to your rights under the Washington Franchise Investment Protection Act.

2. Section 3 is modified to include the following:

For franchisees in Washington, the obligation to pay the initial fees described in this Section 3 is deferred until Franchisee has opened for business

3. Sections 3 and 22 are amended to add the following:

The Washington Franchise Investment Protection Act, RCW 19.100.180, may supersede this Agreement in your relationship with Master Licensee, including in the areas of termination and renewal of this Agreement. There also may be court decisions in Washington which may supersede this Agreement in your relationship with Master Licensee, including in the areas of termination and renewal of this Agreement.

4. Section 20.3(D) is amended to add the following:

The release required by this Section will not apply to your rights under the Washington Franchise Investment Protection Act.

5. Section 20.3(E) is amended to add the following:

Transfer fees are collectable to the extent that they reflect Master Licensee's reasonable estimated or actual costs in effecting a transfer.

6. Section 20.8 is amended to add the following:

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in this Agreement, the provisions of the Act shall prevail.

1. The last two sentences of Section 22.9(C) are deleted and replaced with the following:

Arbitration must take place in Washington, at a place mutually agreed by the parties at the time of arbitration, or at a place determined by the arbitrator. **[Note: Master Licensee and/or ACNA reserve the right to challenge this restriction under the Federal Arbitration Act.]**

8. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Washington Franchise Investment Protection Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**[Name of Master Licensee]:**

**[Name of FIRM Owner/Business Coach]:**

By: \_\_\_\_\_ By: \_\_\_\_\_

Title:

Title:



**EXHIBIT D**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**NOMINATED BUSINESS COACH AGREEMENT**



# NOMINATED BUSINESS COACH AGREEMENT

For

- The FIRM
- The Practice (Pro)
- The Practice ~~(5 Year)~~
- The Practice (Premium)

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# Nominated Business Coach Agreement

This Agreement is entered into effective as of [date] between and among ~~[Name of Franchise Owner]~~ (“Franchise Owner”), ~~[Name of Nominated Business Coach]~~ (“NBC”) and ~~[Name of Master Licensee]~~ (“Master Licensee”).

## RECITALS

- A. Franchise Owner is a franchisee of Master Licensee with respect to either (i) an individual ActionCOACH business coaching franchise under a Practice Business Coach Franchise Agreement (“BCFA”) or (ii) as FIRM business coaching franchise under a FIRM Business Coach Agreement. The Practice or FIRM at issue is referred to as the “Franchise Agreement.”
- B. Both the Firm Franchise Agreement and the Practice Business Coach Franchise Agreement permits only one ( 1 ) person at a time to act provide Coaching Services to Clients of the Business as a Nominated Business Coach, and permits the Franchise Owner, under certain circumstances, to appoint a Nominated Business Coach in lieu of Franchise Owner.
- C. Franchise Owner wishes to appoint NBC as Nominated Business Coach under the Franchise Agreement effective as of ~~[Appointment Date]~~ (“Appointment Date”).
- D. Master Licensee has approved the appointment of NBC and NBC has either completed the training required by ActionCOACH North America, LLC (“Franchisor”), or will complete such training prior to providing any Coaching Services under the Franchise Agreement.

The parties agree as follows:

## DEFINITIONS

- 1.1 Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement have the same meaning as in the Franchise Agreement.

## APPOINTMENT AND AUTHORITY

- 2.1 Franchise Owner appoints NBC as the Nominated Business Coach for the Business effective as of the Appointment Date.
- 2.2 Effective as of the Appointment Date, NBC shall have full responsibility for all operations of the Business and shall have the authority to speak for and bind Franchise Owner in any dealings with Master Licensee or Franchisor.

## FRANCHISE OWNER’S OBLIGATIONS

- 3.1 Franchise Owner shall:
  - (a) ensure that NBC is at all times trained, at the cost of Franchise Owner, in the delivery of the Coaching Services, to the reasonable satisfaction of Master Licensee and Franchisor; and
  - (b) ensure that NBC delivers the Coaching Services strictly in accordance with the System, including the Manuals, and strictly in accordance with the requirements of the Franchise Agreement.
- 3.2 Franchise Owner shall compensate NBC for his or her services as separately arranged

between them. The form of the arrangement must generally conform to Franchisor's then- current remuneration model or as otherwise agreed in writing by Master Licensee.

3.3 Franchise Owner acknowledges that its indemnity obligation under the Franchise Agreement applies to any loss or claim suffered by Master Licensee, Franchisor, or ActionCOACH IPCo, Ltd. (which together with Franchisor shall be collectively referred to as "Licensor"), or any of their respective affiliates in consequence of:

- (a) NBC not strictly observing or performing his or her obligations under this Agreement; or
- (b) NBC's acts, omissions or activities in the delivery of the Coaching Services to Clients.

#### **NBC'S OBLIGATIONS**

4.1 NBC acknowledges that: (i) as the Nominated Business Coach for the Business, he or she will be given access to the System; (ii) the contents of the System are confidential and are proprietary to Licensor; and (iii) Franchise Owner has been licensed by Master Licensee to use the System subject to the terms of the Franchise Agreement. NBC represents that he or she has received and read a copy of the Franchise Agreement and agrees to be bound by its provisions.

#### **4.2 Personal Liability**

- (a) NBC agrees to be personally bound by all provisions of the Franchise Agreement relating to confidentiality (§ 15, Franchise Agreement), non- competition (§ 16, Franchise Agreement), restrictions on transfer (§ 20, Franchise Agreement), and dispute resolution (§ 22, Franchise Agreement).
- (b) NBC agrees that he or she must not:
  - (i) use the Confidential Information for any purpose other than carrying out his or her obligations under this Agreement and the Franchise Agreement; or
  - (ii) appropriate, copy, memorize or in any manner reproduce any of the Confidential Information, except to the extent required to carry out NBC's obligations under this Agreement and the Franchise Agreement.
- (c) NBC agrees that: (i) with respect to NBC, the two (2) year period specified in Section 16.2 of the Franchise Agreement shall run from the date on which NBC ends his or her association with Franchise Owner; and (ii) the non- competition obligations imposed by Section 16 of the Franchise Agreement are reasonable as to duration, geographical area and restrained conduct, and extend no further than is reasonably necessary to protect the legitimate interests of Franchise Owner, Master Licensee, Franchisor and Licensor. NBC represents that such restrictions will not prevent NBC from earning a living after ending NBC's association with Franchise Owner.
- (d) Nothing in this Section 4.2 is intended to impose an obligation on NBC to keep confidential any information that is generally known or publicly available other than as a result of a breach by the NBC of his or her obligations under this section.

- (e) NBC specifically acknowledges that:
  - (i) damages are not a sufficient remedy for any breach of this section;
  - (ii) Franchise Owner, Master Licensee, Franchisor, and Licensor are entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by the NBC, or any person to whom the NBC has disclosed Confidential Information; and
  - (iii) these remedies are in addition to any other remedies available either at law or in equity.

#### 4.3 Compliance with Manuals

NBC must carry out his or her activities as the Nominated Business Coach for the Business in accordance with the methods and procedures prescribed in the Manuals and in all supplemental bulletins and notices from Master Licensee or Franchisor. NBC acknowledges that compliance with the System and the Manuals is essential to preserve, maintain, and enhance the reputation and goodwill built by the System.

### NBC'S OBLIGATIONS ON TERMINATION

#### 5.1 No Further Involvement

NBC agrees that he or she will not provide Coaching Services to Clients of the Business after the end of NBC's service as Nominated Business Coach under the Franchise Agreement.

#### 5.2 Confidentiality and Non-Competition

NBC acknowledges ~~his~~ or her personal obligations under the Franchise Agreement, particularly those in relation to confidentiality and non-competition (Sections 15 and 16), and agrees to continue to comply with such obligations after the end of NBC's service as Nominated Business Coach under the Franchise Agreement. During the Term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a coach to, provide financial assistance to, or acquire any interest in any business that offers business coaching and mentoring services ("Competing Business") to clients in the U.S.A. This restriction in Section 16.1 will also apply for a continuous two (2) year period after the expiration or termination of this Agreement or after a transfer approved under Section 20, but only as to clients in the Master Licensee's Territory and within one hundred (100) miles of the Master Licensee's Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer. During the term of this Agreement and for a continuous two (2) year period after its expiration or termination or after a transfer approved under Section 20, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee. In the event of a breach of the provisions of Sections 15 or 16 of the Franchise Agreement or this Section 5.2, Franchisor shall be entitled to liquidated damages from you in the amount of Two Hundred Fifty Thousand Dollars (US\$250,000.00). You expressly agree that this amount is not a penalty but a reasonable estimate of the damages that would result from any such breach. In the event that legal action becomes necessary for the enforcement of any of the provisions of Sections 15 or 16 of the Franchise Agreement or this Section 5.2 or to collect the liquidated damages provided herein, the prevailing party shall receive in addition to any other damages or relief awarded, its reasonable attorney's fees, together with appropriate costs and interest. You agree that in the event of a

breach of any of the provisions of Sections 15 or 16, Franchisor shall be entitled to recover injunctive relief as well as liquidated damages, and that the liquidated damages provision included herein does not provide Franchisor with an adequate remedy at law for any such breaches which you may commit. If a court or arbitrator determines that any restriction or provision in this Section 16, strictly applied, would be invalid or unenforceable, then the restriction or provision will be deemed modified to the extent necessary (but only to that extent) to make it valid and enforceable. If a dispute regarding enforceability of Section 16.2 or 16.3 is resolved in favor of Master Licensee and Franchisor, the two (2) year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.

## **GENERAL PROVISIONS**

### **6.1 No Waiver**

No provision of this Agreement may be waived or varied except in writing signed by the party who is to be bound. None of the following things will preclude Master Licensee from insisting upon strict compliance by another party with the provisions of this Agreement:

- (a) Master Licensee's failure to take advantage of any default or breach of any provision of this Agreement;
- (b) any custom or practice which may develop between the parties;
- (c) a previous waiver by Master Licensee of a particular breach; or
- (d) an attempt by Master Licensee to mitigate damages.

### **6.2 Partial Invalidity**

If any provision of this Agreement is determined to be void or unenforceable by any court or arbitrator, that determination will not affect any other provision of this Agreement. It is the intention of the parties that if any provision is capable of two constructions, one of which would render the provision unenforceable and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

### **6.3 Governing Law**

This Agreement is governed by the laws of the state in which Franchisor has its principal office.

### **6.4 Further Assurance**

Each party must do, sign, execute and deliver all acts and documents reasonably required of it or them by notice from another party effectively to carry out and give full effect to this Agreement and the rights and obligations of the parties under it.

**FRANCHISE OWNER - ~~[Name of Franchise Owner]~~**

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.....

Printed Name

SIGNED

.....  
Printed Name

.....  
SIGNED

**NBC** - ~~[Name of Nominated Business Coach]~~

.....  
Printed Name

.....  
SIGNED

**MASTER LICENSEE** - ~~[Name of Master Licensee]~~

.....  
Printed Name

.....  
SIGNED



**EXHIBIT E**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**NONDISCLOSURE AND NONCOMPETE AGREEMENT**

## NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is entered into on [Date] between [Name of Franchisee] (referred to as “we,” “us,” and “our”), located at [Franchisee’s Address], and [Name of Business Coach / Employee] (referred to as “you” and “your”), located at [Business Coach / Employee’s Address]. You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us.

