

## FRANCHISE DISCLOSURE DOCUMENT



FLEET FEET, INCORPORATED  
A North Carolina Corporation  
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The franchisee will operate a brick and mortar retail store selling specialty running and fitness merchandise, training programs, and services under the name of "Fleet Feet®" and other service marks.

The total investment necessary to begin operation of a single unit FLEET FEET brick and mortar retail store and related services is from \$228,500 to \$545,000. This includes between \$22,500 and \$47,030 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact the Franchise Administration Department of FLEET FEET, INCORPORATED at Post Office Box 1269, Carrboro, NC 27510, (919) 942-3102.

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

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

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### How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

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 North Carolina. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in North Carolina than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:

(i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a 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 the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

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## **ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

THE FRANCHISOR. To simplify the language in this disclosure document, “we,” “us,” or “FLEET FEET” means FLEET FEET, INCORPORATED or in the case of our e-commerce platform, our affiliate, FFS Digital, LLC. “You” means the company which buys the franchise and such company’s owners, partners, members, shareholders, and guarantors. As used in this disclosure document, the term “affiliate” means an entity’s subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity. We are a North Carolina corporation. Our principal business address is 310 East Main Street, Carrboro, NC 27510 and our mailing address is Post Office Box 1269, Carrboro, NC 27510. Our North Carolina registered agent is Ritchie W. Taylor and the registered agent address is 3605 Glenwood Avenue, Ste. 500, Raleigh, NC 27612. Exhibit F identifies the names and addresses of our agents for service of process in certain states that require we appoint them upon our registration there.

Since December 11, 2002, we have sold FLEET FEET (previously FLEET FEET SPORTS) franchises for the operation of retail stores and related services utilizing “FLEET FEET” and the other marks identified in Item 13 (“Trademarks”) and provide our services, training, and support to FLEET FEET franchisees. We do business and intend to do business under the names FLEET FEET, INCORPORATED and FLEET FEET. Although our affiliates own and operate FLEET FEET stores, we do not. We do not engage in any other business other than offering franchises of this type, and we have never sold franchises in any other lines of business.

### OUR PARENTS, PREDECESSORS AND AFFILIATES.

Our parent is ONWARD OUTDOOR BRANDS, LLC (“ONWARD OUTDOOR BRANDS”). From 2012 to 2023, ONWARD OUTDOOR BRANDS operated under the name, “FLEET FEET SPORTS, LLC.” ONWARD OUTDOOR BRANDS has never operated businesses of the type being franchised and has never sold franchises of the type being franchised or in any other line of business. ONWARD OUTDOOR BRANDS shares our address and is a North Carolina limited liability company formed on February 10, 2012.

ONWARD OUTDOOR BRANDS is owned by certain members of our management and INVESTOR’S MANAGEMENT CORPORATION (“IMC”), a North Carolina corporation incorporated on July 8, 1971 and located at 801 N. West Street, Raleigh, North Carolina 27603.

Our affiliate, FLEET FEET SPORTS DEVELOPMENT COMPANY LLC (“FFSDC”) operates company-owned locations across the United States. FFSDC has owned and operated multiple FLEET FEET locations since 2012. FFSDC shares our address. FFSDC has never sold franchises in any line of business or offered franchises of the

type being offered. FFSDC is a North Carolina limited liability company formed April 13, 2012.

Our affiliate, FFS DIGITAL, LLC (“FFS Digital”) is a North Carolina limited liability company formed on May 23, 2014. We have licensed to FFS Digital the exclusive right to operate an e-commerce platform. FFS Digital has never operated a business of the type being franchised or sold franchises of the type being offered here or in any other type of business. FFS Digital shares our principal place of business. The e-commerce program operated by FFS Digital is described below.

Our affiliate, RUNNING LOGISTICS, LLC (“Running Logistics”) is a North Carolina limited liability company formed on February 27, 2018. Running Logistics both purchases in bulk, stores, and distributes certain optional or required products to our franchisees, and sells certain products on Amazon. Running Logistics has never operated a business of the type being franchised or sold franchises of the type being offered here or in any other type of business. Running Logistics shares our principal place of business.

In December 2021, our affiliate, J STREET 1976, LLC, acquired specialty running stores that were branded under the JACKRABBIT trademark, among others. J STREET 1976, LLC is a North Carolina limited liability company formed on October 28, 2021. J STREET 1976, LLC operates these specialty running stores across the United States and as of December 31, 2022 had either divested the stores or converted them to outlets that are substantially similar to FLEET FEET stores. J STREET 1976, LLC has never sold franchises of any type. This affiliate also sells certain products on Amazon. J STREET shares our principal place of business.

In August 2022, our affiliate, MARATHON SPORTS, LLC, acquired specialty running stores that were branded under the MARATHON SPORTS trademark, among others. MARATHON SPORTS, LLC is a North Carolina limited liability company formed on June 2, 2022. MARATHON SPORTS, LLC operates these specialty running stores in the northeastern region of the United States. This affiliate operates an e-commerce platform and sells certain products on Amazon. MARATHON SPORTS, LLC has never sold franchises of any type. The principal place of business for MARATHON SPORTS, LLC is at 838 Moody St., Waltham, Massachusetts 02453.

The following affiliates of IMC are involved in franchising:

Since April 1986, IMC, through GOLDEN CORRAL CORPORATION (“GCC”) and GCC’s wholly owned subsidiary, GOLDEN CORRAL FRANCHISING SYSTEMS, INC. (“Golden Corral”) has franchised the Golden Corral Buffet & Grill concept. GCC has never granted franchises in any other line of business. GCC, IMC and Golden Corral are all located at 5151 Glenwood Avenue, Raleigh, North Carolina 27612.

RIGHT AT HOME, LLC (“RAH”) was originally formed as a Nebraska corporation on July 8, 1999 and converted to a Delaware limited liability company on August 12, 2016.

Its principal business address is 6700 Mercy Road, Suite 400, Omaha, Nebraska 68106. RAH offers franchises that provide personal care, non-medical care, in-home care assistance and companionship care services under the name “Right at Home.” RAH has never granted franchises in any other line of business. RAH does not operate any FLEET FEET stores. RAH has offered franchises since May 2000.

RIGHT AT HOME INTERNATIONAL (“RAHI”) was incorporated as a Nebraska corporation in March 2009 and converted to a Delaware limited liability company on August 12, 2016. Its principal business address is 6700 Mercy Road, Suite 400, Omaha, Nebraska 68106. RAHI offers international master franchisee rights for the “Right at Home” system described above. RAHI has never granted franchises in any other line of business. RAHI does not operate any FLEET FEET stores. RAHI has offered international franchises since March 2009.

IKOR INTERNATIONAL, INC. (“IKOR”) was incorporated as a Nebraska corporation on February 10, 2014 and converted to a Delaware limited liability company on August 12, 2016. Its principal business address is 511 School House Rd., Suite 600, Kennett Square, Pennsylvania 19348. IKOR grants franchises offering healthcare advocacy, financial advocacy, and personal and estate guardianship services to seniors and the disabled under the name “IKOR.” IKOR has never granted franchises in any other line of business. IKOR does not operate any FLEET FEET stores. IKOR began offering franchises in 2014.

We have no other parents, predecessors, or affiliates required to be disclosed.

THE FRANCHISE OFFERED. As a FLEET FEET franchisee, you will own and operate a brick and mortar retail store selling specialty running and fitness merchandise, training programs, and services (“Franchised Business”). Franchised Businesses emphasize the sale of specialty running footwear, apparel, accessory products, training and running programs, and related services and are characterized by a unique system that includes: distinctive design, décor, color scheme, and furnishings; hardware and software programs; standards, specifications, and procedures for operations; training and assistance; proprietary product lines and fit id® technology; and advertising and promotion programs; all of which we may improve, amend, and further develop from time to time, including adding or removing product and service offerings. You and your sales staff are expected to carry and to be uncommonly knowledgeable about top merchandise of interest to competitive athletes and other populations who are our customers. We encourage our franchisees to be community-oriented and particularly involved in and with the athletic lives of their runner, walker, and triathlete communities.

Our franchisees currently must participate in our affiliate’s e-commerce activities in accordance with our Brand Standards Manual (referred to in this disclosure document as the “Brand Standards Manual”). Franchisees in exchange receive payments from FFS Digital based on sales to customers in their e-commerce area. The e-commerce area is not the same as your franchise Territory.

Certain franchisees can also elect to provide fulfillment services to our e-commerce platform by signing our Fulfillment Service Provider Agreement and agreeing to abide by the terms.

REGULATIONS, MARKET, AND COMPETITION. There are no regulations known to us specific to the operation of athletic footwear, equipment, and apparel stores such as a Franchised Business. However, state and local jurisdictions have enacted laws, rules, regulations, ordinances, and industry standards that may apply to the operation of your Franchised Business, including those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the store's premises; (b) regulate matters affecting the health, safety, and welfare of your customers, and participants in your training program; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) govern the processing of credit cards, including PCI Data Security Standards; (f) govern the collection, use, disclosure, and security of personal information, including customer information; (g) govern your relationship with your employees, including the types of competition restrictions you can require; and (h) pertain to the implementation of the Affordable Care Act and the Americans with Disabilities Act. You may employ salaried help and/or independent contractors and will be required to observe general employment law and regulations. You should investigate whether there are regulations and requirements that may apply to the geographic area in which you are interested in locating your Franchised Business and should consider both the effect and cost of compliance.

Since you accept credit cards as a method of payment at your Franchised Business, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Your credit card processing provider should assist you with this compliance.

The general market for specialty running merchandise is well developed. FLEET FEET franchises will compete for customers with retailers, large and small, national and local, franchised and non-franchised, oriented to the athlete and oriented to the general public. These competitors may have brick and mortar stores and/or may operate with e-commerce. You should carefully assess both the competitive situation in your area of choice and your personal affinity for the industry before entering into this business. FLEET FEET stores provide products and services for both serious athletes and general consumers interested in fitness and running. There may be seasonality to your sales, however, the seasonality will vary by the geography you operate in.

