

Special Risks to Consider About *This* Franchise

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York. Out-of-State mediation, arbitration and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in New York than your own.
2. Mandatory Minimum Payments. You must make minimum royalty or advertising, ~~and other fund~~ payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. Financial Condition. The Franchisor's financial condition, as reflected in its financial statements (see item 21), ~~may call~~ calls into question the Franchisor's financial ability to provide services and support to you.
4. Short Operating History. The Franchisor is at an early stage of development and has a limited operating history. This franchise ~~could~~ is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. ~~There is a Minimum Monthly Gross Sales Quota that the franchisee~~ Performance Required. You must meet (as set forth in Section 8.11 of the Franchise Agreement), failure to maintain minimum sales performance levels. Your inability to meet the Minimum Monthly Gross Sales Quota maintain these levels may result in the loss of any territorial rights you are granted, termination of the Franchise Agreement.
- 6.5. ~~There may be other risks concerning the your franchise-, and loss of your investment.~~

Agreement (Franchise Agreement, Article 5.6). Your failure to open within the 9 month period constitutes an event of default under your Franchise Agreement (Franchise Agreement, Article 5.6).

ITEM 12. TERRITORY

You will operate your Franchised Business at the Location. Once you have identified your Location and we accept the proposed site, we will designate the Designated Territory around the Location within which you will have certain protected rights.

Designated Territory

Your Designated Territory will typically contain a maximum of 50,000 people which will be approximately a two-mile radius around your Location, unless your Location is located in a major metropolitan downtown area or similarly situated/populated central business district (a “Central Business District”). If your Location is located in a Central Business District, your Designated Territory will typically contain up to 50,000 people but may be limited to a geographic area comprised of anywhere from a radius of two blocks to two miles around your Location, as we deem appropriate in our discretion. The size of your Designated Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Location.

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

As long as you are in compliance with your Franchise Agreement, including but not limited to the Minimum Gross Sales Quota as set forth in Section 8.11, your Designated Territory will be exclusive and we will not operate, or grant a license to a third-party to operate, during the term of your Franchise Agreement, a Location located within the Designated Territory, subject to our reservation of rights below. If you fail to meet the requirements of Section 8.11, or fail to comply with any other term of the Franchise Agreement, at Franchisor’s discretion you may forfeit the exclusivity of your Designated Territory, or Franchisor may terminate your Franchise Agreement.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future franchised business locations, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license franchised business locations or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to your Designated Territory and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future. Your Designated Territory will not be modified by us for any reason so long as you are not in default of your Franchise Agreement, except in cases where (a) your requested relocation of your Location is approved and you relocate, and/or (b) at the time of any requested renewal or proposed assignment of the Franchise, the population of the Designated Territory.

Rights Within and Outside the Designated Territory

measures a company's profitability by focusing on its core operational performance. It excludes the effects of financing decisions (interest), tax strategies (taxes), and non-cash expenses (depreciation and amortization), providing a clearer picture of operational efficiency.

Note: These financial statements are unaudited and have been prepared for informational purposes only. They do not reflect a certified audit or independent verification of the financial data. While every effort has been made to ensure accuracy, these statements may contain errors or omissions.

Some ~~outlets~~locations have earned this amount. There is no assurance you'll do as well. If you rely ~~on~~upon our figures, you must accept the risk of not doing as well. ~~Your actual earnings may differ. We do not make any representations about a franchisee's future financial performance.~~

~~A new franchisee's individual financial results may differ from the results stated in the above financial performance representation.~~

Written substantiation for the above financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Franchisor does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that location. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting Tim Dougherty at 14 Franklin Street, Suite 1403, Rochester, New York 14604, Phone number: (585) 705-8887, the Federal Trade Commission, and the appropriate state regulatory agencies.

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<p><u>CALIFORNIA</u> Commissioner of Corporations Department of Corporations 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><u>HAWAII</u> (agent for service of process) Commissioner of Securities Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p>(state administrator) Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u> (for service of process) Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531</p> <p>(state agency) Secretary of State Securities division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> (for service of process) Securities Commissioner Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p> <p>(state agency) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p> <p><u>MICHIGAN</u> Franchise Administrator Consumer Protection Division 670 Law Building Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u> Department of Commerce Director of Registration 85 Seventh^{7th} Place East, #500^{#500}Suite 280 St. Paul, MN 55101-3165 (651) 296-4026²⁹⁶⁻⁴⁰²⁶539-1638</p> <p><u>NEW YORK</u> (for service of process) Secretary of State New York State Department of Corporations One Commerce Plaza 99 Washington Street Albany, New York 12231 (518) 474-4750</p> <p>(State Administrator) NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222</p> <p><u>NORTH DAKOTA</u> Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-4712</p>	<p><u>RHODE ISLAND</u> Department of Business Regulation 233 Richmond Street, #232 Providence, Rhode Island 02903 (401) 222-3048</p> <p><u>SOUTH DAKOTA</u> Department of Revenue and Regulation 445 East Capitol Pierre, South Dakota 57501-3185 (605) 773-4013</p> <p><u>VIRGINIA</u> (for service of process) Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672</p> <p>(for other matters) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051</p> <p><u>WASHINGTON</u> (for service of process) Director Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p>(for other matters) Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 345 West Washington Avenue 4th Floor Madison, WI 53703 (608) 266-3364</p>
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EXHIBIT "B"
TO
FRANCHISE DISCLOSURE DOCUMENT

Agent for Service of Process – Project Lean Nation Franchising, Inc.

The registered agent of the Franchisor authorized to receive service of process in the State of Minnesota is Department of Commerce, Director of Registration, 85 ~~Seventh~~^{7th} Place East, ~~#500~~Suite 280, St. Paul, MN 55101-3165, (651) ~~296-402539-1638~~.

EXHIBIT "G"
TO
FRANCHISE DISCLOSURE DOCUMENT

**AMENDMENT TO
DISCLOSURE DOCUMENT FOR PROJECT LEAN NATION FRANCHISING, INC.
FOR THE STATE OF MINNESOTA**

N/AIn recognition of the requirements of CHAPTER 80C. FRANCHISES of Minnesota Law the parties to the attached Franchise Disclosure Documents (the "FDD") agree as follows:

1. Item 1 shall be amended to include the following statements.

Neither the Franchisor nor any person identified in the public offering statement:

a. has during the ten-year period immediately preceding the date of the public offering statement been convicted of a felony, pleaded nolo contendere to a felony charge, or been held liable in a civil action by final judgment if such felony or civil action involved fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property;

b. is subject to any currently effective order of the United States Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the license or registration of such person as a securities broker, dealer, agent, or investment adviser, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange;

c. is subject to any currently effective order or ruling of the Federal Trade Commission;

d. is subject to any currently effective injunctive or restrictive order relating to the business which is the subject of the franchise offered or any other business activity as a result of an action brought by any public agency or department; or

e. has any civil or criminal actions pending against that franchisor or person involving fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property.

2. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, with respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and
- that consent to the transfer of the franchise will not be unreasonably withheld.

4. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, the franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name as required under Minnesota Statute 80C.12 Subd. 1(G).

5. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, in compliance with Minnesota Rules 2860.4400(D) the franchisor does not require a franchisee to assent to a general release.

6. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

7. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, all claims must comply with Minnesota Statute 80C.17 Subd. 5. "No action may be commenced pursuant to this section more than three years after the cause of action accrues."

8. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.