### BACKGROUND

We are an ActionCOACH Business Coach franchisee of [Name of Master Licensee] (“Master Licensee”) under a Business Coach Franchise Agreement dated [Date]. We have a license to use the Marks, the System, and the Confidential Information owned by ActionCOACH IPCo, Ltd. and licensed to ActionCOACH North America, LLC (collectively, “Licensor”). Master Licensee recognizes that, in order to effectively operate our business, we must give our business coaches and employees access to certain confidential information and trade secrets owned by Licensor. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm us, Master Licensee, Licensor, other franchise owners, and ActionCOACH North America, LLC (“Franchisor”). Accordingly, Master Licensee requires us to have you sign this Agreement.

### AGREEMENT

1. As used in this Agreement, “Confidential Information” means all manuals, trade secrets, know how, methods, training materials, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the ActionCOACH business coaching and mentoring business and system. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, client information, employee information, and other proprietary information of Licensor, Franchisor, Master Licensee, or us (collectively, the “Interested Parties”) that you obtain during your association with us.
2. You agree not to disclose any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our employee. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest Licensor’s ownership of it. These obligations apply both during and after your association with us.
3. If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.
4. You may not, during your association with us, without our prior written consent:
  - (a) Own, operate, engage in, be employed by, act as a consultant to, provide financing or assistance to, participate in, or have any interest in any business that offers business coaching and mentoring services (“Competing Business”) to clients in the U.S.A.; or
  - (b) Divert or attempt to divert any clients or prospective clients to any Competing Business.
5. Paragraph 4 will continue to apply for (a) two (2) years if you are a Business Coach, and (b) one (1) year if you are an Employee, after your association with us ends, regardless of the reason that your association with us ends. However, Paragraph 4(a) will only continue to apply to businesses operating in the geographic area where you performed work for us. In addition, for two (2) years after your association with us ends, you may not solicit, for

the benefit of any Competing Business, any person who was a client of our business during the two (2) years immediately before your disassociation.

6. You may not attempt to circumvent the restrictions in Paragraphs 1 through 5 by engaging in prohibited activity indirectly through any other person or entity.
7. If you breach or threaten to breach any part of this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.
8. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court may modify the provision to make it enforceable and that you will abide by the provision as modified.
9. This Agreement is independent of any other obligations between us. This means that it is enforceable even if you claim a breach of any other agreement, understanding, commitment or promise between you and us.
10. You are signing this Agreement not only for our benefit, but also for the benefit of Licensor, Franchisor and Master Licensee. Licensor, Franchisor and Master Licensee have the right to enforce this Agreement directly against you.
11. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.
12. Your obligations under this Agreement cannot be waived or modified except in writing.
13. This Agreement is governed by the laws of the state in which our principal office is located.
14. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.
15. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

**EMPLOYEE**

Witness:

.....  
Printed Name:  
Date:

.....  
Printed Name:  
Date:



**EXHIBIT F**

**To**

**BUSINESS COACH  
FRANCHISE DISCLOSURE DOCUMENT**

**RELEASE**

## RELEASE

THIS RELEASE is executed on [date] by [Name of Franchise Owner] (“Franchisee”) as an express condition of transfer or renewal of the Business Coach Franchise Agreement dated [date of BCFA] between [Name of Master Licensee] (“Master Licensee”) and Franchisee.

1. Release by Franchisee. Franchisee, for himself/itself and his/its heirs, personal representatives, and all other persons acting on his/its behalf or claiming under him/it (collectively, the “**Franchisee Releasors**”), hereby releases and forever discharges Master Licensee, ActionCOACH North America, LLC. and ActionCOACH IPCo, Ltd., and their respective past and present officers, directors, shareholders, members, parents, subsidiaries, affiliates, agents, employees, attorneys, insurers, representatives, predecessors, successors, and assigns, and each of them, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, suits, actions, and causes of action, of whatever nature, known or unknown, suspected or unsuspected, vested or contingent (collectively, “**Claims**”) that the Franchisee Releasors ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this Release.

2. Risk of changed facts. The Franchisee Releasors understand that the facts in respect of which the release in Section 1 above is given may turn out to be different from the facts now known or believed by the parties to be true. The Franchisee Releasors hereby accept and assume the risk of the facts turning out to be different and agree that its release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

0. No prior assignment. Franchisee represents and warrants that he/she/it is the sole owner of all Claims and rights released by Franchisee hereunder and that Franchisee has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

0. Covenant not to sue. Franchisee (on behalf of the Franchisee Releasors) covenants

not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete defense. Franchisee: (i) acknowledges that this Release shall be a complete defense to any Claim released under Section 1 above; and (ii) consents to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Authorization. The person who executes this Release on behalf of Franchisee represents and warrants that Franchisee has authorized that person to enter into this Release on behalf of Franchisee. Franchisee represents and warrants that it has the authority to enter into this Release not only on its own behalf, but also on behalf of the other persons and entities to be bound by its signature.

0. Successors and assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Franchisee.

IN WITNESS WHEREOF, Franchisee has executed this Release as of the date first above written.

**FRANCHISEE**

.....  
[Name]  
[If Franchisee is an entity, indicate Position/Title of signatory here]



**EXHIBIT G**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**COMPLIANCE QUESTIONNAIRE**

**QUESTIONNAIRE TO BE COMPLETED BEFORE  
YOU SIGN THE BUSINESS COACH FRANCHISE AGREEMENT**

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You are preparing to enter into an ACTIONCOACH Business Coach Franchise Agreement with Master Licensee ("we" or "us"). The purpose of this Questionnaire is to confirm that you understand the terms of the contract and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. When and where did you have your first face-to-face meeting with our representative(s)?

Approximate date of first meeting: \_\_\_\_\_  
Place of meeting: \_\_\_\_\_

2. Which of our representative(s) have you been dealing with?

Name(s): \_\_\_\_\_

3. Have you personally read the ActionCOACH Business Coach Franchise Disclosure Document (FDD)?

Yes \_\_\_\_\_ No

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

Yes \_\_\_\_\_ No                      If yes, on what date? \_\_\_\_\_

5. Do you understand all of the information contained in the FDD?

Yes \_\_\_\_\_ No

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

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6. Have you personally read the Business Coach Franchise Agreement (the "Agreement")?

Yes \_\_\_\_\_ No

7. Do you understand all of the terms of the Agreement?

Yes \_\_\_\_\_ No

If not, what parts of the Agreement do you not understand? (Attach additional pages, if necessary.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Has any of our representatives recommended that you have the FDD and agreements reviewed by an attorney or other professional advisor?

Yes \_\_\_\_\_ No

9. Have you, in fact, discussed the FDD, the agreements, and the benefits and risks of operating an ACTIONCOACH Business Coach franchise with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_\_ No

If yes, name and profession of advisor: \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No

10. In Item 19 of the FDD we have provided a historical financial performance representation. We do not authorize our salespeople to provide information concerning the actual or potential financial performance of a Business Coach franchise beyond what is stated in Item 19. Has any employee of ActionCOACH North America, LLC or Master Licensee, or any other person speaking on our behalf (this does not include Business Coaches whom you contact on your own) made any statement or representation (oral, written, or visual) which is inconsistent with Item 19 regarding:

a. The amount of money that others have made or that you may earn as a Business Coach?

Yes \_\_\_\_\_ No

b. The revenue that a Business Coach franchise will generate?

Yes \_\_\_\_\_ No

c. The costs you may incur in operating the Business Coach franchise?

Yes \_\_\_\_\_ No

d. Any other financial performance information about Business Coach franchises?

Yes \_\_\_\_\_ No

11. If your answer to any part of Question 10 is "yes," please describe the statement or representation. Please include when, where, and by whom the statement or representation was made. Please provide full details in the following space. (Attach additional pages, if necessary.)

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12. Have you contacted any existing Business Coaches about their financial performance?

Yes \_\_\_\_\_ No

13. If your answer to Question 12 is "yes," please describe the type of information that they shared with you in the following space. (You do not need to identify the Business Coaches with whom you spoke.)

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14. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No

15. If you answered "Yes" to Question 14, please provide full details in the following space.  
(Attach additional pages, if necessary.)

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16. Before today, have you entered into any agreement with us concerning our franchise opportunity?

Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, please describe: \_\_\_\_\_

17. Have you paid any money to us before today in connection with our franchise opportunity?

Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, please describe: \_\_\_\_\_

18. In entering into the Agreement, are you relying on any statement, promise, or assurances by us, or by anyone speaking or purporting to speak on our behalf, other than the terms of the Agreement itself? If "Yes", please provide full details in the following space. (Attach additional pages, if necessary.)

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19. Would you agree that the success or failure of your Business Coach franchise will depend in large part upon your own skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

20. In which state do you reside? \_\_\_\_\_

21. In which state do you intend to operate the Business Coach franchise? \_\_\_\_\_

22. Have you selected a specific office location from which you propose to operate the Business Coach franchise?

Yes \_\_\_\_\_ No

If yes, please specify the location: \_\_\_\_\_

\_\_\_\_\_

23. Do you have personal knowledge of the market area in which you will operate?

Yes \_\_\_\_\_ No

24. Did you obtain advice from anyone other than our representatives in selecting your market and/or your office location?

Yes \_\_\_\_\_ No                      If yes, name of advisor: \_\_\_\_\_

If not, do you wish to have more time to do so?

Yes \_\_\_\_\_ No

25. Have all of your questions concerning your proposed investment in a Business Coach franchise been answered to your satisfaction?

Yes                      No

\* \* \*

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

**FRANCHISE APPLICANT**

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Date:



**EXHIBIT H**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**ADDITIONAL STATE-REQUIRED INFORMATION**

We are required to provide you with additional information as a condition of registering our franchise offering in certain states. The additional disclosures are set out below.

**INFORMATION REQUIRED  
BY THE STATE OF CALIFORNIA**

The following information is added to the disclosure document for California residents:

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.

See the cover page of the disclosure document for the ActionCOACH North America, LLC website address. THE WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

**Item 3, Additional Disclosure**. The following is added to Item 3 of the disclosure document:

Neither we, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a *et seq.*) suspending or expelling such person from membership in such association or exchange.

**Item 17, Additional Disclosures**. The following is added to Item 17 of the disclosure document:

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

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.

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

The Franchise Agreement requires application of the laws of the state of Nevada. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Las Vegas, Nevada if you initiate the proceeding or in the Territory if we initiate the proceeding, with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release if you renew or transfer your franchise. A release may be void under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000-31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

#### **Item 19, Additional Disclosure**

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information.