## **ITEM 2. BUSINESS EXPERIENCE**

Name	Position & Office	Principal Occupation During the Past 5 Years
JIM HYLER	Chairman of Board, Director	<p>Mr. Hyler has served as Chairman of the Board of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, and FFS Digital since June 2017. He served as a Director of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, and FFSDC since May 2012 and of FFS Digital since May 2014. These positions were located in Carrboro, North Carolina. Since May 2008 he has also served as a member of IMC's Board of Directors in Raleigh, North Carolina. Since August 2022, he has served as a Director for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. From February 2013 to the present he has served as Director of lifestyle clothing company PETER MILLAR LLC headquartered in Raleigh, North Carolina. From July 2012 to May 2019, Mr. Hyler served as a Director of DUKE ENERGY CORPORATION in Charlotte, North Carolina. Since August 2016 until the present, he has served on the board of RiseMark Brands, headquartered in Omaha, Nebraska. Beginning in 2022, Mr. Hyler has served as Director for Orlando Health, a hospital system based in Orlando, Florida.</p>
RICHARD URQUHART, III	Director	<p>Mr. Urquhart has served as a Director of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, and FFS Digital since May 2017. These positions are located in Carrboro, North Carolina. Since August 2022, he has served as a Director for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. From May 1, 2019, until the present, he has served as a director of Dogwood State Bank in Raleigh, North Carolina. Additionally, he serves on the board of trustees of Meredith College, the Board of Directors of Boys and Girls Clubs of Wake County and the Public School Forum of North Carolina all located in Raleigh, North Carolina. In addition to serving on the IMC board, he also serves on the board of Arcadia Beverage Company, headquartered in Arden, North Carolina. Until June 2021, he served on the boards of Alliance Lumber, headquartered in Glendale, Arizona, and JP Hart Lumber, headquartered in San Antonio, Texas.</p>
WILLIAM SCOTT MAHONEY	Director	<p>Since March 2022, Mr. Mahoney has served as a Director of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, and FFS Digital. These positions are located in Carrboro, North Carolina. Since August 2022, he has served as a Director for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. Since June 2005, Mr. Mahoney has served as Chairman and Chief Executive Officer of Peter</p>

		Millar, LLC, which is headquartered in Raleigh, North Carolina.
CYNTHIA SHEATS	Director	Since September 2017, Ms. Sheats has served as a Director of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, and FFS Digital. These positions are located in Carrboro, North Carolina but she has been working from St. Louis, Missouri since February 2022. Since August 2022, she has served as a Director for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. From September 2016 to September 2020, Ms. Sheats has served as a Precinct Official for the Wake County Board of Elections in Raleigh, North Carolina. From April 2018 until January 2023 she was the owner of Short Walk Wines, located in Raleigh, North Carolina. From December 2015 to May 2019, Ms. Sheats also served as a Director of STOMP The Monster NC in Raleigh, North Carolina.
JAMES LACKLAND	Director	Since September 2020 Mr. Lackland has served as a Director of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, and FFS Digital. All those positions are located in Carrboro, North Carolina. In November 2019, Mr. Lackland co-founded Core Ai Corporation, located in Cary, North Carolina and has served as Chief Financial Officer. Since August 2022, he has served as a Director for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. Additionally, beginning in July 2017, Mr. Lackland has served as a Business Development and Practice Manager for Skin Wellness Dermatology Associates in Durham, North Carolina.
JOEY POINTER	President and Chief Executive Officer, Director	Since June 2017, Mr. Pointer has served as President and Chief Executive Officer and as a Director of ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, and FFS Digital. Since March 2021 he has also served as Director of RUNNING LOGISTICS, LLC. Since August 2022, he has served as a Director and Chief Executive Officer for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. He has served as a Director of The Original, LLC since October 2016. These positions were located in Carrboro, North Carolina. Additionally, since August 2023, Mr. Pointer has served on the board of directors for the non-profit Girls On the Run International, which is headquartered in Charlotte, North Carolina. Mr. Pointer is a licensed Certified Public Accountant.
JASON JABAUT	Chief Operating Officer	Mr. Jabaut has served as our Chief Operating Officer since June 2021. From July 2019 to June 2021, he served as our Vice President of Digital. From February

		2017 to July 2019, he served as our Senior Director of eCommerce. These positions were located in Carrboro, North Carolina.
<u>ROGER WILLISAMY DIEBLER</u>	Interim-Chief Financial Officer	<del>Mr</del> <u>Ms. WillisDiebler</u> has served as our Interim-Chief Financial Officer since January 2024. <del>Since January 2020 he has been the owner and operator of a consulting company based in Raleigh</del> August 2024. <u>From September 2021 to May 2024 she served as Chief Financial Officer for Verdesian Life Sciences, in Cary, North Carolina. From June 2018 to December 2019 he served as the Executive Vice President of Merger and Acquisitions for Polynt Reichold Group in Carpentersville, Illinois. From June 2017 to May 2018 he served as an Executive Vice President (Americas) for Polynt Reichold GroupMarch 2014 to August 2021 she served as Chief Financial Officer for Chiesi USA, in Cary, North Carolina.</u>
DANI TILTGEN	Vice President, Human Resources	Ms. Tiltgen has served as our Vice President of Human Resources since March 2019 and Assistant Secretary since March 2021 for ONWARD OUTDOOR BRANDS, FLEET FEET, INCORPORATED, FFSDC, RUNNING LOGISTICS and FFS Digital as well as The Original, LLC and Run Together, LLC, formerly Robinsons On The Run, LLC. Since August 2022, she has served as Vice President and Assistant Secretary for MARATHON SPORTS, LLC, which has headquarters in Waltham, Massachusetts. Previously, she served as our Senior Director of Human Resources from September 2017 to March 2019. These positions were located in Carrboro, North Carolina.
JOHN MOLOZNIK	Vice President, Retail Development	Mr. Moloznik has served as our Vice President of Retail Development since December 2021. Previously he served as our Director of Business Development from January 2021 to December 2021. He served as our Director of Retail Operations from January 2020 through December 2020. These positions were located in Carrboro, North Carolina. From August 2007 through December 2019, Mr. Moloznik was Senior Vice President of Sales and Marketing for DLZIMCO LLC, d/b/a Fleet Feet Chicago, in Chicago, Illinois.
MATT WERDER	Vice President, Retail Operations	Since November 2021, Mr. Werder has served as our Vice President of Retail Operations. Previously he served as our Senior Director of Retail Operations from January 2021 to November 2021, as Director of Retail Experience from March 2019 to January 2021, and as Senior Manager of Retail Operations from April 2016 to March 2019.
CATHERINE MOLOZNIK	Vice President, Purchasing and Merchandising	Since 2022, Mrs. Moloznik has served as our Vice President of Purchasing and Merchandising. Previously, she served as our Senior Director of Merchandise

		Planning and Analytics from January 2020 to December 2021. These positions were located in Carrboro, North Carolina. Prior to joining the corporate team, Mrs. Moloznik served as Director of Merchandise and Product Marketing from March 2014 until December 2019 of Fleet Feet - Chicago, or DLZIMCO LLC in Chicago, Illinois.
<u>KEVIN STAUDT</u>	<u>Vice President, Business Operations</u>	<u>Since August 2024, Mr. Staudt has served as our Vice President of Business Operations. From September 2021 to August 2024, he served as Vice President of Finance for Quality Restaurant Group, based in Greensboro, NC. From November 2007 to September 2021, he was Vice President of Finance and Operations for Fleet Feet - Chicago, or DLZIMCO LLC in Chicago, Illinois</u>
<u>MARY-CHELSE A BANISTER</u>	<u>Vice President, Supply Chain Transformation</u>	<u>Since April 2024, Ms. Banister has served as our Vice President of Supply Chain Transformation. From July 2020 to November 2023, she was a business development manager for Free Fly apparel in Charleston, South Carolina. From July 2018 to July 2020, she was a Omnichannel Senior Analyst for Carters, Inc. in Atlanta, GA.</u>

As referenced in Item 1, from 2012 to 2023, ONWARD OUTDOOR BRANDS operated under the name, "FLEET FEET SPORTS, LLC."

### **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **ITEM 5. INITIAL FEES**

INITIAL FRANCHISE FEE. The initial fee for your Franchised Business is \$45,000, unless you qualify for certain discounts. Of this amount, \$10,000 is due when you sign the Franchise Agreement. This initial payment may be refundable under the circumstances below. The balance of \$35,000 will be due at the opening of the Franchised Business and is non-refundable.

DISCOUNTS. We offer a reduced initial fee of \$22,500 for a second or subsequent new Franchised Business that is opened for business (if the ownership group is the same as the first franchise). Of this amount, \$5,000 is due when you sign the second or subsequent Franchise Agreement. This initial payment may be refundable under the circumstances below. However, the amount you saved on the second or subsequent location because of this discount (currently \$22,500) becomes due to us if you sell, transfer, or assign your second or subsequent location before, or within one year after,

you commence operating it. You will sign the Second or Subsequent Location Addendum at the time you sign your second or subsequent Franchise Agreement.

If, prior to applying to become a FLEET FEET franchisee, you have been in specialty running retail for at least 36 months as a full-time employee, defined as working more than 130 hours per month (“Qualified Employee Program”), then your initial fee will be \$35,000. Of this amount, \$10,000 is due when you enter into the Franchise Agreement. This initial payment may be refundable under the circumstances below. The remaining \$25,000 is due upon opening your new location for business. The amount you saved on your Franchised Business because of the Qualified Employee Program (currently \$10,000) becomes due to us if you sell, transfer, or assign the new location before, or within one year after, you commence operating it. You will sign the Qualified Employee Addendum at the time you sign your Franchise Agreement.

We participate in the International Franchise Association’s VetFran Program, which generally provides discounts on initial franchise fees to veterans of the U.S. Armed Forces who otherwise meet the program’s requirements. Franchisees who are veterans of the U.S. Armed Forces are eligible to receive a reduced initial franchise fee of \$35,000 for their first Franchised Business. Of this amount, \$10,000 is due and payable when you enter into the Franchise Agreement. The remaining \$25,000 is due upon opening your new location for business and is non-refundable. The amount you saved on your Franchised Business because of the VetFran Program (currently \$10,000) becomes due to us if you sell, transfer, or assign the new location (other than to a pre-existing FLEET FEET franchisee) within one year before or after you commence operating it. To qualify for the discount, the veteran must own at least a 50% interest in the franchise. “Veteran” means a recipient of an honorable discharge as evidenced by the U.S. Department of Defense. It is the veteran’s responsibility to send us the required documents in order to obtain the VetFran discount. This discount cannot be combined with any other discounts that we offer. You will sign the VetFran Addendum at the time you sign your Franchise Agreement. We reserve the right to modify or cancel our participation in the VetFran program at any time.

This entire initial franchise fee is waived for existing franchisees who merely exchange their older Franchise Agreement for the form of agreement accompanying this disclosure document.

REFUND POLICY. You must sign a lease for your Franchised Business within 6 months after you sign the Franchise Agreement. If we cannot agree on a site for your Franchised Business within 6 months, then upon receiving your written request within 10 days after the 6-month period expires, we will terminate your Franchise Agreement, and, provided you sign our form mutual termination agreement, which includes a general release, we will refund 50% of the first installment of your initial franchise fee.

OTHER PURCHASES. While we are not required to do so, to benefit from group buying power, from time to time we make available certain items you will need to operate your Franchised Business on a discounted basis that you can purchase from

us or an affiliate. The current cost of such items ranges from \$0.09 to \$1,380. You are free to purchase these items from other sources. These costs are non-refundable.