#### **INFORMATION REQUIRED BY THE STATE OF HAWAII**

The following information is added to the disclosure document for Hawaii residents:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

The name and address of the agent in this state authorized to receive service of process on behalf of ACNA is Commissioner of Securities, Department of Commerce and Consumer Affairs, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

**INFORMATION REQUIRED  
BY THE STATE OF ILLINOIS**

The following information is added to the disclosure document for Illinois residents:

**Item 17, Additional Disclosures.** The following is added to Item 17(v) and (w) of the disclosure document:

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

The conditions under which your Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

**INFORMATION REQUIRED  
BY THE STATE OF MARYLAND**

The following is added to the disclosure document for Maryland residents:

**Item 17, Additional Disclosures.** The following is added to Item 17 of the disclosure document:

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

Pursuant to COMAR 02.02.08.16L, a general release required as a condition of renewal or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

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

**Exhibit H (Compliance Questionnaire), Additional Disclosure.** Your responses to this questionnaire do not act as a release, estoppels, or waiver of any liability that we may incur under the Maryland Franchise Registration and Disclosure Law.

**INFORMATION REQUIRED BY  
THE STATE OF MICHIGAN**

The following is added to the disclosure document for Michigan residents:

**THE STATE OF M I C H I G A N PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE**

**IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

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

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

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

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

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. **[Note: ACNA reserves the right to challenge the restriction on the location of arbitration, as it applies to arbitration under the Federal Arbitration Act.]**

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

- (i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the Franchisor or subfranchisor.

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, MI 48913 (517) 373-7117.

**INFORMATION REQUIRED  
BY THE STATE OF MINNESOTA**

The following is added to the disclosure document for Minnesota residents:

**Item 13, Additional Disclosures.** The following is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party; provided, however, that we will not indemnify you against the consequences of your use of the Marks unless that use is in accordance with the requirements of the Franchise Agreement.

**Item 17, Additional Disclosures.** The following is added to Item 17:

We will comply with Minn. Stat. § 80C.14, subdivisions 3, 4 and 5, which require, except in specified circumstances, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minn. Stat. §§ 80C.01-80C.02.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, however, that the rule will not bar voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association.

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, the choice of law provision in the Franchise Agreement shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C.

### **INFORMATION REQUIRED BY THE STATE OF NEW YORK**

The following is added to the disclosure document for New York residents: **Cover**

**page, Additional Disclosures.** The following is added to the cover page:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN E X H I B I T J O R YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.**

**Item 3, Additional Disclosures.** Except as described in Item 3:

1. Neither ACNA, nor any of its predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

2. Neither ACNA, nor any of its predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

3. Neither ACNA, nor any of its predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

**Item 4, Additional Disclosure.** The following is added to Item 4:

Neither ACNA, nor any of its predecessors, affiliates, officers, or general partners, during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner held this position in the company or partnership.

**Item 5, Additional Disclosure.** The following is added to Item 5:

We use franchise fees to defray our costs of offering franchises and assisting Master Licensees to start business. A portion of the franchise fees may be profit to us.

**Item 17, Additional Disclosures.** The following is added to Item 17:

We will not assign our rights under the Franchise Agreement except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the Franchise Agreement.

You must sign a general release if you enter a successor Franchise Agreement or if you transfer your franchise. These provisions may not apply to any liability under the New York Franchise Law.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

You may terminate the Franchise Agreement upon any grounds available by law.

There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or if the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**INFORMATION REQUIRED  
BY THE STATE OF NORTH CAROLINA**

The following is added to the disclosure document for North Carolina residents:

**Cover Page.** The following is inserted as the first page of this disclosure document: **DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure document has not been verified by the State of North Carolina. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**Item 11, Additional Disclosures.** The following is added to Item 11:

If ACNA fails to deliver product(s), equipment or supplies to be supplied by ACNA that are necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify ACNA in writing and demand that the contract be cancelled.

**INFORMATION REQUIRED  
BY THE STATE OF NORTH DAKOTA**

The following is added to the disclosure document for North Dakota residents:

**Item 17, Additional Disclosures.** The following is added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring a North Dakota franchisee to consent to arbitration or the jurisdiction of courts outside North Dakota, the application of laws of a state other than North Dakota, or the waiver of a trial by jury is void. **[Note: ACNA reserves the right to challenge the restriction on the location of arbitration, as it applies to arbitration under the Federal Arbitration Act.]**

You are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

You are not required to consent to a waiver of exemplary or punitive damages against us under the North Dakota Franchise Investment Law.

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.

**INFORMATION REQUIRED  
BY THE STATE OF RHODE ISLAND**

The following is added to the disclosure document for Rhode Island residents:

**Item 17, Additional Disclosure.** The following is added to Item 17:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside this state or

requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**INFORMATION REQUIRED  
BY THE STATE OF SOUTH CAROLINA**

The following is added to the disclosure document for South Carolina residents:

**Cover Page.** The following is inserted as the first page of this disclosure

document: **DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure document has not been verified by the State of South Carolina. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**Item 11, Additional Disclosures.** The following is added to Item 11:

If ACNA fails to deliver product, equipment or supplies to be supplied by ACNA that are necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify ACNA in writing and demand that the contract be cancelled.

**INFORMATION REQUIRED  
BY THE COMMONWEALTH OF VIRGINIA**

The following is added to the disclosure document for Virginia residents:

**Cover Page.** The words “or grant” are added at the end of the third sentence in the third paragraph on Page i.

**Receipts.** The words “or grant” are added at the end of the second paragraph on each Receipt.

**INFORMATION REQUIRED  
BY THE STATE OF WASHINGTON**

The following is added to the disclosure document for Washington residents:

**Item 17, Additional Disclosures.** The following is added to Item 17:

RCW § 19.100.180 and court decisions may supersede the Franchise Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. **[Note: ACNA reserves the right to challenge the restriction on the location of arbitration, as it applies to arbitration under the Federal Arbitration Act.]**

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable in Washington.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.



**EXHIBIT I**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**STATE REGULATORY AUTHORITIES AND  
REGISTERED AGENTS IN CERTAIN STATES**

## STATE FRANCHISE ADMINISTRATORS

**California:** ~~Indiana:~~

Department of Business Oversight  
1-866-275-2677

**Los Angeles**

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

**Sacramento**

1515 K Street, Suite 200  
Sacramento, CA 95814-4052  
(916) 445-7205

**San Diego**

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

**San Francisco**

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

**Hawaii:**

Tung Chan  
Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

**Illinois:**

Lisa Madigan  
Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

**Indiana:**

Christopher W. Naylor,  
Securities Commissioner,  
Securities Division  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**Maryland:**

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

**Michigan:**

Katharyn Barron Franchise  
Administrator Antitrust and  
Franchise Unit Consumer  
Protection Division  
Department of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**Minnesota:**

Glenn Wilson  
Commissioner  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101  
(651) 296-6328

**New York:**

Office of the New York State Investor  
Protection Bureau  
Franchise Section  
120 Broadway, 23rd Floor  
New York, NY 10271-  
0332  
(212) 416-8236(Phone)  
(212) 416 6042 (Fax)

**North Dakota:**

Diane Lillis  
Franchise Examiner  
North Dakota Securities Department  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

**Oregon:**

Floyd G. Lanter  
Administrator  
Div. of Finance & Corp. Securities  
Department of Consumer &  
Business Services, Room 410  
350 Winter Street, NE  
Salem, OR 97301-3881  
(503) 378-4140

**Rhode Island:**

Maria D'Allessandro Piccirilli  
Associate Director and Superintendent  
of Securities  
Securities Division  
Department of Business Regulation  
1511 Pontiac Ave., Bldg 69-1  
Cranston, RI 02920  
(401) 462 9527

**South Dakota:**

Melita Hauge  
Division of Securities  
Department of Labor and Regulation  
124 S EUCLID, Suite 104  
Pierre, SD 57501  
(605) 773-4823

**Virginia:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

**Washington:**

Michael Stevenson  
Director of Securities  
Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Olympia, WA 98501  
(360) 902-8760

**Wisconsin:**

Mary Wells  
Franchise Examiner  
Division of Securities  
Department of Financial Institutions  
345 W. Washington Avenue, 4<sup>th</sup> Floor  
Madison, WI 53703  
(608) 266-8557

**AGENTS FOR SERVICE OF PROCESS**

<b><u>STATE</u></b>	<b><u>AGENT</u></b>
<u>CALIFORNIA</u>	<u>California Commissioner of Business Oversight</u> <u>1-866-275-2677 (toll free)</u>  <u>Los Angeles:</u> <u>320 West 4th Street, Suite 750</u> <u>Los Angeles, CA 90013-2344</u> <u>(213) 576-7505</u>  <u>Sacramento:</u> <u>1515 K Street, Suite 200</u> <u>Sacramento, CA 95814-4017</u> <u>(916) 445-7205</u>  <u>San Diego:</u> <u>1350 Front Street Room 2034</u> <u>San Diego, CA 92101</u> <u>(619) 525-4233</u>  <u>San Francisco:</u> <u>1 Sansome Street</u> <u>San Francisco, CA 94104 (415)</u> <u>972-8559</u>
<u>CONNECTICUT</u>	<u>Banking Commissioner</u> <u>Department of Banking</u> <u>Securities &amp; Business Investments Division</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103-1800</u> <u>(860) 240-8230</u>
<u>GEORGIA</u>	<u>Secretary of State of Georgia</u> <u>Corporations Division</u> <u>2 Martin Luther King, Jr. Dr., SE</u> <u>Suite 315, West Tower</u> <u>Atlanta, Georgia 30334</u>
<u>HAWAII</u>	<u>Commissioner of Securities</u> <u>State of Hawaii</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, HI 96813</u> <u>(808) 586-2722</u>
<u>ILLINOIS</u>	<u>Illinois Attorney General</u> <u>Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, IL 62706</u> <u>(217) 782-4465</u>

STATE	AGENT
<a href="#"><u>INDIANA</u></a>	<a href="#"><u>Secretary of State of Indiana</u></a> <a href="#"><u>Administrative Offices</u></a> <a href="#"><u>201 State House</u></a> <a href="#"><u>Indianapolis, IN 46204</u></a> <a href="#"><u>(317) 232-6681</u></a>
<a href="#"><u>LOUISIANA</u></a>	<a href="#"><u>Secretary of State of Louisiana</u></a> <a href="#"><u>8549 United Plaza Blvd.</u></a> <a href="#"><u>Baton Rouge, LA 70809</u></a>
<a href="#"><u>MAINE</u></a>	<a href="#"><u>Maine Securities Administrator</u></a> <a href="#"><u>Office of Securities</u></a> <a href="#"><u>Department of Professional &amp; Financial Regulation</u></a> <a href="#"><u>124 Northern Avenue</u></a> <a href="#"><u>Gardiner, ME 04345</u></a>
<a href="#"><u>MARYLAND</u></a>	<a href="#"><u>Maryland Securities Commissioner</u></a> <a href="#"><u>200 St. Paul Place</u></a> <a href="#"><u>Baltimore, MD 21202-2020</u></a> <a href="#"><u>(410) 576-6360</u></a>
<a href="#"><u>MICHIGAN</u></a>	<a href="#"><u>Michigan Department of Commerce</u></a> <a href="#"><u>Corporations and Securities Bureau</u></a> <a href="#"><u>670 Law Building, 525 W. Ottawa</u></a> <a href="#"><u>Lansing, MI 48913</u></a> <a href="#"><u>(517) 373-7117</u></a>
<a href="#"><u>MINNESOTA</u></a>	<a href="#"><u>Minnesota Commissioner of Commerce</u></a> <a href="#"><u>85 7<sup>th</sup> Place East, Suite 500</u></a> <a href="#"><u>St. Paul, MN 55101-2198</u></a> <a href="#"><u>(651) 296-4026</u></a>
<a href="#"><u>NEW YORK</u></a>	<a href="#"><u>Attention: New York Secretary of State</u></a> <a href="#"><u>New York Department of State</u></a> <a href="#"><u>One Commerce Plaza</u></a> <a href="#"><u>99 Washington Avenue 66<sup>th</sup> Floor</u></a> <a href="#"><u>Albany, NY 12231-0001</u></a> <a href="#"><u>(518) 473 2492</u></a>
<a href="#"><u>NORTH CAROLINA</u></a>	<a href="#"><u>North Carolina Secretary of State</u></a> <a href="#"><u>2 South Salisbury Street</u></a> <a href="#"><u>Raleigh, NC 27601-2903</u></a>
<a href="#"><u>NORTH DAKOTA</u></a>	<a href="#"><u>North Dakota Securities Commissioner</u></a> <a href="#"><u>600 East Boulevard Avenue, Fifth Floor</u></a> <a href="#"><u>Bismarck, ND 58505</u></a>
<a href="#"><u>OREGON</u></a>	<a href="#"><u>Director, Oregon Dep't of Insurance &amp; Finance</u></a> <a href="#"><u>Corporate Securities Section</u></a> <a href="#"><u>Labor and Industries Building</u></a> <a href="#"><u>Salem, OR 97310</u></a> <a href="#"><u>(503) 378-4387</u></a>
<a href="#"><u>RHODE ISLAND</u></a>	<a href="#"><u>Director, Rhode Island Dep't of Business Regulation</u></a> <a href="#"><u>Division of Securities</u></a> <a href="#"><u>1511 Pontiac Ave., Bldg. 69-1</u></a> <a href="#"><u>Cranston, RI 02920</u></a> <a href="#"><u>(401) 462 9527</u></a>

<u>STATE</u>	<u>AGENT</u>
<u>SOUTH CAROLINA</u>	<u>CT Corporation System</u> <u>75 Beattie Place</u>
<u>SOUTH DAKOTA</u>	<u>Director, Division of Securities</u> <u>South Dakota Dep't of Labor &amp; Regulation</u> <u>124 S EUCLID, Suite 104</u> <u>Pierre, SD 57501-3185</u> <u>(605) 773-4823</u>
<u>VIRGINIA</u>	<u>Clerk of the State Corporation Commission</u> <u>1300 E. Main Street, 1<sup>st</sup> Floor</u> <u>Richmond, VA 23219</u>
<u>WASHINGTON</u>	<u>Director, Department of Financial Institutions</u> <u>Securities Division</u> <u>150 Israel Road, SW</u> <u>Olympia, WA 98501</u>
<u>WISCONSIN</u>	<u>Wisconsin Commissioner of Securities</u> <u>Department of Financial Institutions</u> <u>P.O. Box 1768</u> <u>345 W. Washington Avenue, 4<sup>th</sup> Floor</u> <u>Madison, WI 53701</u> <u>(608) 261-9555</u>



**EXHIBIT J**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**BUSINESS COACHES AS OF DECEMBER 31,  
2017~~6~~**

The list below shows the names, last known addresses and telephone numbers of Business Coaches as of ACNA's fiscal year ending December 31, ~~2016~~2017. Some Business Coaches may own more than 1 franchise outlet. Some Business Coaches may also own only 1 license but for several territories.

## ALABAMA

~~Steve O'Neil  
1044 Eagle Hollow Dr. Birmingham, AL 35242  
205-238-1772~~

David Lakin  
3216 Sandstone St.  
Owens Cross Roads, AL 35763  
256-529-9408

## ARIZONA

Tom Dougherty  
13803 S. 33<sup>rd</sup> St.  
Phoenix, AZ 85044  
949-945-8781

## CALIFORNIA

Bernard Powers  
24530 Lowe Dr.  
Corona, CA 92883  
951-236-5365

~~Karie Kaufman 2815-  
Camino del Rio, South #235-  
San Diego, CA 92108-  
619-321-9262~~

~~Tarek Mourad~~

Joseph Siecinski  
2880 Zanker Rd 4340 Stevens  
Cr Blvd., Ste. 203 #161 San  
Jose, CA 95134 95129  
408-398-2060 771-4259

## COLORADO

Kim Eickhoff  
6039 Routt Street  
Arvada, CO 80004  
720-323-4955

~~Terry Barber 11 West  
Victory Way, Ste. 208-  
Craig, CO 81625-  
970-329-1018~~

Lani Langton

720 S. Colorado Blvd., Penthouse  
North Denver, CO 80246  
303-512-3231

## CONNECTICUT

Tom Maier  
1 Enterprise Drive, Ste. 110  
Shelton, CT 06484

## FLORIDA

Michael Dill  
7352 N.W. 45 Ave.  
Coconut Creek, FL 33073  
954-675-9536

David Lakin  
3216 Sandstone St.  
Owens Cross Roads, AL 35763  
256-529-9408 Steve Moore  
3131 E. Camelback  
Rd. Ste. 430 Phoenix, AZ  
85016 480-794-0969

~~Lisa Walker  
616 1/2 Begonia Ave.  
Corona Del Mar, CA 92625  
949-607-8180~~

~~Crystal Shanks  
2379 Bryant Street  
San Francisco, CA 94110  
415-902-2389~~

~~Joseph Siecinski~~

Paul Wildrick  
140 Stein Way  
Orinda, CA 94563  
925-963-9665

Tarek Mourad  
4340 Stevens Cr Blvd 2880  
Zanker Rd., Ste. #161-203  
San Jose, CA 95129 95134  
408-771-4259 398-2060

Chuck Kocher

6455 N. Union Blvd. Ste. 201  
Colorado Springs, CO 80918  
719-487-1899

~~Lani Langton~~

~~720 S. Colorado Blvd.,  
Penthouse North  
Bob Liebhauser 303 S.  
Broadway Ste. 200-515  
Denver, CO 80246  
80209  
303-512-3234  
282-0800~~

~~Paul Wildrick  
140 Stein Way  
Orinda, CA 94563  
925-963-9665  
Karie Kaufman  
2815 Camino del Rio, South  
#235 San Diego, CA 92108  
619-321-9262~~

~~Jay McDowell 1231 E.  
Dyer Rd., Ste. 215  
Santa Ana, CA 92705  
949-713-2030~~

Doug Barra  
1200 Anastasia Ave., Ste. 100  
Coral Gables, FL 33134  
305-285-9264

Steven Waymel  
3901 E. Quincy Ave.  
Cherry Hills Village, CO 80113  
303-949-1764

~~Bob Liebhauser 303 S.  
Broadway Ste. 200-515  
Denver, CO 80209  
303-282-0800~~

Jody Johnson 1200  
Anastasia Ave., Ste. 100  
Coral Gables, FL 33134  
305-285-9207

Juan Ortega  
1451 5318 NW 99th Lane  
Coral Springs, FL 33076  
954-773-8835

~~Nick Dove  
1155 Brickell Bay Dr. PH 111  
Miami, FL 33131  
305-371-7113~~

Daniela Leon  
624 Executive Park Court, Ste.  
1024a  
Apopka, FL 32703

Ford Kyes  
2963 46th Ave. N.  
St. Petersburg, FL 33714  
727-786-2900

Stephani Leon  
624 Executive Park Court, Ste.  
1024a  
Apopka, FL 32703

Steve Goranson  
3023 Cornelia Dr.  
Jacksonville, FL 32257  
904-739-0200

Anapaula Lagarriga  
1155 Brickell Bay Dr., Ste. PH111  
Miami, FL 33131  
305-759-4818

Juliet Kyes  
3477 Reserve Circle North  
St. Petersburg, FL 33713  
727-786-2900

Mark Raciappa  
1717 Hermitage Blvd., Ste. 102  
Tallahassee, FL 32308  
850-597-6627

Boruch Akbosh  
595 North Nova Road  
Ste. 113  
Ormond Beach, FL 32174  
386-383-8457

Barbara Kyes  
2963 46th Ave. N.  
St. Petersburg, FL 33714  
727-786-2900

Patrick Leask 2301  
S. Carolina Ave.  
Tampa, FL 33629  
813-251-8069

## GEORGIA

Russ Hall  
3500 Lenox Road, Ste. 1500  
Atlanta, GA 30326  
770-649-6730

Rick Plasket  
3895 W. Hwy. 34  
Newman, GA 30263  
770-252-2656

## IDAHO

Allison Dunn  
13126 W. Picadilly St.  
Boise, ID 83713  
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**EXHIBIT K**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**BUSINESS COACHES WHO LEFT THE SYSTEM  
DURING THE FISCAL YEAR ENDING DECEMBER 31, ~~2016~~2017**

The list below shows the name, last known addresses and telephone numbers of every Business Coach who had an agreement terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during ACNA's fiscal year ending December 31, ~~2016~~-2017.

**TRANSFERS**

**(from Franchisees to New Owners other than a master licensee or ACNA)**

None

**RIGHT REACQUIRED BY ACNA OR MASTER LICENSEE**

None

**TERMINATED BY ACNA OR MASTER LICENSEE FOR DEFAULT, CANCELLED, NOT RENEWED, OTHERWISE CEASED OPERATION OR NO COMMUNICATION IN THE LAST TEN (10) WEEKS**

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[850-597-6627](#)

Note:

1. ~~These coaches~~This outlet used to operate ~~their franchised outlets~~ in another state. ~~They~~it ceased operating in ~~these states~~this state but continued operating ~~a franchised outlet~~ by relocating during the fiscal year ended December 31, ~~2016~~2017 to the ~~states~~state indicated in ~~their addresses~~the address above.