Additionally, some franchisees elect to attend our franchise conferences before they open their Franchised Business. The cost to attend conferences varies based upon the event, but generally ranges from \$0 to \$675 per person plus any additional costs incurred for hotel and air fare. These costs are non-refundable.

MISCELLANEOUS. There are no other required pre-opening fees or payments payable to us. Last year we allowed a franchisee who converted its retail running store to a FLEET FEET franchise to spend the amount it would have paid as the initial franchise fee on rebranding expenses. Otherwise, all fees discussed in Item 5 were consistently applied to all franchisees in our last fiscal year.

We may pay a referral fee of \$20,000 to the first of our franchisees that introduces a new prospective franchisee to us who is not associated with Fleet Feet and is identified to us as referred by the franchisee on the prospective franchisees' initial application if: (a) we approve the new prospect, (b) we and the prospect sign a Franchise Agreement within 6 months after the referral is made, and (c) the prospective franchisee pays us the full initial franchise fee applicable to that franchisee and timely opens its Franchised Business for operation. If we pay the referral fee, we will do so after the referred prospective franchisee's Franchise Agreement is fully signed, the initial franchise fee is fully paid, and the franchisee's Franchised Business is open for operation. You must be in full compliance with all Franchise Agreements between you and us in order to receive a referral fee. We reserve the right to terminate, cancel, or modify such referral program at any time.

**ITEM 6. OTHER FEES**

**OTHER FEES <sup>1</sup>**

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	4% of Gross Sales	Currently due 3 <sup>rd</sup> business day of each month or such other earlier date we specify in writing.	See Note 2 for the definition of Gross Sales.
Marketing Fund	Currently, one quarter of one percent (0.25%) of Gross Sales	Monthly, with royalty	Can be raised by us to be as high as 2% of Gross Sales.

Name of Fee	Amount	Due Date	Remarks
Technology Fee	Currently not collected	Monthly, with royalty	This fee may be implemented in the future to support the development, implementation, and maintenance of technologies to be used by franchisees. We reserve the right to modify, amend, delete, or add to the technologies, goods, and services, provided for the Technology Fee.
E-Commerce	Currently \$100 per month	Monthly, drafted prior to the 5th of each month	You must pay this fee to FFS Digital. In exchange, FFS Digital will currently pay you a commission on online sales from customers within your Online DMA, which commission is currently 7% of the retail price of qualifying sales. FFS Digital can change these fee and commissions at any time. With 5 days prior written notice, we reserve the right to discontinue the e-commerce program.
Business Conference Registration Fee	Historically ranges from \$0 to \$675 per person plus any additional costs incurred for hotel and air fare.	As incurred	Cost will be set in advance but will vary based on the event. In the future, the cost could deviate from this range.
Customer Experience Services (OPTIONAL)	Customer survey software is up to \$25 per month for self-selecting franchises.	Monthly	Cost will be set annually in advance. Includes access to customer survey and scheduling software. We may also require you to pay this fee to the supplier directly.
Email Newsletter Services (OPTIONAL)	Currently \$175 per market plus an additional \$50 for each additional market per month for self-selecting franchises	Monthly	Cost will be set annually in advance. Includes access to customer email software.

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Digital Advertising Services (OPTIONAL)	Currently \$1,200 per month	Monthly	For this fee we or our affiliate will provide you with certain digital advertising services. Fee is established by us and may be changed at any time in our sole discretion.
Miscellaneous Supplier Sales from Inventory	Varies	Upon receipt of invoice from our affiliate	Purchases vary based upon your needs and available inventory.
Audit Fee	The cost of audit	Due immediately if audit shows greater than 2% underpayment	You also pay the underpayment, if any. We pay for the audit if underpayment is 2% or less.
Collection and Interest Charges	18% or highest lawful rate if lower	Immediately if payments not made when due	This charge is in addition to other remedies such as late payment fee
Additional Training (for extra people at outset at your option or later if desired or required)	Currently, \$200/day plus expenses	Before training commences	If training is conducted in-person, you remain responsible for paying your own lodging, transportation, and food expenses incurred for additional training. We can modify this fee and have the right to waive it.
National Training Program Liability Insurance	Current rate is \$2.20 per training program participant for recurring programs and \$1.10 per training program participant for one-time events. The annual rate varies annually depending on total number of participants nationwide. We reserve the right to adjust the rate more frequently if necessary.	As incurred; Upon enrollment	National liability insurance is currently underwritten by K&K/National Casualty Underwriters. We will bill you prior to the beginning of the policy based upon your anticipated number of training program participants.
Renewal Fee	None	N/A	
Late Payment or Insufficient Funds Fee	\$50	With payment	Avoided if royalty received or postmarked by 3 <sup>rd</sup> business day of month or you have sufficient funds in your account when fees or royalty are drafted.

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Transfer Fee	Greater of \$10,000 or 25% of the then-current initial franchise fee per location transferred  For certain transfers with limited impact on ownership and governance, just our legal expenses	When we approve the transfer	Fee would be paid by the seller of the existing franchise.
Attorneys' Fees and Cost of Litigation	Depends on what we spend	When court orders, if we win	Loser pays winner's fees and costs to discourage meritless litigation. We could have to pay your fees.
Enforcement Costs	Will vary	As incurred	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement.
Indemnification	Any and all types of damages, liabilities, losses, costs, and expenses we incur as a result of third parties claims or from your ownership and operations of the Franchised Business.	As incurred	You, your owners, and your guarantors must indemnify us and related parties for a broad range of claims related to your actions, omissions, ownership, and operations of the Franchised Business.
Early termination Damages	Our damages, costs, and expenses	As incurred	If the Franchise Agreement is terminated early, we have the right to seek damages from you.
Default Damages	Damages, costs, losses, and expenses, including reasonable attorneys' fees	As incurred	You must promptly reimburse us for damages incurred by us as a result of any of your defaults under the Franchise Agreement.

Name of Fee	Amount	Due Date	Remarks
Continued Operation After Expiration	Greater of \$1,000 or 150% of royalties per month	Monthly	If we permit you to renew the license granted under the Franchise Agreement after a month-to-month continuation of the Franchised Business, then you must pay to us, in addition to all royalties and other fees due to us, a monthly fee for every month of month-to-month operation after the expiration date, up to our then-current initial franchise fee.
Early Transfer Fee	\$10,000 to \$22,500	Upon assignment, sale, or transfer of the Franchised Business	This fee is applicable only if you sign the Addendum for Second or Subsequent Location, the Qualified Employee Addendum, or the VetFran Addendum and you then sell, transfer, or assign that location before, or within one year after you commence operating it. (See Item 5 for more information about these programs.)
Refurbishing Reimbursement	Our costs plus 15% additional fee	Upon demand	If you do not undertake any necessary refurbishing work and we do so on your behalf, you will pay us this fee.
Inspection Costs	Our costs and expenses	Upon demand	If an inspection is made because of your repeated or continuing failure to comply with the Franchise Agreement, we can require you to reimburse us for our costs associated with the inspection.

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Quality Assurance Program	Varies	Quarterly	If we establish a systemwide quality assurance program, you will be required to pay your Franchised Business's share of the costs. We may require you to pay the supplier or directly or to pay us and we will remit payment to the supplier.
Insurance Reimbursement	Costs	As incurred	If you fail to obtain the required insurance and we must obtain it on your behalf, you will reimburse us for our costs.
Data Inspections and Reimbursement	Varies	Upon demand	If you repeatedly violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your business. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Customer Complaint Fee	Varies, our costs and expenses	Upon demand	If a customer complains to us and you fail to satisfactorily remedy the complaint, you will pay us our costs to respond to the complaint.
System Modifications	All costs and expenses associated with system modification	As required	If we make changes to the system, you must adapt your business to conform to the changes. These may be paid to us, our affiliates, or a third-party supplier we designate.

Name of Fee	Amount	Due Date	Remarks
Gift Card Liability	Will vary	As incurred	If you purchase a Franchised Business from an existing owner, you may be required to assume the prior owner's gift card liability and honor all outstanding but unredeemed gift cards that were issued by that location and/or the prior owner. Alternatively, if you transfer the business you may elect to pay us the outstanding gift card liability. Finally, on termination or non-renewal you will pay us the outstanding gift card liability.

Note 1. All fees and expenses described in Item 6 are non-refundable and imposed by us. All fees are payable to and collected by us or our designated affiliates. During our last fiscal year, we also waived transfer fees, enforcement costs, attorney, and late fees in certain circumstances. Otherwise, all fees were uniformly imposed by us. Unless we have noted differently, we may increase these amounts based upon changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees. We do not have the right to require you to participate in an advertising cooperative and there are no advertising cooperatives we have created for the Franchised Businesses.

2. "Gross Sales" means the total gross revenue derived from the operation of the Franchised Business whether from sales for cash, credit, gift certificate, check, gift card, script, or other property, and irrespective of the collection thereof, including sales of both merchandise (including, but not limited to, special items such as trophies, screen printed products, awards, and T-shirts) and services, exclusive of sales taxes and returns or refunds. Unless otherwise approved in writing by us, "Gross Sales" includes all revenue including race and training class revenue. Any sales you make at events where you engage in selling constitute part of the Franchised Business even though such activities might occur at locations other than the store premises are included. Examples of these events include expositions, fairs, races, auctions, or liquidation sales. Gross Sales does not include inventory sales to other franchisees and company-owned stores.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE <sup>1</sup></b>	<b>AMOUNT LOW</b>	<b>AMOUNT HIGH</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee <sup>2</sup>	\$22,500	\$45,000	Lump sum	a) upon signing of Franchise Agreement, and/or b) upon opening of Franchised Business (varies if a discount applies)	Us
Inventory <sup>3</sup>	\$80,000	\$120,000	Supplier terms	Varies depending on supplier; typically between order date and shipment	Approved suppliers
Real Estate & Improvements <sup>4</sup>	\$50,000	\$200,000	Lump sum or (possibly) amortized by landlord	Varies depending on your contract	Supplier or Landlord
Furniture, Fixtures, and Equipment <sup>5</sup>	\$35,000	\$103,000	Lump sum or progress payments	Varies depending on your contract	Supplier or Landlord
Computer System Equipment <sup>6</sup>	\$3,800	\$11,700	As incurred	Varies depending on your contract	Supplier and Us
fit id® subscription <sup>7</sup>	\$1,200	\$1,200	As incurred	Monthly	Supplier
Travel and living expenses while training <sup>8</sup>	\$4,000	\$6,000	As incurred	Before opening	Airlines, hotels, restaurants, etc.
E-Commerce Fee <sup>9</sup>	\$300	\$300	As Incurred	Monthly	Affiliate
Legal, Accounting, and License Fees <sup>10</sup>	\$3,000	\$10,000	As incurred	As incurred	Attorneys, accountants, and municipalities
Additional Funds—3 Months <sup>11</sup>	\$28,700	\$47,800	As incurred	Money to work with through first 90 days of operation	Suppliers, insurers, employees, utilities, us, and landlord
<b>TOTAL</b>	<b>\$228,500</b>	<b>\$545,000</b>			

Note 1: All fees and expenses described in Item 7 which are payable to us are non-refundable. Suppliers will have their own refund policies, but you should generally assume the items will be nonrefundable. These estimates are your estimated initial investment through the 3rd month of operation. Neither we nor an affiliate finance any part of the initial investment.

Note 2: Our standard initial franchise fee is \$45,000. If you purchase a second or subsequent new Franchised Business your initial franchise fee would be \$22,500. See Item 5 for more information about the initial franchise fee and various discounts we offer.

Note 3: You will need an initial inventory of products for retail sale. The cost of these items may vary based on manufacturers' discounts and specials at the time of purchase and other factors. We do not know if the amounts you pay for other initial inventory items are refundable. Factors determining whether other inventory items are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

Note 4: This estimate includes rent, leasehold improvements, and deposits, if applicable, from time of signing through opening. The low estimate assumes that you receive three months of free rent from your landlord but will pay the first month's rent and a security deposit equal to one month's rent in advance. Our high estimate assumes you will have to pay the first month's rent and a security deposit of two months' rent in advance. We include three additional months of rental costs in the category "Additional Funds" to address rent during the post-opening 3-month period (see Note 11 below). Market conditions will dictate whether the landlord will require that you pay the last month's rent and security deposit up front. The high estimate assumes that you will rent a new dark shell space that has never been built out and the low estimate assumes a warm vanilla shell or 2nd generation upfitted space. Both the low and high estimate are net of any applicable landlord contributions. These are expenses to improve the space to brand-specific standards. The typical new store is between 1,200 and 2,000 square feet in size. If you elect to open a larger location, it will increase your operating costs, and you may spend more than we estimate here. The actual costs you will incur in leasing is difficult to quantify because there is a myriad of factors that will impact what you pay, including the facility's location, its square footage, cost-per-square foot, renovation costs and any required maintenance fees. Your landlord may refund your security deposit, but most will not refund rental payments. You should ask your leasing agent or landlord about their refund policy before you sign a lease agreement. The low estimate assumes that your landlord will provide a partial build-out allowance of approximately \$30 per square foot. The amounts you pay for leasehold improvements are typically non-refundable. You should ask the supplier you hire to renovate or remodel the facility about its refund policy before you patronize the supplier.

These projections assume the space is being leased. We do not require you to purchase or build a facility, and the cost for purchasing the real estate is not included in these estimates. Your cost may increase over our projections should you choose to purchase or build. You should consider construction delays and their unpredictable cost before electing to build or purchase. You should seek professional advice if you choose to purchase or build.

Note 5: You must purchase furniture and equipment necessary for providing the various services offered by Franchised Businesses and other required equipment such as a surveillance system, computer system and phone system. Although some of these items may be leased, the range shown represents an estimated purchase price. We do not know if the amounts you pay for furniture, fixtures or other equipment are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

Note 6: See Item 11 for the details regarding the computer systems you must purchase.

Note 7: You must subscribe to have access to the hardware and software for the fit ID technology®. This represents a three-month subscription of approximately \$400 per month.

Note 8: This estimate assumes that one person will attend training. We may offer some portions of the initial training program through web-based methods rather than requiring you travel to an approved FLEET FEET store. More details are available in Item 11.

Note 9: This estimate reflects three months of the e-commerce fee of \$100, which will be due once you commence operations.

Note 10: You may need to obtain business licenses to operate in your jurisdiction. We also recommend that you use the services of an accountant and/or attorney as you work to establish the business.

Note 11: We estimate the start-up phase to be three months from the date you open your business. The estimate of costs and startup working capital assumes a franchisee is leasing the location for their Franchised Business. The additional funds estimate includes rent for the initial three months of operations post-opening. You will need additional funds during the start-up phase of your business to pay employees, purchase insurance, purchase supplies, pay utilities, taxes, loan payments and other miscellaneous expenses. The estimate of additional funds does not include an owner's salary or draw. These amounts do not include any estimates for debt service. You must also pay the royalty and other related fees described in Item 6 of this disclosure document.

These figures are estimates based on our affiliate's historical experience in operating FLEET FEET stores and the experience of our existing franchisees, and we cannot

guarantee you will not have additional expenses either in starting the business or during the first three months. Your costs will depend on factors such as: how closely you follow our methods and procedures; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the size of your territory; and the sales level reached during the initial period. You should review these figures carefully with your business advisor. Credit terms will be negotiated by you directly with each supplier. Prior to opening, you will be required to provide us with a bank approval letter showing sufficient start up working capital and additional funds.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

General Requirement to Purchase from Authorized Suppliers and According to Specifications. Under the Franchise Agreement, you must sell only the products and services authorized by us, which presently include specialty running and fitness merchandise, training, and services. You are required to purchase or lease virtually all goods, services, supplies, fixtures, equipment, inventory or real estate you use in the business from us or approved suppliers and/or in accordance with our specifications. You must not purchase from unauthorized suppliers, and you must not purchase items that are not approved, even from suppliers we have authorized. We have the right to remove any product or supply from the approved product list, or to require that you purchase such product or supply only from us, an affiliate, or another designated supplier. We have the right to require that you do not purchase products from certain suppliers or that you do not purchase certain inventory, products, or equipment from certain suppliers. You are required to carry certain inventory products we designate during the term of your Franchise Agreement. Additionally, you must launch or promote certain products in the manner we may designate. You are strictly prohibited from selling any food, drinks, supplements, or other ingestible products that have not been approved in advance by us. We reserve the right to revoke approval for any item or supplier for any reason and you must cease to use the item or supplier within 30 days' notice from us. We will provide our list of approved goods, services, suppliers, and specifications or specifications to you in writing. We may change our relationship with suppliers at any time and such a change may result in increased prices for you. We have the right to change our business relationship with our approved suppliers as well as the right to add and/or remove approved suppliers from the approved supplier list.

As a franchisee you are required to purchase virtually all of your inventory from suppliers we approve or of such quality as we may approve. We estimate that approximately 100% of both your initial and continuing inventory will be from suppliers we approve.

If you do not own your business premises, we must review your lease and accept your location. It is your responsibility to select your own location. We reserve the right to require you and your landlord to provide in the lease that we shall have the right at our option and without compensation to you to take assignment of the lease should you materially default under the lease or should your Franchise Agreement terminate or not be renewed for any reason. You are also required to include as part of your lease our

form Lease Rider attached to the Franchise Agreement. You are not allowed to relocate the business premises without our prior written approval. We will not derive any revenue or any other material consideration from any lease you sign.

We have selected a single supplier to produce gift cards and administer our gift card program. You must participate in the gift card program and work with our supplier. If the Franchise Agreement is terminated or transferred, you will pay us the outstanding gift card liability.

You are required to purchase a RICS POS system and other computer hardware and software from suppliers we designate. We also require you to obtain a subscription from our designated supplier to use the fit id® hardware and software. See Item 11 for more information regarding computer equipment.

You are required to participate in any contests and events that we may require. You are also required to partner with any brands or businesses that we may require you to partner with in sponsoring, supporting, or organizing such contests and events. We may also require you to participate in certain charitable promotions and initiatives.

You also are required to purchase signs, stationery, business cards and other items bearing the Trademarks from suppliers we approve or of such quality as we may approve.

You will obtain from a nationally recognized insurance company with an AM Best rating of at least "A" and at all times during the term of the Franchise Agreement maintain in force and pay the premiums for all types of insurance that we may require from time to time including any insurance limits that we may prescribe from time to time. You are currently required to maintain, the following insurance coverages: A) Commercial General Liability ("CGL") insurance written on an "occurrence basis" that includes Product Liability and "Completed Operations" coverage, with limits of liability for bodily injury, property damage, personal injury, products/completed operations, contractual liability, and advertising injury each in amounts not less than \$1,000,000 per Occurrence/\$2,000,000 in the aggregate; B) Automobile Liability Insurance (for any owned vehicles); C) Non-Owned or Hired Automobile ("NOHA") Insurance; D) Umbrella Liability Insurance with limits of not less than \$3,000,000 excess of the primary CGL policy limits; E) All Risk Property Insurance including coverage for Contents ("Business Personal Property"), Betterments & Improvements, Business Interruption and Extra Expense (with a deductible of not more than \$10,000); and if located in a Flood Zone including National Flood Insurance Program ("NFIP") coverage; F) Cyber Security Insurance; G) Workers' Compensation insurance coverage providing state statutory limits for each worker, and Employer's Liability Limits of no less than \$500,000; and H) Crime Insurance. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history. From time to time in our sole discretion, we may increase or modify such limits of liability or require additional types of coverage. You are required to either participate in our National Training Program

insurance policy or obtain insurance from another provider providing identical or superior coverage.

The Franchise Agreement further outlines the types, amounts, terms and conditions of insurance coverage required for your Franchised Business, including, but not limited to our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend a claim; and similar matters relating to insured and uninsured claims. All insurance policies must name us as an additional insured party. Additionally, your insurance policies must waive on behalf of the insurer any right of subrogation by the insurance company against us, the additional named insured, our officers, shareholders, and employees. Your insurance must apply as primary and non-contributory.

We estimate that approximately 90% of all your purchases and leases associated with establishing and operating the business must be from suppliers we approve or require.

Us or Our Affiliates as Suppliers. Other than as set forth below with respect to gift cards, currently we nor our affiliates are the exclusive supplier of any goods or services to you. We reserve all rights to designate them or us to become suppliers, including exclusive suppliers, of any goods and services in the future.

Our affiliate Running Logistics operates a distribution center (“Distribution Center”) that can sell inventory items to franchisees. The Distribution Center is your required and exclusive supplier of Fleet Feet gift cards. Otherwise, all other inventory purchases from the Distribution Center are optional. During 2023, Running Logistics received revenue in the amount of \$1.4 million from sale of certain items to franchisees, which items Running Logistics purchased in bulk from other suppliers.

You will also have the option to purchase inventory from corporate-owned FLEET FEET stores, just as you would from other franchisee-owned FLEET FEET stores. These purchases are not required but if you choose to make them, they will result in revenue for our affiliates, J STREET 1976, LLC and/or FFSDC.

Except as stated above, no supplier is currently affiliated with us. Some of our officers have indirect ownership interest in us, Running Logistics, FFSDC, and J STREET 1976, LLC. Otherwise, our officers currently do not own interests in any of our franchisees’ suppliers. Nothing in the Franchise Agreement prohibits us or our affiliates from becoming an approved or required supplier in the future.