**EXHIBIT L**

**To**

**BUSINESS COACH  
FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**ACTIONCOACH NORTH AMERICA, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017, 2016 AND 2015**

**ACTIONCOACH NORTH AMERICA, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017, 2016 AND 2015**

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*Independent Auditor's Report*

To the Member  
ActionCOACH North America, LLC

We have audited the accompanying financial statements of ActionCOACH North America, LLC, which comprise the balance sheets as of December 31, 2017, 2016 and 2015, and the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ActionCOACH North America, LLC as of December 31, 2017, 2016 and 2015, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Ellsworth & Stout, LLC*

January 31, 2018  
Las Vegas, Nevada



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**ACTIONCOACH NORTH AMERICA, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2017, 2016 AND 2015**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 112,519	\$ 41,764	\$ 21,444
Accounts receivable, net	21,645	7,340	21,846
Due from related parties, net	819,679	737,432	473,938
Other assets	107,538	53,813	28,786
Total current assets	1,061,381	840,349	546,014
<b>Property and Equipment, net</b>	<u>96,858</u>	<u>57,335</u>	<u>64,172</u>
<b>Total Assets</b>	<u><u>\$ 1,158,239</u></u>	<u><u>\$ 897,684</u></u>	<u><u>\$ 610,186</u></u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	\$ 268,528	\$ 334,627	\$ 188,389
Borrowings against line of credit	75,000	75,000	75,000
Unearned revenue	687,001	376,585	228,368
Total current liabilities	1,030,529	786,212	491,757
<b>Member's Equity</b>	<u>127,710</u>	<u>111,472</u>	<u>118,429</u>
<b>Total Liabilities and Member's Equity</b>	<u><u>\$ 1,158,239</u></u>	<u><u>\$ 897,684</u></u>	<u><u>\$ 610,186</u></u>

*See accompanying notes to the financial statements.*

**ACTIONCOACH NORTH AMERICA, LLC**  
**STATEMENTS OF INCOME AND MEMBER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>	\$ 2,355,782	\$ 2,104,839	\$ 2,584,507
<b>Cost of Revenues</b>	793,987	697,681	755,777
<b>Gross Profit</b>	<u>1,561,795</u>	<u>1,407,158</u>	<u>1,828,730</u>
<b>Operating Expenses:</b>			
Bank charges and merchant fees	80,927	68,731	76,885
Charitable contributions	25	110	1,890
Conference and seminars	-	-	2,803
Depreciation	5,477	6,837	10,246
Dues and subscriptions	16,110	65,586	50,644
Equipment lease	26,811	21,425	23,137
Global recharge	(897,570)	(911,954)	(690,000)
Information technology	113,034	83,489	87,832
Insurance	34,377	26,412	21,090
Legal and accounting	44,373	16,957	24,450
Marketing and advertising	4,650	3,486	25,642
Office expense and other	85,092	52,165	58,124
Other professional fees	14,834	45,283	4,686
Provision for credit claims	8,085	-	-
Recruitment	12,284	17,006	2,569
Rent	136,492	115,918	104,184
Taxes and licenses	14,264	13,551	26,647
Telephone	24,978	27,716	26,145
Travel	53,500	41,869	13,145
Utilities	9,705	9,880	10,833
Wages and related expenses	1,564,239	1,564,278	1,915,032
Total operating expenses	<u>1,351,687</u>	<u>1,268,745</u>	<u>1,795,984</u>
<b>Income from Operations</b>	210,108	138,413	32,746
<b>Other Income (Loss):</b>			
Interest expense	(13,780)	(5,630)	(1,624)
Gain (loss) on foreign currency exchange	5,251	(3,503)	3,976
Total other income (loss)	<u>(8,529)</u>	<u>(9,133)</u>	<u>2,352</u>
<b>Net Income</b>	201,579	129,280	35,098
<b>Member's Equity (Deficit), Beginning of Year</b>	111,472	118,429	(118,782)
<b>Member Contributions</b>	10,315	49,938	202,113
<b>Member Distributions</b>	(195,656)	(186,175)	-
<b>Member's Equity, End of Year</b>	<u>\$ 127,710</u>	<u>\$ 111,472</u>	<u>\$ 118,429</u>

*See accompanying notes to the financial statements.*

**ACTIONCOACH NORTH AMERICA, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>			
Net Income	\$ 201,579	\$ 129,280	\$ 35,098
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	5,477	6,837	10,246
Provision for credit claims	8,085	-	-
(Increase) decrease in:			
Accounts receivable	(22,390)	14,506	4,728
Due from related parties	(82,247)	(263,494)	(473,938)
Other assets	(53,725)	(25,027)	5,389
Increase (decrease) in:			
Accounts payable and accrued expenses	(66,099)	146,238	36,317
Due to related parties	-	-	(47,379)
Unearned revenue	310,416	148,217	196,337
Net cash provided by (used in) operating activities	<u>301,096</u>	<u>156,557</u>	<u>(233,202)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of property and equipment	<u>(45,000)</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Financing Activities:</b>			
Member contributions	10,315	49,938	202,113
Member distributions	<u>(195,656)</u>	<u>(186,175)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(185,341)</u>	<u>(136,237)</u>	<u>202,113</u>
<b>Net Change in Cash</b>	70,755	20,320	(31,089)
<b>Cash, Beginning of Year</b>	<u>41,764</u>	<u>21,444</u>	<u>52,533</u>
<b>Cash, End of Year</b>	<u>\$ 112,519</u>	<u>\$ 41,764</u>	<u>\$ 21,444</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>			
Cash paid for interest	<u>\$ 13,780</u>	<u>\$ 5,630</u>	<u>\$ 1,624</u>

*See accompanying notes to the financial statements.*

**ACTIONCOACH NORTH AMERICA, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017, 2016 AND 2015**

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**NOTE 1 – NATURE OF ORGANIZATION**

ActionCOACH North America, LLC (the Company) was incorporated under the laws of the State of Nevada on March 14, 2012.

The Company markets business coaching, mentoring and training programs and services through the sale of master license franchises and their sub-franchisees (known as business coaches) in approved territories throughout the United States.

Master licensees sell and support ActionCOACH Business Coaching franchises within a defined territory. The franchisees provide coaching and training to small and medium-sized business sectors.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are reported net of allowance for doubtful accounts. Accounts are charged to provision for credit claims as they are deemed uncollectible, based upon periodic review of the accounts. At December 31, 2017, 2016 and 2015, the allowance for doubtful accounts was \$14,880, \$6,795 and \$29,829, respectively.

**Income Taxes**

The Company was organized as a Limited Liability Company. Income is not taxed at the Company level, but is passed through to the member. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2017 the tax years that remain subject to potential examination by taxing authorities begin with 2014.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

The Company capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$1,000. Depreciation is calculated using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives (Years)</u>
Furniture and fixtures	5-7
Vehicles	5-7
Computer equipment and software	3-5
Building improvements	20

Maintenance, repairs and minor renewals are expensed as incurred. The cost of property sold or otherwise disposed of and the related accumulated depreciation is relieved from the accounts, and any gains or losses arising from sale or disposal are included in income.

**Revenue Recognition**

The Company follows the installment method of recognizing franchise fee revenue. The amount of the initial master license fee is based on the population of a territory (normally, a state). On the sale of master licenses, the amount agreed upon as a down payment is recognized as income upon execution of the master license agreement, the time determined as the point when the Company has substantially performed or has satisfied all material services or conditions relating to the franchise sale. The remaining balance is recognized, in installments, at the Company's agreed share of the Coach franchise fee, paid by each new Coach, upon execution of each of the franchise agreements between a master licensee and a Coach.

Royalty revenue is recognized primarily on a monthly basis based on the contract terms. Training revenue is recognized when the training services are performed. Product revenue is recognized at the time of shipment.

Cost of repurchasing territories is recorded as a reduction of revenue in the period the franchise is repurchased, to the extent of the revenue from a license fee previously recognized. Recognition of expense of any cost in excess of the license fee revenue previously recognized is deferred until actually due per the repurchase agreement.

**Marketing and Advertising**

The Company expenses all advertising and marketing costs as incurred. The advertising and marketing expense for the years ended December 31, 2017, 2016 and 2015 was \$4,650, \$3,486 and \$25,642, respectively.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Member's equity was unchanged due to these reclassifications.

**ACTIONCOACH NORTH AMERICA, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2017, 2016 AND 2015**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncements**

In August 2015 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (Topic 606) pertaining to revenue from contracts with customers. This pronouncement was amended by ASU 2015-14 to extend the effective date of this pronouncement for non-public companies to become effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to leases. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2017, 2016 and 2015:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Building improvements	\$ 150,645	\$ 105,645	\$ 105,645
Computer equipment and software	12,618	12,618	12,618
Furniture and fixtures	285,463	285,463	285,463
Vehicles	<u>137,698</u>	<u>137,698</u>	<u>137,698</u>
	586,424	541,424	541,424
Less accumulated depreciation	<u>(489,566)</u>	<u>(484,089)</u>	<u>(477,252)</u>
Total	<u>\$ 96,858</u>	<u>\$ 57,335</u>	<u>\$ 64,172</u>

Depreciation expense for the years ended December 31, 2017, 2016 and 2015 was \$5,477, \$6,837 and \$10,246, respectively.

**NOTE 4 – RELATED PARTIES**

The Company is a member of a controlled group of companies that are either wholly owned or majority owned by its member. The other companies are located in the United States, Australia, Canada and Europe, and are engaged in the same business activity as ActionCOACH North America, LLC. Amounts due to and due from related parties include transactions with the companies related through common ownership.

Amounts transferred between the Company and its related parties are for various purposes including training income, royalties, support recharges and costs and rent.

**ACTIONCOACH NORTH AMERICA, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2017, 2016 AND 2015**

**NOTE 4 – RELATED PARTIES (Continued)**

As of December 31, 2017, 2016 and 2015, the net amount due from (due to) related parties consisted of the following:

	2017	2016	2015
ActionCOACH America, Inc	\$ 59,889	\$ 59,889	\$ 59,889
ActionCOACH Asia Pacific, PTY	59,143	44,194	15,904
ActionCOACH Canada	(20,247)	(34,421)	56,215
ActionCOACH EMEA	(359,932)	152,134	846,688
ActionCOACH Global Marketing Fund	87,550	53,193	(13,628)
ActionCOACH Holdings, LLC	(275,105)	(257,530)	(225,615)
ActionCOACH OneCo, LLC	376,871	56,508	21,739
Coby Holdings, Ltd	(79,427)	(53,519)	(53,943)
Sugar Enterprises	928,231	704,855	(250,111)
Other related parties	42,706	12,129	16,800
Total due from (due to) related parties	<u>\$ 819,679</u>	<u>\$ 737,432</u>	<u>\$ 473,938</u>

Substantially all amounts due to and due from related parties are non-interest bearing and are due on demand.

The Company charges royalty and license fees to ActionCOACH OneCo, LLC, as part of the franchise agreement. Total royalty and license fees were \$335,779 and \$0, respectively, for the year ended December 31, 2017, \$377,470 and \$9,750, respectively, for the year ended December 31, 2016 and \$429,485 and \$23,199, respectively, for the year ended December 31, 2015.

**NOTE 5 - REVENUES**

Revenue sources for the years ended December 31, 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Master and license coach fees	\$ 414,125	\$ 108,500	\$ 146,750
Training fees, royalties, product income and others	1,366,050	1,595,984	2,161,154
Conferences and seminars	575,607	400,355	276,603
Total	<u>2,355,782</u>	<u>2,104,839</u>	<u>2,584,507</u>
Territory repurchase	-	-	-
Total revenue	<u>\$ 2,355,782</u>	<u>\$ 2,104,839</u>	<u>\$ 2,584,507</u>

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The Company is involved, from time to time, in disputes and claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not believe that any claims or disputes, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition or results of operations.

**ACTIONCOACH NORTH AMERICA, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2017, 2016 AND 2015**

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**NOTE 7 – LEASING ARRANGEMENTS**

Building Lease with Related Party

The Company entered into a building lease with Coby Holdings Ltd., an LLC owned by a company wholly owned by Brad Sugar's family trust, effective July 1, 2017. The lease extends through July 2022 and calls for monthly rent payments of \$13,000.

The Company has elected to apply the alternative accounting and disclosures for certain variable interest entities provided to private companies pursuant to generally accepted accounting principles as it relates to the lease with Lessor.

Equipment Lease

The Company leases office equipment under non-cancelable operating leases ending in 2018.

Lease expenses associated with the building and equipment totaled \$163,303, \$137,343 and \$127,321 for the years ended December 31, 2017, 2016 and 2015, respectively.