Additional Revenue We Receive from Your Purchases or Lease. In total, in 2023 we derived \$89,774 from required and optional purchases or leases by our franchisees, which represents 1% of our total revenue of \$17,319,609.

As part of new business development, we may provide brand management services and information related to the sale of products at FLEET FEET stores to suppliers for a fee. The fee is a percentage of the sales and in some agreements a percentage of the increased sales of the business of the supplier with our company-owned and franchised stores. The products sold by these suppliers are not required to be purchased by the franchisees. To our knowledge, the brand management services contracts and the fees we receive from the suppliers have not resulted in increased prices to our franchisees, but we cannot assure this will be the case now or in the future. While the funds generated from these programs are our property to use as we deem fit, revenue generated from our brand management services contracts and exclusive retail distribution rights are used, in part, to support the hiring of personnel to manage the brand business with our stores, offset travel and other business expenses incurred by us in servicing these contracts, and fund sales and marketing training initiatives to support franchisee business development.

During 2023, we received a total of \$4,424,246 of our revenue through these brand management agreements, which revenue represents 26% of our total 2023 revenue of \$17,319,609.

Except as outlined above, neither we nor our affiliates derive income or revenue based upon your purchase or leasing of goods, supplies, fixtures, equipment, inventory, or real estate relating to the establishment or operation of your franchise.

Miscellaneous. We do not currently have any purchasing or distribution cooperatives. We provide no material benefits to franchisees (renewal or granting additional franchises) based on their use of designated or approved sources. From time to time, we may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees; we are not obligated to do so.

Alternative Suppliers. If you wish to purchase source-restricted items from a supply source other than one we have previously approved or if you would like to have new goods or services approved, we may require you or the supplier to submit specifications, photographs, samples and other relevant information for us to examine and evaluate. Presently we charge no fee to perform such review. However, in the future we may charge a fee to cover our costs. We will review such recommendation and approve such alternate good, service, and supplier if, in our sole discretion, we determine that our quality criteria will be met. If the criteria is met, you may use that good, service, or supplier in accordance with our brand standards and specifications. Our specific criteria for an item may be available to a franchisee at our sole discretion. We will evaluate the proposed good, service, or supplier by considering the technical and performance properties of the item, design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, financial ability of the product's producers and distributors, supplier history, quality, price, customer service, and the ability to service the franchise system, among others.

Our review is generally completed in 30 days from the time we receive all materials we have requested from you, but we may take longer to make our decision. If you do not receive our written approval of the good, service, or supplier within 30 days after you send us all the materials we reasonably request, the good, service, or supplier is deemed rejected, unless we otherwise specify in writing. We retain sole discretion to approve or disapprove any products or supply sources and will not be liable for our disapproval of any product or suppliers. We impose these restrictions to safeguard the integrity of the both the system and our Trademarks. We reserve the right to revoke approval for any item or supplier for any reason and you must cease to use the item or supplier within 30 days' notice from us.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

### FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Franchise Agreement §§ 2.4, 4.1, 4.3, 4.6, Site Selection Addendum	Items 7, 8, 11 and 12
b. Pre-opening purchases/leases	Franchise Agreement §§ 3, 7.3, 7.12, 7.14	Item 8
c. Site development and other pre-opening requirements	Franchise Agreement §§ 4.1, 4.2, 6.1(a)-(c), 7.3, 7.12, 7.14, Site Selection Addendum	Items 7, 8, and 11
d. Initial and ongoing training	Franchise Agreement §§ 6.1(a)-(c)	Item 11
e. Opening	Franchise Agreement §§ 3, 4.3, 4.5	Items 5, 7 and 11
f. Fees	Franchise Agreement §§ 3, 6.1(a), 7.12, 7.15(e), 8.1, 9.1, 9.5, 9.7, 10.4(f), 11.5, 11.9(c), 12.2, 12.3, 13.6	Items 5, 6, 7 and 17
g. Compliance with standards and policies/ Brand Standards Manual	Franchise Agreement §§ 4.3, 4.4, 4.6, 5.5, 6.1, 6.2, 7.1, 7.3, 7.4–7.8, 7.11–7.16, 7.17, 7.19, 7.20, 9.3, 9.4, 11.5(f), 14.7, Brand Standards Manual	Items 8, 11, 13 and 15
h. Trademarks and proprietary information	Franchise Agreement §§ 1.1, 2.1, 4.4, 4.6, 5.1-5.8, 6.1(b), 6.1(c), 7.1, 7.2, 7.13, 11.2(c), 11.3(e), 11.6	Items 1, 13 and 14
i. Restrictions on products/services offered	Franchise Agreement §§ 4.4, 4.6, 5.1, 5.7(a), 5.7(b), 5.8, 6.2, 7.1, 7.2, 7.17, 7.19	Item 16
j. Warranty and customer service requirements	Franchise Agreement §§ 7.6, 7.7, 7.9, 7.15, 11.3(d)(ii), 11.3(f)	Item 15

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
k. Territorial development and sales quotas	Not applicable.	Item 12
l. Ongoing product/service purchases	Franchise Agreement §§ 6.2, 7.2, 7.12, 7.14	Item 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 4.3, 4.4	Items 1, 7 and 9
n. Insurance	Franchise Agreement § 7.12	Items 6, 8 and 9
o. Advertising	Franchise Agreement §§ 6.1(c), 7.3, 8.1-8.2	Items 6, 9 and 11
p. Indemnification	Franchise Agreement §§ 5.4, 7.5, 7.6, 7.12, 7.15(d), 7.19, 11.8, 13.3, 13.9, 15.3, 15.7	Item 13 and 14
q. Owner's participation/management/ staffing	Franchise Agreement §§ 7.5, 7.6	Item 15
r. Records/reports	Franchise Agreement §§ 7.11, 7.15, 9.3-9.4	Items 6, 16 and 17
s. Inspections/audits	Franchise Agreement §§ 4.5, 7.14, 7.15, 9.4	Items 6 and 11
t. Transfer	Franchise Agreement §§ 10.1-10.6	Item 17
u. Renewal	Franchise Agreement §§ 2.3, 4.1, 11.5, 11.9, 11.11, 12.1-12.3	Item 17
v. Post-termination obligations	Franchise Agreement §§ 5.5, 5.7(c), 5.7(d), 7.13, 10.2, 11.5; 11.8, 11.9, 11.11, Lease Rider	Item 17
w. Non-competition covenants	Franchise Agreement § 5.7	Item 17
x. Dispute resolution	Franchise Agreement §§ 13.1-13.10	Items 6 and 17

## ITEM 10. FINANCING

At this time, neither we nor our affiliate offer direct or indirect financing. We do not guarantee any note, lease, or obligation.

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

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

After you sign your Franchise Agreement, but before you open your business:

1. It is your exclusive responsibility to hire and train your employees generally. However, we offer a training program to certain individuals as discussed below. We do

not mandate employment practices you must follow with your employees. Franchise Agreement Section 7.

2. We will lend you our Brand Standards Manual. Franchise Agreement Section 3.

3. To the extent we have them, we will make available to you a list of necessary or recommended equipment, signs, fixtures, inventory, and supplies and a list of any specifications. We do not deliver, supply, or install any of these items. It is your responsibility to outfit your business premises in accordance with our standards and specifications. We may modify such specifications from time to time. Franchise Agreement Section 6.

4. To the extent we have them, we will make available to you a list of the approved suppliers. Franchise Agreement Section 6.

We are not required to provide you other supervision, assistance or services prior to the opening of the Franchised Business. (Franchise Agreement - Section 6).

During the operation of the Franchised Business under your Franchise Agreement:

1. We will provide advice and consultation services to you concerning the operation of your Franchised Business, including giving advice regarding operational problems you encounter. We may but are not obligated to give you advice regarding establishing and using administrative, bookkeeping, accounting, and inventory control procedures. While we do not typically charge a fee for such services, if you request advice or consultation service which requires us to make our staff present at your Franchised Business for remedial training, we reserve the right to request reimbursement of \$200/day plus expenses. We will consult with you as to whether or not you are in need of an on-site visit and remedial training, but the final decision is ours if we determine your Franchised Business is not operating in accordance with our system standards. (Franchise Agreement - Section 6.1(b).)

2. We will make available to you from time to time all improvements and additions to the system to the same extent and in the same manner as they are made available to our franchisees generally. These improvements and additions may involve additional products and services for you to sell. (Franchise Agreement - Section 6.1(c).)

3. We will continue to make the Brand Standards Manual available to you. Franchise Agreement Section 3.

4. We will make available to you from time to time such template marketing materials and promotional plans and materials, if any, as we prepare for use by FLEET FEET franchisees generally. You may use such materials in any local marketing. You will pay for all associated costs, including the cost to customize the materials for your particular use. Franchise Agreement Section 6.

During the operations of the Franchised Business under your Franchise Agreement we may, but are not required to do the following:

1. While we are not required to do so, and while you have no right to receive any compensation for sales made to customers residing within your Territory, our affiliate, FFS Digital, currently provides an opportunity for franchisees to participate in and benefit from FFS Digital's e-commerce platform. Under FFS Digital's current policy, if you provide certain marketing assistance to FFS Digital as outlined in the Brand Standards Manual and pay FFS Digital the required \$100 monthly fee, FFS Digital will pay you a commission on sales to customers residing in your Online DMA as defined below. Franchise Agreement Section 7.20.

Currently, FFS Digital also offers certain franchisees the opportunity to be fulfillment locations and receive additional compensation for those services. These franchisees are referred to as "Fulfillment Service Providers." If you are selected as a Fulfillment Service Provider, you must sign the Fulfillment Service Provider Agreement in Exhibit L and abide by the agreement's terms and FFS Digital's standards.

We and FFS Digital have the right to alter, modify, or terminate the current online marketing policy at any time, subject to any limitations set forth in the Fulfillment Service Provider Agreement.

2. To the extent permissible under applicable law, we reserve the right to set promotional and maximum and minimum prices for certain products and services. Our current approach is to provide you with pricing guidelines and to allow you to establish your own prices. Franchise Agreement Section 7.4.

3. We may collect and expend the Marketing Fund. See details below. Franchise Agreement Section 8.

4. We may establish an Online Presence for the brand and your Franchised business. See details below. Franchise Agreement Section 5.8.

5. We may provide additional training as set forth below. We typically do not train your employees other than a full-time general manager. We do not assist with hiring your employees. Franchise Agreement Section 7.

6. We or our affiliates may serve as suppliers of goods and services to you. Some of these goods and services may be optional and some may be required. Franchise Agreement Section 6.