Minimum lease commitments for the remainder of the leases are as follows:

Year Ending December 31,	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2018	\$ 156,000	\$ 16,942	\$ 172,942
2019	156,000	-	156,000
2020	156,000	-	156,000
2021	156,000	-	156,000
	<u>\$ 624,000</u>	<u>\$ 16,942</u>	<u>\$ 640,942</u>

Sub-lease Agreements

The Company subleases with ActionCOACH OneCo, LLC, a related party, for the use of office space on a month to month basis. The lease income associated with this lease was \$30,000, \$32,512 and \$39,756 for the years ended December 31, 2017, 2016 and 2015, respectively.

The Company also received sub-lease income from a third party for the use of office space. The lease calls for monthly payments of \$750 and is operating under a month-to-month arrangement. Total sub-lease income associated with this lease was \$0, \$0 and \$3,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

**NOTE 8 – INTELLECTUAL PROPERTY**

Under a license agreement dated July 1, 2012, the Company became licensed by ActionCOACH IPCo, Ltd. (Licensor) to use and sublicense, within the United States of America and Canada, the trademarks, copyrighted materials and other intellectual property associated with the ActionCOACH concept. The license is for a term of 99 years and is terminable by the Licensor if: (1) the Company fails to cure a material default within 90 days after receiving notice of default from the Franchisor; (2) the Company or any of its directors or executive officers is convicted (or pleads no contest to) of a felony, crime involving moral turpitude, or other crime that is likely to harm the Licensor's goodwill in the trademarks; (3) the Company's assets are attached pursuant to court order; (4) the Company becomes insolvent or the subject of bankruptcy or dissolution proceedings, or ceases to do business.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 31, 2018, the date which the financial statements were available to be issued. No events were identified that would require additional disclosure.

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**CO & CO Tax and Accounting Services, LLC**

82 East Main Street  
Logan OH 43138

Phone: (740) 385-1959 Fax: (740) 385-0711

Shain E. Colley, CPA  
James K. Copenhaver, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Members  
Buji, LLC  
dba ActionCoach Business Coaching  
Pickerington, Ohio 43147

We have audited the accompanying financial statements of Buji, LLC dba ActionCoach Business Coaching (an Ohio limited liability company), which comprise the balance sheet as of December 31, 2017 and the related statements of income, changes in members' capital and cash flows for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement,

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including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buji, LLC dba ActionCoach Business Coaching as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Co & Co Tax and Accounting Services, LLC*

Logan, Ohio  
March 21, 2018

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 BALANCE SHEET  
 DECEMBER 31, 2017

	<u>2017</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
CASH	\$ 6,296
ACCOUNTS RECEIVABLE (\$0 ALLOWANCE)	<u>0</u>
TOTAL CURRENT ASSETS	6,296
<b>OTHER ASSETS</b>	
MASTER LICENSE-MINNESOTA	928,000
MASTER LICENSE-WISCONSIN	<u>1,000,000</u>
	1,928,000
<b>LESS: ACCUMULATED DEPRECIATION</b>	<u>(1,365,666)</u>
<b>TOTAL OTHER ASSETS</b>	<u>\$ 562,334</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 568,630</u></u>
<b>LIABILITIES AND MEMEBERS' CAPITAL</b>	
<b>CURRENT LIABILITIES:</b>	
ACCOUNTS PAYABLE	\$ 0
OTHER LIABILITIES	0
MASTER LICENSE PAY.- CURRENT PORTION	<u>912,250</u>
TOTAL CURRENT LIABILITIES	912,250
<b>LONG TERM LIABILITIES:</b>	
MASTER LICENSE PAYABLE- LONG TERM	<u>83,150</u>
TOTAL LONG TERM LIABILITIES	<u>83,150</u>
TOTAL LIABILITIES	995,400
MEMBERS' CAPITAL	<u>( 426,770)</u>
<b>TOTAL LIABILITIES AND AND MEMBERS' CAPITAL</b>	<u><u>\$ 568,630</u></u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
REVENUE:	
FRANCHISE SALES	\$ 79,500
ROYALTIES AND SUPPORT	<u>209,108</u>
TOTAL REVENUE	288,608
OPERATING EXPENSES:	
MANAGEMENT FEE	228,705
RECRUITMENT FEE	24,800
TRAINING	4,000
INSURANCE	500
PROFESSIONAL FEES	3,650
BANK CHARGES	499
GENERAL BUSINESS EXPENSES	<u>215</u>
TOTAL OPERATING EXPENSES	262,369
INCOME FROM OPERATIONS	26,239
OTHER INCOME (EXPENSES):	
OTHER INCOME	39,171
DEPRECIATION AND AMORTIZATION	<u>( 128,533)</u>
TOTAL OTHER INCOME (EXPENSE)	( 89,362)
NET INCOME	<u>\$ ( 63,123)</u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
STATEMENT OF CHANGES IN MEMBERS' CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
MEMBERS' CAPITAL- BEGINNING OF YEAR	\$ ( 363,647)
NET INCOME (LOSS)	( 63,123)
CONTRIBUTIONS	0
DISTRIBUTIONS	0
MEMBERS' CAPITAL- END OF YEAR	<u>\$ ( 426,770)</u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
NET INCOME (LOSS)	\$ ( 63,123)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
DEPRECIATION AND AMORTIZATION	128,533
INCREASE (DECREASE) IN OPERATING ASSETS:	
ACCOUNTS RECEIVABLE	1,000
INCREASE (DECREASE) IN OPERATING LIABILITIES:	
ACCOUNTS PAYABLE	0
OTHER LIABILITIES	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	66,410
CASH FLOWS USED BY INVESTING ACTIVITIES:	
PURCHASE OF MASTER LICENSES	<u>0</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	0
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:	
PAYMENTS ON MASTER FRANCHISE LICENSE	( 61,100)
PROCEEDS FROM MASTER LICENSE PAYABLE	<u>0</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	( 61,100)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,310
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>986</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 6,296</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
CASH PAID DURING THE YEAR FOR INTEREST	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

Buji, LLC dba ActionCoach Business Coaching was formed as a limited liability company under the laws of the State of Ohio on January 27, 2009.

The Company has a Master Licensing Agreement for Minnesota and Wisconsin that allows the company to market business coaching and training services through the sale of coaching franchises in Minnesota and Wisconsin.

Method of Accounting

The accounting records are maintained on the accrual basis for the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property, Equipment and Franchise Fees

Master Licensing fees are carried at the cost of acquisition and cost of renewals. Amortization is computed using the straight line method over a 15 year period.

Amortization expense for 2017 amounted to 128,533.

Revenue Recognition

The Company markets coaching franchises in Minnesota and Wisconsin. Upon the sale of a coaching franchise the Company is required to provide training and other initial support services. Once the Company has completed its

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

obligations to the franchisee it recognizes income from the sale of the franchise. The franchise agreement is for a period of 5 years and may be renewed for additional 5 year intervals if the franchise is in compliance with the terms of the franchise agreement.

The Company also provides ongoing support services to its franchisees. The Company receives a monthly royalty fee from the franchisees for these services for the term of the franchise agreement. The Company retains a portion of the royalty fee while the balance is remitted to the Master License supplier. The Company recognizes royalty income as the services are provided to the franchisees.

The Company also provides monthly mentoring services to various business clients.

#### Cash Equivalents

Cash equivalents have original maturities of three months or less.

#### Accounts Receivable

Accounts receivable are shown at their net realizable value. The allowance method is used to record bad debts and is based on our history of write-offs. Bad debt expense for the year ending December 31, 2017 amounted to \$0. Accounts receivable are shown at cost.

#### Advertising and Marketing

The Company expenses all advertising and marketing costs as incurred. The advertising and marketing expense for the year ended December 31, 2017 was \$0.

#### Income Taxes

No provision or benefit for income taxes has been included

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

in these financial statements since taxable income passes through to, and is reported by, the individual members of the company.

The 2015, 2016, and 2017 years are still open for possible examination by the Internal Revenue Service. However, there has been no indication by the IRS that these will be audited.

**NOTE 2 - REVENUE**

Revenue for the year was as follows:

	<u>2017</u>
Franchise Fees	\$ 79,500
Royalties and Support	209,108
Mentoring Services and Other	39,171
	<u>\$ 327,779</u>

**NOTE 3 - FINANCIAL LOCATIONS**

Franchised Locations are summarized as follows:

	<u>2017</u>
Number of franchises sold	2
Number of franchises purchased	0
Number of franchises closed/not renewed	0
Number of locations in operation as of December 31	12

The Company also has Employed Business Coaches under franchisees. These totaled eight at December 31, 2017.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

The Company paid management fees to a related entity (related through common ownership). The amounts paid to the related company during 2017 amounted to \$228,705.

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 5 - PURCHASE OF TERRITORY**

On February 1, 2009 the Company purchased a master license for Minnesota and Wisconsin from the prior Master Licensee. The Master Licensee (i.e: the Company) will pay to the prior Master Licensee and the Franchisor one-half of the franchise revenue from new and existing franchisees until the aggregate amount paid to the prior Master Licensee and the Franchisor with respect to the territory reaches \$1,928,000. On January 31, 2014 any remaining unpaid balance on the purchase amount was due. The Company is presently making monthly payments on this liability.

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 21, 2018, which is the financial statements issuance date.

**NOTE 7- FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States define fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

Level 1 - Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs other than quoted prices in active markets.

Level 3 - Unobservable inputs for which there is little or no market data available. This fair value hierarchy gives the lowest priority to Level 3 inputs.

No assets or liabilities were required to be measured at fair value.

**BUJI, LLC**  
**dba ACTIONCOACH BUSINESS COACHING**

**FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members  
Buji, LLC  
dba ActionCOACH Business Coaching  
Pickerington, Ohio 43147

We have audited the accompanying financial statements of Buji, LLC dba ActionCOACH Business Coaching (an Ohio limited liability company), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buji, LLC dba ActionCOACH Business Coaching as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

*Ronnie CPA & Associates*

Reynoldsburg, Ohio  
April 18, 2017

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 BALANCE SHEETS  
 December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 986	\$ 3,667
Accounts receivables (\$0 allowance)	<u>1,000</u>	<u>13,000</u>
TOTAL CURRENT ASSETS	1,986	16,667
<b>OTHER ASSETS:</b>		
Master license-Minnesota	928,000	928,000
Master license-Wisconsin	<u>1,000,000</u>	<u>1,000,000</u>
	1,928,000	1,928,000
Less: accumulated depreciation	<u>(1,237,133)</u>	<u>(1,108,600)</u>
TOTAL OTHER ASSETS	\$ 690,867	\$ 819,400
TOTAL ASSETS	<u>\$ 692,853</u>	<u>\$ 836,067</u>
<b>LIABILITIES AND MEMBERS' CAPITAL</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 0	\$ 0
Other liabilities	0	0
Master license payable-current portion	<u>882,250</u>	<u>984,250</u>
TOTAL CURRENT LIABILITIES	882,250	984,250
<b>LONG TERM LIABILITIES:</b>		
Master License payable-long term	<u>174,250</u>	<u>174,250</u>
TOTAL LONG TERM LIABILITIES	174,250	174,250
TOTAL LIABILITIES	1,056,500	1,158,500
Members' capital	<u>( 363,647)</u>	<u>( 322,433)</u>
TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u>\$ 692,853</u>	<u>\$ 836,067</u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 STATEMENTS OF INCOME  
 For the Year Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>REVENUE:</b>		
Franchise sales	\$ 0	\$ 111,250
Royalties and support	<u>237,812</u>	<u>245,707</u>
<b>TOTAL REVENUE</b>	<u>237,812</u>	<u>356,957</u>
 <b>OPERATING EXPENSES:</b>		
Management fee	157,700	184,350
Recruiting fee	0	20,000
Training	0	25,000
Taxes	150	0
Meetings	1,210	0
Professional fees	3,500	3,500
Bank charges	364	108
General business expenses	<u>0</u>	<u>681</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>162,924</u>	<u>233,639</u>
 Income from operations	 74,888	 123,318
 <b>OTHER INCOME (EXPENSES) :</b>		
Other income	12,431	0
Depreciation and amortization	<u>( 128,533)</u>	<u>( 128,533)</u>
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<u>( 116,102)</u>	<u>( 128,533)</u>
 Net income(loss)	 <u>\$ ( 41,214)</u>	 <u>\$ ( 5,215)</u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 STATEMENTS OF CHANGES IN MEMBERS' CAPITAL  
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Members' capital-beginning of year	\$( 322,433)	\$( 317,218)
Net income(loss)	( 41,214)	( 5,215)
Contributions	0	0
Distributions	0	0
Members' capital-ending of year	<u>\$( 363,647)</u>	<u>\$( 322,433)</u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income(loss)	\$( 41,214)	\$( 5,215)
Adjustments to reconcile net loss to net cash provided by(used by) operating activities:		
Depreciation and amortization	128,533	128,533
(Increase)decrease in operating assets:		
Accounts receivable	12,000	( 10,267)
Increase(decrease)in operating liabilities:		
Accounts payable	0	0
Other liabilities	<u>0</u>	<u>( 1,150)</u>
Net cash provided by operating activities	99,319	111,901
<b>CASH FLOWS USED BY INVESTING ACTIVITIES:</b>		
Purchase of master licenses	<u>0</u>	<u>0</u>
Net cash provided by financing activities	0	0
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:</b>		
Payments on master franchise license	( 102,000)	( 109,000)
Proceeds from master license payable	<u>0</u>	<u>0</u>
Net cash provided by financing activities	( 102,000)	( 109,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	( 2,681)	2,901
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,667</u>	<u>766</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 986</u>	<u>\$ 3,667</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Buji, LLC dba ActionCOACH Business Coaching was formed as a limited liability company under the laws of the State of Ohio on January 27, 2009.

The Company has a Master Licensing Agreement for Minnesota and Wisconsin that allows the company to market business coaching and training services through sale of coaching franchises in Minnesota and Wisconsin.

Method of Accounting

The accounting records are maintained on the accrual basis for the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property, Equipment and Franchise Fees

Master Licensing fees are carried at the cost of acquisition and cost of renewals. Amortization is computed using the straight line method over a 15 year period.

Amortization expense for 2016 and 2015 amounted to \$128,533 and \$128,533, respectively.

Revenue Recognition

The Company markets coaching franchises in Minnesota and Wisconsin. Upon the sale of a coaching franchise the Company is required to provide training and other initial support services. Once the Company has completed its obligations to the franchisee it recognizes income from the sale of the franchise. The franchise agreement is for a period of 5 years and may be renewed for additional 5 year intervals if the franchisee is in compliance with the terms of the franchise agreement.

BUJI, LLC  
dba ACTIONCOACH BUSINESS COACHING  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015

The Company also provides ongoing support services to its franchisees. The Company receives a monthly royalty fee from the franchisees for these services for the term of the franchise agreement. The Company retains a portion of the royalty fee while the balance is remitted to the Master Licensee supplier. The Company recognizes royalty income as the services are provided to the franchisees.

The Company also provides monthly mentoring services to various business clients.

Cash Equivalents

Cash equivalents have original maturities of three months or less.

Accounts Receivable

Accounts receivable are shown at their net realizable value. The allowance method is used to record bad debts and is based on our history of write offs. Bad debt expense for the years ending December 31, 2016 and 2015 amounted to \$0 and \$0. Accounts receivable are shown at cost.

Advertising and Marketing

The Company expenses all advertising and marketing costs as incurred. The advertising and marketing expense for the years ended December 31, 2016 and 2015 was \$0 and \$0 respectively.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reported by, the individual members of the company.

The 2014, 2015 and 2016 years are still open for possible examination by the Internal Revenue Service. However, there has been no indication by the IRS that these will be audited.

Reclassifications

Certain amounts as previously reported have been reclassified to conform to current year classifications.

BUJI, LLC  
 dba ACTIONCOACH BUSINESS COACHING  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016 and 2015

NOTE 2 - REVENUE

Revenue for the years was as follows:

	<u>2016</u>	<u>2015</u>
Franchise fees	\$ 0	\$ 111,250
Royalties and support	237,812	245,707
Mentoring services and other	12,431	0
	<u>\$ 250,243</u>	<u>\$ 356,957</u>

NOTE 3 - FINANCIAL LOCATIONS

Franchised locations are summarized as follows:

	<u>2016</u>	<u>2015</u>
Number of franchises sold	0	2
Number of franchises purchased	0	0
Number of franchises closed/not renewed	1	1
Number of locations in operation as of December 31	10	11

The Company also has Employed Business Coaches under franchisees. These totaled nine and six at December 31, 2016 and 2015 respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company paid management fees to a related entity (related through common ownership). The amounts paid to the related company during 2016 and 2015 amounted to \$157,700 and \$184,350, respectively.

NOTE 5 - PURCHASE OF TERRITORY

On February 1, 2009 the Company purchased a Master License for Minnesota and Wisconsin from the prior Master Licensee. The Master Licensee (ie: the Company) will pay to the prior Master Licensee and the Franchisor one-half of the franchise revenue from new and existing franchisees until the aggregate amount paid to the prior Master Licensee and the Franchisor with respect to the territory reaches \$1,928,000. On January 31, 2014 any remaining unpaid balance on the purchase amount was due. The Company is presently making monthly payments on this liability.



**EXHIBIT M**

**To**

**BUSINESS COACH FRANCHISE DISCLOSURE DOCUMENT**

**TRAINING SCHEDULE**

**10-Day Training Program  
For Franchisees and their NBCs**

Day	Subject	Activities And Group Work	Class Hours	Materials
Day 1	Welcome to ActionCOACH	Introduction and Positioning the Team	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Trainer Earn The Right	Trainers background		
	About Learning	Confusion and Success Mindset		
	System Overview	Follow the ActionCOACH system		
	Change the Way You Think	Generalized Principles		
	ActionCOACH Business System	Product ladder intro		
	Profit System			
	Table topic	What have you learned so far		
	Exercise	Learning Review		
	Leverage Game Night System	Play Leverage after dinner		
	WIFLE Introduction	What I Feel Like Expressing		
I AM STATEMENTS	Homework			
Day 2	Volleyball	Review	16	
	Review of Day 1 slides	Review of Day 1 slides		
	ActionCOACH Coaching System	Intro - Teach to Fish and 6 steps intro		
	ActionCOACH Coaching System	Mastery/ServiceRICH		
	ActionCOACH Coaching System	ServiceRICH Training		
	Exercise	ServiceRich Review		
	Exercise	Mastery Review		
Day 3	Volleyball	Review	16	
	Review of Day 2 slides	Review of Day 2 slides		
	ActionCOACH Coaching System	Niche		
	Exercise	Niche Review		
	Leverage System	9 Ways to Systematize		
	Exercise	Leverage Review		
	Team System	6 Keys to a Winning Team		
	Shake Hands Game	Team Activity		
	Squares Game	Team Activity		
	Exercise	Team Review		
	ActionCOACH Recruitment	4 Hr Recruitment System		
	Exercise	Recruitment Review		
	ActionCOACH Synergy System	Duplication - / to X		
	Exercise	Synergy		
	ActionCOACH Results System	Results & Future Coaching		
	Book Recommendations	Top 10 Books		
	Exercise	Results & Future Coaching		
	WIFLE	What I Feel Like Expressing		
Feedback Form	Complete feedback form			

Day	Subject	Activities And Group Work	Class Hours	Materials
Day 4	Volleyball	Review	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Review of Day 3 slides	Review of Day 3 slides		
	ActionCOACH SalesRICH Training	Workshop presentation		
	ActionCOACH Sales System	13 Step System - Step 1		
	Exercise	Review Step 1		
	ActionCOACH Sales System	13 Step System - Step 2		
	Exercise	Review step 2		
	ActionCOACH Sales System	13 Step System - Step 3 & 4		
	Exercise	Role Play step 3		
	Exercise	Role Play step 4		
	ActionCOACH Sales System	13 Step System - Step 5 & 6		
	ActionCOACH Sales System	13 Step System - Step 7 - 9		
	Exercise	Role Play step 7		
	Exercise	Role Play step 8		
	ActionCOACH Sales System	Role Play step 9		
	ActionCOACH Sales System	Steps 9 - Homework for Day 5		
	Exercise	13 Step Review 1 - 9		
WIFLE	What I Feel Like Expressing			
Day 5	Volleyball	Review	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Review	Steps 1-9		
	Review of Day 4 slides	Review of Day 4 slides		
	Selling	Characteristics of Sales Person		
	ActionCOACH Sales System	8 Steps to the Sale Steps 10-13		
	Exercise	Coach on Deck Role Play		
	Exercise	Diag Role Play		
	Exercise	13 Step Review 10 - 13		
	Exercise	Review Welcome Pack		
	Exercise	Review Entire Sales Process		
Day 6	Volleyball	Review	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Review of Day 5 slides	Review of Day 5 slides		
	GrowthClub	Positioning and selling		
	GrowthClub	Presentation Overview		
	Exercise	Business Rich		
	Exercise	90 Day Planning		
	Exercise	Review Growth Club		
	Exercise	Review the Day - questions for Trainer		
	Feedback Forms	Complete feedback forms		

Day	Subject	Activities And Group Work	Class Hours	Materials
Day 7	Volleyball	Review	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Review of Day 6 slides	Review of Day 6 slides		
	ActionCOACH Coaching System	Welcome book and Starter Pack		
	Exercise	Review the Coach System		
	ActionCOACH Coaching System	1st 6 Weeks		
	ActionCOACH Coaching System	Positioning System		
	ActionCOACH Coaching System	Positioning Role Play		
	Exercise	Review Positioning		
	ActionCOACH Coaching System	Alignment System		
	ActionCOACH Coaching System	Alignment Role Play - personal		
	ActionCOACH Coaching System	Alignment Role Play - business		
	ActionCOACH Coaching System	Alignment Role Play - solutions		
	Exercise	Review Alignment		
	ActionCOACH Coaching System	The Alignment Training Day		
	ActionCOACH Coaching System	Week 3 - Education		
	Exercise	Review Education		
	ActionCOACH Coaching System	Week 4 - community		
	Exercise	Review Education		
	ActionCOACH Coaching System	Week 5 results		
	Exercise	Review Results		
ActionCOACH Coaching System	Week 6 referrals			
Exercise	Review Referrals			
Day 8	Volleyball	Review	14	Handouts, Activities
	Review of Day 7 slides	Review of Day 7 slides		
	Marketing Your Coaching Business	Building 10 x 10		
	Exercise	Who's Your Ideal Client		
	Marketing Your Coaching Business	What Do I Stand For		
	Marketing Your Coaching Business	Review of ALL Marketing Strategies		
	Marketing Your Coaching Business	Networking, Referral, Direct Mail, TM Bold Calling		
	Marketing Your Coaching Business	Social Media, PR, Speaking		
	WIFLE	Group WIFLE		
Day 9	Volleyball	Review	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Review of Day 8 slides	Review of Day 8 slides		
	ActionCOACH Presenting System	Mastery & super Learning		
	Exercise	Presenting		
	ActionCOACH Presenting System	Presenting the 5 Ways		
	Exercise	Presenting the 5 Ways		
	Exercise	Review 5 Ways Presenting		
	WIFLE	Group WIFLE		
	Dinner	LaCave @ The Wynn		