## **COMPUTER SYSTEMS**

You must purchase or lease the required hardware and software as designated by us and from our designated supplier(s). Current computer system requirements are also

updated from time to time in the Brand Standards Manual. As the current computer system requirements change, you may be required to upgrade or update your hardware and software. There are no restrictions on the frequency or the cost of upgrading. Neither we nor any of our affiliates have an obligation to provide any ongoing maintenance, repairs, upgrades, or updates. Any such maintenance would be determined in accordance with the contract with the third-party supplier of such computer systems. We will not be liable to you for any updates or failures to updates by the approved POS/computer system suppliers.

We currently estimate that you will spend about \$3,850 to \$7,700 on the computer hardware and software we require. Specifically, we currently require franchisees to purchase a RICS point of sale ("POS") system, which includes point of sale, inventory management, and reporting software, for the fees of \$500 setup per location and \$199 per month per POS terminal, plus \$50 per month for additional event POS software. The POS software tracks orders and sales, performs inventory management and other functions. The POS system generates and stores transaction, inventory, and business management data.

Additionally, you must obtain a subscription to use the fit id® 3D scanner hardware and software from our designated third-party provider. This subscription cost is currently approximately \$400 per month.

We anticipate that the annual cost to update and maintain your required computer systems is \$3,000, though this amount can change as we update the required computer system requirements.

If any software is proprietary to us, we will grant you a license to use the software upon execution of the software licensing agreement and payment of the license fee. We have no contractual obligation to upgrade the software. You will be provided, at your expense, with upgrades, updates, revisions and new releases to the software at such time as they are prepared as determined by the approved supplier, and at the sole discretion of the approved supplier.

We will have the right at all times to independently access your computer system to retrieve, analyze, and use the information, including your financial information regardless of whether or not you were required to purchase software or hardware. We will have the right at all times to access your computer system, POS, and foot scanning systems to retrieve, analyze and use the information, including your financial information and customer data, and use it for any purpose. There is no contractual limit on these rights. Upon termination, expiration, or non-renewal of your Franchise Agreement, we own all customer data contained in these programs. (Franchise Agreement - Section 7.13.)

## **SITE SELECTION**

We are not required to provide or assist you in locating a site, negotiating a lease, or obtaining your business premises. However, if requested, we will advise you on recommended locations. You must obtain our acceptance of the site location and the lease, if you do not own the premises. Our review will allow us to determine whether the site meets our then-current standards for general location and neighborhood, parking, size, layout and other physical characteristics, lease terms including duration, and general conditions for use as a FLEET FEET franchise. We generally do not own the site or lease it to you. Meeting our criteria does not guarantee the location will be successful and you must do your own due diligence. We have 30 days after receiving all requested information to reject or accept a site or lease.

The site must be identified and the lease for the site signed within six months after signing the Franchise Agreement. If we cannot agree on a site for your Franchised Business within six months, then upon receiving your written request within ten days after the six-month period expires, we will terminate your Franchise Agreement, and, provided you sign our form mutual termination agreement, which includes a general release, we will refund 50% of the first installment of your initial franchise fee. (Franchise Agreement – Section 4.1, and Site Selection Addendum.)

It is your responsibility to conform your site to all local ordinances and building codes, and to obtain any required permits. You are solely responsible for constructing, remodeling, and decorating the site.

## **TRAINING PROGRAM**

At least one franchise owner must successfully complete the training program to our satisfaction before we will allow you to either open your new Franchised Business or take over an existing Franchised Business. If the trained owner is not actively involved in the business, then you must have a full-time general manager who has successfully completed our training as your general manager. We plan to conduct the training program at a time intended to balance your convenience with the efficiencies achieved by training several franchisees at one time. We have sole discretion to hold training virtually through web-based methods, at our corporate office, in existing store locations, or at an alternative location we designate. The exact combination of training techniques will be applied on a case-by-case basis as we determine in order to facilitate training effectiveness. The exact amount of time spent on each part of the training will depend on the time required for mastery by the franchisees participating in the training. We are under no obligation to provide training to your particular specifications. The providing of training to you via web-methods or in-person methods is a decision we make in our sole discretion. Training materials include hands-on experience, presentations, demonstrations, lectures, and the Brand Standards Manual. Training must be completed by an owner or a full-time general manager at least one month prior to opening a new Franchised Business.

There is no charge for this training program for up to two trainees. You may have additional people attend the training for our then-current additional training fee. You

bear all indirect training costs and expenses, such as salary expenses of your full-time general managers and all expenses of travel, lodging, meals and other living expenses you and your attendees incur.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Daily Store Operations <sup>1</sup>	10	2 to 8	Carrboro, NC; Approved <i>FLEET FEET</i> store
Point of Sale System <sup>2</sup>	2	0 to 2	Carrboro, NC; Approved <i>FLEET FEET</i> store
fit id® and Customer Experience <sup>3</sup>	2 to 10	4 to 80	Carrboro, NC; Approved <i>FLEET FEET</i> store
Financial Management <sup>4</sup>	2	0	Carrboro, NC or Web Based Training
Inventory Management <sup>5</sup>	8	0 to 2	Carrboro, NC or Web Based Training
Customer Acquisition and Marketing <sup>6</sup>	8	2	Carrboro, NC or Web Based Training
<b>TOTAL</b>	<b>32 to 40</b>	<b>8 to 94</b>	

Note 1: Training will include mandatory brand operational standards and suggested practices.

Note 2: Training will include how to enter inventory, receive inventory against purchase orders, run sales and inventory reports and capture customer information.

Note 3: Training will include an introduction to biomechanics, understanding the shoe and bra walls, taking measurements, and selecting the appropriate recommendations. Training will also include an introduction and overview to product technology, features and benefits.

Note 4: Training will include cash management, overview of financial statements and our benchmarks. In addition, we will provide ongoing financial consultation via telephone at various points during the development process.

Note 5: Training will include understanding how to maintain proper inventory levels through the Open-to-Buy process, futures versus at-once orders, order revisions, and how to run and analyze inventory reports.

Note 6: Training will include store marketing and promotions.

At the time of opening, a representative of ours may be on site, if possible, to provide additional training and support to you and your staff.

We use various trainers through the training program, but all of the trainers will be certified by us as having mastered the subject matter they are teaching. All of the training will be provided at either approved FLEET FEET store locations or by trainers

working with us. Trainers will have a minimum of two years of experience working with us or in the industry.

While most additional training is optional, you may be required to attend additional training. We have the right to charge you an additional training fee. However, currently we have a policy that unless we require you to participate in remedial training because we deem it necessary, if you are required to attend the additional training, no tuition fee will be charged. You will be responsible for all transportation, lodging, food and other costs incurred in attending the training. We are not required to offer these courses and can terminate them at any time.

We may offer conferences and other training courses, and you or your full-time general manager may be required to attend. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to franchisees. You will be responsible for all transportation, lodging, food and other costs incurred by you or the full-time general manager in attending such training. We may charge a fee for these trainings or conferences.

## **BRAND STANDARDS MANUAL**

Our Brand Standards Manual contains mandatory and suggested specifications, standards, and procedures. The “Brand Standards Manual” also includes any system, operations, and proprietary information given by electronic methods such as special websites for franchise owners, extranets, or digital, video, audio, or other forms of electronic content. Such materials may include information on financial and inventory management, store resource management, marketing, merchandising, fit id®, our policy and procedures, supplier programs and supplier contacts. The Brand Standards Manual is confidential and remains our property. Your employees are to see the Brand Standards Manual only on a need-to-know basis, subject to confidentiality agreements. We may modify this material from time to time and its modified terms are binding on you and you are expected to be in compliance with the terms of our then-current Brand Standards Manual, which is currently provided online. We may periodically amend, update or replace the contents of the Brand Standards Manual without prior notice to you. You will comply with each amended, updated or replaced provision once uploaded to the Brand Standards Manual, unless a delayed start time is specified. Revisions to the Brand Standards Manual will be made in our sole discretion. (Franchise Agreement, Section 7.1.)

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

<b>Topic</b>	<b>Number of Pages</b>
PREFACE	3
CHAPTER 1: THE FLEET FEET BRAND	7
CHAPTER 2: FRANCHISE STANDARDS	8
CHAPTER 3: RETAIL STANDARDS	34

CHAPTER 4: MARKETING STANDARDS	23
CHAPTER 5: E-COMMERCE	4
APPENDIX	2
TOTAL	81

## ADVERTISING

The Marketing Fund. The national marketing fund program (“Marketing Fund”) is supported by a fee not to exceed 2% of your Gross Sales. The present marketing fund contribution is 0.25% of Gross Sales. Our affiliate-owned outlets contribute to the marketing fund on the same basis as the majority of our franchised outlets.

We have the sole discretion to determine where the Marketing Fund contributions will be spent to promote, enhance, or further the growth of the FLEET FEET brand and businesses. While we are not obligated to spend the Marketing Fund on any particular services, and reserve our discretion to spend the Marketing Fund in any way we, in our sole discretion, determine to be beneficial to the system, some of the ways in which we may expend the Marketing Fund include, but are not limited to, research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or paying the salaries of in-house personnel to assist in developing the FLEET FEET brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand’s reputation; developing new franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand.

While we do not anticipate that any part of Marketing Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Marketing Fund for public relations or recognition of the FLEET FEET brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available” or similar language.

We may occasionally provide for placement of advertising on behalf of the brand; however, we are more likely to provide you with advertising content to use in your local

territory. You will be responsible for implementing any promotional or public relations programs or placing any advertising content we create, at your own expense.

Currently, the Marketing Fund contributions are payable to us. We reserve the right to establish in the future a nonprofit corporation or other business entity to collect Marketing Fund contributions from our franchisees. The Marketing Fund is administered by our accounting and marketing personnel under our direction. You annually will be able to obtain an unaudited, internally generated accounting of the Marketing Fund upon written request to our Chief Operating Officer at our principal place of business. The Marketing Fund is not audited. We will not use your Marketing Fund contributions to defray any of our operating expenses, except for any reasonable administrative costs and overhead that we may incur in administering or directing the Marketing Fund, including the cost of personnel. Marketing Fund contributions not spent in the fiscal year in which they accrue are carried forward to cover marketing expenses in future years. Although the Marketing Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Marketing Fund, however, until all money in the Marketing Fund has been spent for marketing or promotional purposes or returned to the contributors on the basis of their respective contributions. Other franchisees' Marketing Fund contributions may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay Marketing Fund fees. We may have the Marketing Fund borrow from us or other lenders to cover any Marketing Fund deficits. We may have the Marketing Fund invest any surplus for the Marketing Fund's future use.

(Franchise Agreement - Section 8.1 (d).)

The Marketing Fund expenditures during 2023 are categorized as follows:

<b>USE</b>	<b>PERCENTAGE</b>
Agency and Platform Fees	25%
Production	14%
Advertising/ Media Buys/ Media Placement	49%
Administration	5%
National Partnerships and Events	7%
TOTAL	100%

Other Marketing By Us. We have no additional obligation to conduct advertising and marketing on behalf of our brand or any FLEET FEET store. If we do engage in other advertising and marketing, we have the sole discretion to select the media used, the scope of media coverage, and the source of the advertising. We have no obligation to spend any amount of money on advertising in an area where you are located or on behalf of your franchise. We may make available to you, from time to time, marketing materials we prepare for use by our franchisees generally. You may use such materials in any local marketing. You will pay for all associated costs. (Franchise Agreement – Section 6.1(d).)

We may maintain a website to promote the Trademarks, or any or all of the Franchised Businesses within the system. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each, an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the brand website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites, news sites and groups; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, e-commerce site, or email address) that in any way concerns, discusses or alludes to us, the FLEET FEET system or your Franchised Business without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the system, the Trademarks, or the Franchised Business that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Brand Standards Manual, (b) is derogatory, disparaging, or critical of us, the system, or the Trademarks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the system and/or the Trademarks. We may require that you maintain and utilize a specific email account in connection with the Franchised Business. You may not establish or permit or aid anyone else to establish any links to any Online Presence or communication arrangement which we may create.

Your Marketing. You may develop marketing materials for your own use at your own cost. We encourage the sharing by franchisees of marketing ideas and materials. We require you to submit marketing and promotional materials to us in advance and to obtain our approval before using them. You can only advertise your Franchised Business and on websites approved in advance by us. You are required to follow our instructions in connection with any marketing or promotional materials, whether or not we provide these materials for your use. (Franchise Agreement - Section 8.2.)

We may require you to participate in certain contests, events, promotions, and initiatives. We may also require you to partner with brands, businesses, or non-profit organizations in your local market, and we may require you to sponsor, support, and organize contests and events. We may also require you to participate in certain charitable promotions, initiatives, co-branding opportunities, events, sponsorships, and contests intended to increase awareness of the FLEET FEET brand and your

Franchised Business in your local market. There is no restriction on our ability to do so. You may be required to provide free or discounted products or services as a result of such giveaways, initiatives, and promotions. We are not required to reimburse you for your costs and expenses incurred as a result of these giveaways, initiatives, and promotions.

Other. While we are not required to do so, we maintain a Brand Advisory Council (“BAC”). Within the BAC are committees which provide advice on their areas of focus and may include advertising recommendations. The BAC and its committees serve in an advisory capacity only and have no operational or decision-making power. Our Chief Executive Officer appoints the members of the BAC. We have the right to add or remove members of the BAC or dissolve the council in our sole discretion.

We will not require you to participate in any local or regional advertising cooperatives. You may not enter an advertising cooperative without our prior written permission. (Franchise Agreement – Section 8.2.)

## **DEVELOPMENT SCHEDULE**

The typical length of time we estimate between your signing of the Franchise Agreement (or first paying us money) and opening your Franchised Business is 8 to 12 months. You are required by the Franchise Agreement to open your business within 12 months from the Franchise Agreement signing date. You are required to sign a lease for your site within 6 months after signing the Franchise Agreement. Factors impacting the time to open would include financing constraints, building permits, zoning and local ordinances and delayed installation of equipment, fixtures and signs, the amount of time and effort you commit to the site selection process and the construction of your Franchised Business; the availability of acceptable sites within the geographical area you choose, among others. Delays or a lack of effort by you, your contractors or your prospective landlord will increase these time periods. If you change your employment, business, or financial status before the opening of your Franchised Business, you do so at your own risk. Any and all such changes should be made only as a result of careful thought and advanced planning after obtaining advice from appropriate professional advisors.

## **ITEM 12. TERRITORY**

Territory Granted. Upon execution of your Franchise Agreement, you will receive a territory (“Territory”), consisting of a population base of approximately 200,000 people around your Franchised Business, provided the population base does not exceed a 25-mile radius. Within the Territory we will not locate nor allow any other party to locate a retail, brick and mortar store of the kind being licensed to you using the Trademarks. Typically, the Territory will be defined as the area within a radius around the Franchised Business, but we reserve the right through mutual agreement to define the territory using a method other than a radius method. The Territory will be defined in your

Franchise Agreement. We will use population estimates deemed reliable by us. Your Franchised Business will be at a site we accept within the Territory.

So long as you are in compliance with your Franchise Agreement, your rights to the Territory granted under the Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, or any other contingency and cannot be altered. If you default under the Franchise Agreement, we have the alternative remedy to terminate your Territory protections. However, upon renewal, your Territory will be based upon our then-current territory measurements and standards.

Limitations on Territory. 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 control. Your Territory granted under the Franchise Agreement is protected only to the extent that no one may locate a FLEET FEET brick and mortar store within its geography, but the Territory may overlap with the territory of other franchisees. All FLEET FEET stores may sell their products and services to any customer who visits the store.

Regardless of either proximity to your Territory or your Franchised Business, or any actual or threatened impact on sales of your Franchised Business, we retain all rights not expressly granted to you, including, among others, to: (a) use the Trademarks and FLEET FEET system in connection with establishing and operating FLEET FEET businesses at any location outside the Territory; (b) use the Trademarks or other marks in connection with selling or distributing any goods (including branded merchandise or product) or services anywhere in the world (including within the Territory other than a brick-and-mortar FLEET FEET store), whether or not you also offer them, through channels of distribution, including, for example, kiosks, carts, catalogs, mail order, or the Internet or other electronic means; (c) supply businesses and individuals located within or outside your Territory with goods and services that may be the same as the goods and services you provide, whether we use the Trademarks or not; (d) use the Trademarks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); and (e) subject to applicable laws and regulations, use, sell, or distribute, in any way, to any party, including suppliers who may also operate their own retail stores, within or outside your Territory, the customer lists, customer data, sales data, and any other information generated by your FLEET FEET business or any other FLEET FEET business. We also have the right to acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the FLEET FEET system, even if they have locations in your Territory, and even if those locations use and sell FLEET FEET-branded devices, items, systems, and merchandise; provided, any such outlet within your Territory will not operate with FLEET FEET as its trade name. If we exercise any of these rights, we will not be obligated to compensate you for such sales made inside or outside your Territory.

We, through our affiliate, FFS Digital currently sell products online. Our current policy is to pay you a certain percentage of online sales that ship to addresses within your

Online DMA. The “Online DMA” is a geographical area surrounding your location which we or FFS Digital will define and may adjust from time to time. Your Online DMA will not mirror the Territory you will be granted under the Franchise Agreement and may be smaller or larger. We do not guarantee any size of Online DMA. Your Online DMA is established by our policy and can be modified or terminated by us at any time in our discretion. We may also provide you with the right to receive additional compensation for holding and/or shipping product to customers within or outside of your Online DMA if we approve for you to sign a fulfillment provider agreement with us. FFS Digital can terminate the fulfillment program as provided for in that agreement.

The Franchised Business is to be operated solely as a brick and mortar retail business, and you will have no rights to sell any items through telemarketing, mail order catalogs, computer and/or internet marketing, online methods, or any other such system, or to sell any product at a lower price to persons who do not visit your brick and mortar store than you do for people who are regular in-store customers. Currently, your participation in online sales will be through the terms of the fulfillment provider agreement. Although you have no right to sell your products except on-site at your Franchised Business, we currently maintain the policy that you may sell your products at off-site events within your Territory provided you abide by our policies and procedures related to such off-site events. We may modify or cancel our off-site policy at any time.

Relocation of Business. You may not relocate the Franchised Business without our express written permission. If your landlord terminates your right to possession of your accepted site before the Franchise Agreement’s term expires, then you and we must determine a new location within 120 days.

Additional Locations. The Franchise Agreement does not provide you with any option or rights of first refusal to purchase additional franchises.

Retail Stores under other Trademarks. As of the issuance date, our affiliate, MARATHON SPORTS, LLC, owns and operates 22 retail sporting goods stores selling running shoes, fitness apparel, and related accessories under the trademarks “Marathon Sports” and others. Currently these stores are all affiliate owned and operated but we and our affiliate reserve all rights to implement different ownership and operating structures in the future, including franchises. Currently there are no Marathon Sports franchisees. The purchase of the Marathon Sports and other brands and stores occurred in August 2022. Our affiliate’s principal business address is 838 Moody St., Waltham, Massachusetts 02453 and is distinct from our office. We anticipate that Marathon Sports operators will be trained in Marathon Sports stores but reserve all rights to have them train at any location we and our affiliate deem appropriate. MARATHON SPORTS, LLC is not limited to where it will solicit or accept orders and it may do so within your Territory. There are no limits to our ability to resolve conflicts between brands regarding territory, customers, and franchise support.

## **ITEM 13. TRADEMARKS**

We will license to you the following principal Trademarks on the terms set forth in the Franchise Agreement, each of which is registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

	REGISTRATION NO.	EFFECTIVE DATE OF REGISTRATION	MARK
1.	1,210,491	September 28, 1982	FLEET FEET “Typed Drawing”
2.	1,741,392	December 22, 1992	FLEET FEET “Typed Drawing”
4.	5,765,102	May 28, 2019	
5.	5,765,101	May 28, 2019	

Presently, there are no currently effective agreements in effect which significantly limit our rights to use or license the use of the Trademarks listed in Item 13 in a manner material to the franchise. Prior to July 1977, our predecessor owned trademark rights for the “FLEET FEET” mark in California, (e.g., California registrations issued July 3, 1977 for use with clothing and December 4, 1978 for retail services), but our predecessor was unable to prevent other users from using the mark outside of California. One of these users continues to exist in Wisconsin. Based upon our federal registration of the mark, we have notified these pre-existing, non-licensed users that they are forbidden to expand their geographic area of use. We do not intend to locate any FLEET FEET franchisees within these geographic areas. All other uses of the “FLEET FEET” mark of which we are aware occur with our permission. We know of no infringing use of the “FLEET FEET” marks which could materially affect your use of them. We know of no other superior rights to the “FLEET FEET” marks.

With respect to each of the above federal registrations, all affidavits of use have been timely filed and each renewal has been filed when it has become due. We intend to file all necessary affidavits of use and renewal applications when they become due. None of the registrations is due for renewal as of the date of this disclosure document.

There is no pending material federal or state court litigation regarding our use or ownership rights of, or the right to license, the above-listed Trademarks. There are no pending interference, opposition, or cancellation proceedings involving any of the Trademarks.

A federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in each relevant market area. Therefore, prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our Trademarks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you should immediately notify us. Any action to be taken in that event is strictly within our discretion.