Day	Subject	Activities And Group Work	Class Hours	Materials
Day 9	Volleyball	Review	14	Powerpoint, Notes, Flipchart, Handouts, Activities
	Review of Day 8 slides	Review of Day 8 slides		
	ActionCOACH Presenting System	Mastery & super Learning		
	Exercise	Presenting		
	ActionCOACH Presenting System	Presenting the 5 Ways		
	Exercise	Presenting the 5 Ways		
	Exercise	Review 5 Ways Presenting		
	WIFLE	Group WIFLE		
	Dinner	LaCave @ The Wynn		
Day 10	Volleyball	Review Final	8	
	Review of Day 9 slides	Review of Day 9 slides		
	Intro to Systems	ActionMEMBERS, Lead Systems, DashBOARD		
	Exercise	Initial 90 Day Plan		
	Review websites	Online Support		
	Exercise	The Maze Game		
	The ActionCOACH Business System	Goal Platinum		
	Dream Goal Plan Action	Race to Platinum		
	Exercise	Share your Dreams		
	Exercise	Present Goals to each other		
	Exercise	Review 90 Day Plans		
	Videos & Photos	Intro Videos & Profile Pic		
	Feedback Forms	Complete feedback forms		

**5 Day Training Program**  
**For Employee Business Coaches ~~Only~~ and Key Personnel**

Day	Subject	Activities And Group Work	Class Hours	Materials
Day 1	Welcome to ActionCOACH	Introduction and Positioning the Team	8	PowerPoint, Notes, Flipchart, Handouts, Activities
	Trainer Earn The Right	Trainers background		
	About Learning	Confusion and Success Mindset		
	System Overview	Follow the ActionCOACH system		
	Change the Way You Think	Generalized Principles		
	ActionCOACH Business System	Product ladder intro		
	Profit System			
	Table topic	What have you learned so far		
	Leverage Game Night System	Play Leverage after PM Break		
Day 2	WIFLE Introduction	What I Feel Like Expressing	8	PowerPoint, Notes, Flipchart, Handouts, Activities
	ActionCOACH Coaching System	Intro - Teach to Fish and 6 Steps intro		
	ActionCOACH Coaching System	Mastery		
	ActionCOACH Coaching System	Mastery, Destination, Money, Time, Delivery		
	ActionCOACH Coaching 6 Step System	ServiceRICH Training		
	ActionCOACH Coaching 6 Step System	SalesRICH Training		
	Feedback Form	Complete feedback form		
Day 3	WIFLE	What I Feel Like Expressing	8	PowerPoint, Notes, Flipchart, Handouts, Activities
	ActionCOACH Coaching System	TeamRICH		
	Team System	6 Keys to a Winning Team		
	Shake Hands Game	Team Activity		
	Squares Game	Team Activity		
	ActionCOACH Recruitment	4 Hr Recruitment		
	ActionCOACH Sales Process System	13 Step System - Step 2		
	ActionCOACH Sales Process System	13 Step System - Step 3 - 4		
	ActionCOACH Sales Process System	13 Step System - Step 5 - 6		
	ActionCOACH Sales Process System	13 Step System - Step 7 - 9		
Day 4	Feedback Form	Complete feedback form	8	PowerPoint, Notes, Flipchart, Handouts, Activities
	ActionCOACH Sales Process System	8 Steps to the Sale Steps 10-13		
	Exercise	Coach on Deck Role Play		
	Exercise	Diag Role Play		
	Exercise	13 Step Review 10-13		
	Exercise	Review Welcome Pack		
	Exercise	Review Entire Sales Process		
	ActionCOACH Coaching System	ActionCOACH Coaching System		
ActionCOACH Coaching System	1st 6 Weeks			

	ActionCOACH Coaching System	Positioning System		
	ActionCOACH Coaching System	Positioning Role Play		
	ActionCOACH Coaching System	Alignment System		
Day 4	ActionCOACH Coaching System	Alignment Role Play - personal	8	PowerPoint, Notes, Flipchart, Handouts, Activities
	ActionCOACH Coaching System	Alignment Role Play - business		
	ActionCOACH Coaching System	Alignment Role Play - solutions		
	ActionCOACH Coaching System	The Alignment Training Day		
	WIFLE	What I Feel Like Expressing		
	Feedback Form	Complete feedback form		
Day 5	ActionCOACH Coaching System	Week 3 - Education		
	ActionCOACH Coaching System	Week 4 - Community		
	ActionCOACH Coaching System	Week 5 Results		
	ActionCOACH Coaching System	Week 6 Referrals		
	ActionCOACH Summary	13 Weeks Coaching		
	ActionCOACH Summary	Coaching Process		
	GrowthCLUB	Positioning and Selling		
	GrowthCLUB	Presentation Overview		
	ActionCOACH Summary	Results Review - Coaching Cycle 13 Weeks		
	Video & Photos	Intro Video and Profile Pic		
	WIFLE	Group WIFLE		
Feedback Form	Complete feedback form			



**EXHIBIT N**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**OPERATIONS MANUAL - TABLE OF CONTENTS**

Please note that as of the Issuance Date of this Disclosure Document, ACNA has completely implemented an online dashboard format version of the Manuals and no longer issues written Manuals.

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  3. 13 Week Coaching Cycle
  4. Coaching 6 Steps - Mastery
  5. Coaching 6 Steps - Niche
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- 
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**EXHIBIT O**

**To**

**BUSINESS COACH**

**FRANCHISE DISCLOSURE DOCUMENT**

**COMMUNICATIONS SYSTEM SPECIFICATIONS**

## Communications System Specifications

### Hardware Requirements:

- Intel or AMD-based system capable at a minimum of running Microsoft Windows 7
  - Alternatively, Macintosh system capable of running the latest version of MacOS
  - Desktop, laptop or tablet depending on your preference
- External USB hard drive – 500 GB or larger for document backups
  - For convenience, choose a drive that offers a “one-touch” backup solution
  - For complete protection, obtain multiple drives. Get in the habit of (at least monthly) storing a complete backup of your computer off-site in a safe deposit box or equivalent secure location
- Surge protector
  - For complete protection, purchase an uninterruptible power supply (or UPS)

### Software Requirements:

- Microsoft Office 2007 (or 2008 for Mac)
  - Standard edition or better – must contain PowerPoint
- Adobe Reader v8 or better (free download from <http://www.adobe.com>)
- Adobe Acrobat creation utility
  - There are freeware utilities available that do this without requiring purchase of the full Adobe Acrobat application See <http://www.primopdf.com>.
- QuickBooks (recommended) or equivalent business finance software
- Anti-Virus software
- Web browser
  - Mozilla Firefox 2 or better is recommended (free download from <http://www.getfirefox.com>)
  - Internet Explorer 6 or better is acceptable, but discouraged
    - IE7 under Windows Vista is known to cause problems with some ActionCOACH websites, such as webmail, and is not supported
  - Opera and Safari are NOT SUPPORTED
- Skype (recommended) or other instant messenger service
- Customer relationship management (CRM) software from an approved supplier

### Telecommunication Requirements:

- Minimum of two office phone lines and one dedicated fax line\*
  - VoIP providers, such as Vonage, which can accommodate these requirements are acceptable
- Broadband connectivity, minimum of 768kb/s download speed and 384 kb/s upload speed is recommended but not required, as download speed is generally limited by geographical restrictions
- Plain paper fax machine (high paper capacity preferred)
  - Alternatively, an online fax service such as eFax is acceptable. In this case, it would not be necessary to obtain a dedicated fax line.

{You Date, Sign, and We Keep This Copy}

**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 we or ActionCOACH North America, Inc. ("ACNA") offer you a franchise, we or ACNA must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, us, ACNA or an affiliate in connection with the proposed franchise sale.

[Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten ( 10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan and Oregon require that we give you this disclosure document at least ten ( 10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If we or ACNA do 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 to the appropriate state agency listed in Exhibit I.

~~The Master Licensee is~~ Buji, LLC, 8233 Howe Industrial Parkway, Suite B, Canal Winchester, OH 43110, tel no. (614) 929-3355. Our agent for service of process is listed in Exhibit I. Our Franchisor is ActionCOACH North America, LLC at 5781 S. Fort Apache Rd., Las Vegas, NV, 89148, tel. no. 888-~~4832828~~-483-2828. ACNA's agents for service of process, if any, are listed in Exhibit I.

The franchise seller for this offering is:

Name	Principal Business Address	Telephone
Craig Hohnberger	8233 Howe Industrial Parkway, Suite B, Canal Winchester, OH 43110	(614) 929-3355
Annette Hohnberger	8233 Howe Industrial Parkway, Suite B, Canal Winchester, OH 43110	(614) 929-3355

Issuance date: **May 1, ~~2017~~2018**

I have received a Franchise Disclosure Document dated May 1, ~~2017~~2018, which included the following exhibits: Exhibit A: The FIRM – Business Coach Agreement; Exhibit B(1)-(B3): The Practice (~~Pre-~~5-Year~~Practice~~ and Premium) Business Coach Franchise Agreements; Exhibit C: State- Required Addenda to Franchise Agreement; Exhibit D: Nominated Business Coach Agreement; Exhibit E: Nondisclosure and Noncompete Agreement; Exhibit F: Release; Exhibit G: Compliance Questionnaire; Exhibit H: Additional State-Required Information; Exhibit I: State Regulatory Authorities and Registered Agents in Certain States; Exhibit J: Business Coaches as of December 31, ~~2016~~2017; Exhibit K: Business Coaches who left the system during the fiscal year ended December 31, ~~2016~~2017; Exhibit L: Financial Statements; Exhibit M: Training Schedule; Exhibit N: Operations Manual Table of Contents; Exhibit O: Communications System Specifications.

If I received the Franchise Disclosure Document on CD-R or CD-ROM or by any other electronic means, then by printing this receipt for signature, I acknowledge that I have the equipment, software and other means necessary to open and to review the Franchise Disclosure Document in its entirety.

Date: ~~Signed:~~

Signed:

Print Name: \_\_\_\_\_

{You Date, Sign, and You Keep This Copy}

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This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Date: ~~Signed:~~

Signed:

Print Name: \_\_\_\_\_