Your right to use the Trademarks is derived solely from Franchise Agreement and for the purpose of operating Franchised Businesses. All usage of the Trademarks by you and any goodwill established from this usage is to our exclusive benefit. After the termination or expiration of your Franchise Agreement with us, you may not, except with respect to FLEET FEET businesses operated according to Franchise Agreements granted by us, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, us or the FLEET FEET brand or system or use in any manner or for any purpose any mark or other distinguishing signs or any colorable imitation of same. You may not use any mark as part of any corporate name or with modifying words, terms, designs, or symbols except for those licensed by us. You may not use any mark in connection with any business or activity, other than the Franchised Business, or in any other manner not explicitly authorized in writing by us.

You must immediately notify us of any claim of infringement, knowledge of infringement by others, or challenge to your use of any names or Trademarks licensed to you by the Franchise Agreement. You must cooperate with us fully and communicate concerning such matter with no one but us and our counsel. We have the right to control any administrative proceedings or litigation involving a Trademark. Should we elect to take legal or administrative action, which we can do in our sole discretion, you agree to join as a party to such action or allow the action to be brought solely in your name, as and only if we so direct. We may but are not required to participate in your defense to, or protect you from, a claim related to the Trademarks like infringement or unfair competition. We will indemnify and reimburse you for damages obtained by a third party based on your use of the "FLEET FEET" trademark or service mark, provided you have at all times fully complied with Article 5 of the Franchise Agreement. However, you would be responsible for any rebranding expenses.

We reserve the right, and you agree at our direction, to modify or discontinue the Trademarks or names in question, or to add marks, names, logotypes and/or commercial symbols. Whenever we make a decision to modify, add, or discontinue the Trademarks, names, logotypes, and/or commercial symbols and we retain the right to license the modified or discontinued Trademarks, you agree to make, at your expense, such modifications as may be necessary to comply with our decisions related to use of our Trademarks.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We hold no patents or patent applications. We have registered no copyright with the United States Copyright Office. However, we claim copyrights certain training materials, forms, advertisements, promotional materials, and other written materials. We claim copyright and trade secret protection for the proprietary information in our Brand Standards Manual (including websites for franchise owners) and the fit id® process.

Other of our proprietary information includes all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the Franchised Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that we or our affiliates designates as confidential including all information contained in the Brand Standards Manual.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations by the USPTO, the U.S. Copyright Office, or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses or superior previous rights to any of our copyrights which could materially affect your use of them in any state.

If you or your owners, officers, managers, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, formulae, products, packaging or other concepts and features relating to the operation of your Franchised Business, business practices, the manufacturing, production, marketing or sale of products sold in your Franchised Business, or related products, goods, or services in connection with the Franchised Business (“Innovations”), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and they also must cooperate with us in connection with protecting the Innovations.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights, or proprietary information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the proprietary information, other than as expressly contained in, and limited by, the Franchise Agreement. Upon expiration, non-renewal, or termination of the Franchise Agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the proprietary information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the proprietary information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenged to the Innovations, the patents or patent applications, the copyrights and the proprietary information, and we have the

right to control all such actions and proceedings. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the proprietary information or participate in your defense. We may do so in our sole discretion. We will not indemnify you for any damages arising out of your use of our Innovations, claimed subject matter of any patents or patent applications, copyrights and proprietary information in compliance with the Franchise Agreement.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information and/or use other information and/or rights in their place. If these changes are instituted by us voluntarily, you must comply with the changes at your expense. If we required you to modify or discontinue use of any material Innovation, the claimed subject matter of any patents or patent applications, the copyrights or proprietary information and/or use other information and/or rights in their place at any time other than upon renewal of the franchise, and that requirement is a direct result of proceedings or litigation that determined that our and your use of such Innovation, claimed subject matter of any patents or patent applications, copyright or preparatory information infringed upon a third party's rights, you will bear the cost of the modification.

You must use the proprietary information only in the manner required us and in no other manner. This information is strictly confidential. You may not disclose confidential information to any person, or use any of that information for any purposes, except disclosure to a person who has signed and delivered to us a confidentiality agreement and use as necessary in connection with the operation of your FLEET FEET franchise. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets. All owners of the franchise, their spouses, and other full-time general managers must sign our form of confidentiality agreement. Such confidentiality obligations under the separate agreement and the Franchise Agreement prohibit you from revealing our trade secrets by any means, including electronic means. We own all electronic communication, including email and certain online postings that contain proprietary information regarding our franchise system as well as all customer mailing lists and contact information. While we grant you a license to use the data during the term of the Franchise Agreement, the data constituting our trade secrets is ours and cannot be used except for the Franchised Business.

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

The business must be directly supervised and managed on-site by a person, identified to us, who has successfully completed our training program or for whom, based on his or her experience, we have waived this requirement. We encourage but do not require an owner to personally supervise the Franchised Business. We do not require the full-time general manager to have ownership interest in the Franchised Business. We

have the right to require a general manager, whether an owner or not, to sign our form of confidentiality, non-competition, and non-solicitation agreements.

We do, however, prefer to select franchisees who favor and appear committed to a “hands on” and well-informed approach to the business. We strongly recommend that owners devote a substantial amount of time to the Franchised Business, whether or not the franchisee hires a general manager. Franchisees who do not devote their full time and efforts to the establishment and operation of their Franchised Business may have lower gross sales, higher operating costs and lesser name recognition in their areas than those franchisees who do devote their full efforts to the business. We also encourage you and your staff to participate in a fitness lifestyle to promote an understanding of and involvement with the customer base.

All owners owning twenty percent (20%) or more of the equity in the business and their spouse will be required to sign a personal guaranty agreement in which they will guarantee the performance of the franchisee’s obligations to us, as well as our form of non-competition, non-solicitation, and non-disclosure agreements.

The people you retain to work in your Franchised Business will be your agents and employees. They are not our agents or employees and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the people you employ to operate the Franchised Business and must determine whom to hire, how many people to hire, retain, and train, and how you will compensate such persons. You are responsible for your employees’ and agents’ training, wages, taxes, benefits, safety, schedules, work conditions, assignments, discipline, and termination. You must comply with all applicable employment laws. We will not operate your Franchised Business, direct your employees, or oversee your employment policies or practices.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell only the products and services authorized by us. You must sell all products and services we require. We have the right to add or eliminate authorized or required products or services at any time and there are no restrictions on our right to do so. You may sell approved products and services to any customer at your brick and mortar store. However, you must operate the Franchised Business solely as a retail, brick and mortar business, and you agree not to sell any items through any other channel of distribution, including at any unauthorized off-site events, telemarketing, computer marketing, internet sales, mail order catalogs, or any other such system.

You must comply with our policies and procedures specified in Exhibit L related to the e-commerce initiative. All such e-commerce must be done in accordance with established procedures and fee income will be allocated as determined by FFS

DIGITAL in accordance with any participation agreement you may have signed and/or FFS DIGITAL's then current procedures.

You will be obligated to offer and sell those new products and to participate in all local, regional and promotional program initiatives and campaigns adopted by us that we require you to participate in. We reserve the right to designate which franchises may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products or to participate in those programs, initiatives and campaigns.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION  
THE FRANCHISE RELATIONSHIP**

**THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	Franchise Agreement §§ 2.2, 12.1; Fulfillment Agreement § 6	Franchise Agreement: Initial term is 20 years.  Fulfillment Agreement: Initial term is effective date until December 31 of the year in which you sign the Fulfillment Agreement.
b. Renewal or extension of the term	Franchise Agreement §§ 2.3, 12.2; Fulfillment Agreement § 6	Franchise Agreement: One 20-year renewal term provided franchisee remains in good standing.  Fulfillment Agreement: A 1-year renewal term is automatic, unless you provide us 60 days' written notice.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Franchise Agreement §§ 2.3, 12.2; Fulfillment Agreement § 6	<p>Franchise Agreement: You must notify us of your intention to renew at least 9-18 months in advance, be in compliance with the Franchise Agreement, execute our then-current form of Franchise Agreement and related agreements, sign a general release, update and refurbish the business, demonstrate right to maintain your store premises for at least 10 years. On “renewal” you may be asked to sign a contract with materially different terms and conditions than the original contract. The royalty rate and Territory could be different in the renewal agreement.</p> <p>Fulfillment Agreement: Automatic renewals until the Fulfillment Agreement or Franchise Agreement is terminated.</p>
d. Termination by franchisee	Franchise Agreement §§ 11.6  Fulfillment Agreement § 6	<p>Franchise Agreement: For cause, if we breach a material provision of the contract and fail to cure within 90 days after you provide us with written notice of such breach, you may terminate the Franchise Agreement with 30 days written notice.</p> <p>Fulfillment Agreement: Upon 60 days’ notice to us.</p>
e. Termination by franchisor without cause	Franchise Agreement: Not applicable.  Fulfillment Agreement § 6	<p>Franchise Agreement: We cannot terminate except for cause.</p> <p>Fulfillment Agreement: We can terminate upon 5 days’ notice to you for any reason.</p>
f. Termination by franchisor with cause	Franchise Agreement §§ 11.1, 11.2, 11.3 Fulfillment Agreement § 6	<p>Franchise Agreement: § 11.1 describes causes for automatic termination. § 11.2 deals with termination upon notice. § 11.3 addresses termination following an opportunity to cure.</p> <p>A default under any Franchise Agreement will be a default under all Franchise Agreements with us. The laws of your state may provide additional rights to you concerning termination of a franchise. If the Franchise Agreement</p>

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		<p>contains a provision that is inconsistent with the law of your state, the law of your state will control.</p> <p>Fulfillment Agreement: Failure to follow the Standards and Procedures or other breaches of the agreement.</p>
<p>g. "Cause" defined—defaults which can be cured</p>	<p>Franchise Agreement § 11.3; Fulfillment Agreement § 6</p>	<p>Franchise Agreement: Non-compliance, non-payment, late reporting, breach of representations and warranties, failure to perform other obligations under agreements with us or our affiliates, non-willful falsification of information, non-willful deception of customers, failure to timely completed required training, failure to have the capital amounts we require; loss of the business premises; we determine you are insecure and do not timely cure the issue; out of territory operations; threats to customer health and safety; beginning operations without our approval; operating under unauthorized trademarks, using unauthorized goods and suppliers, selling unauthorized goods and services and related defaults; failure to timely transfer after death or incapacity; failure to pay taxes; breach of a contract with a supplier.</p> <p>Fulfillment Agreement: Failure to follow the Standards and Procedures or other breaches of the agreement.</p>

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h. "Cause" defined non-curable defaults	Franchise Agreement §§ 11.1 and 11.2	Bankruptcy, insolvency, appointment of receiver, and the like. Fraudulent and criminal conduct; unethical business activities; breach of covenants related to confidential information, our trademarks, and the system; certain kinds of dishonesty with employees; failure to timely open the business or failure to timely sign a lease; failure to cure a default under a lease, financing instrument, or supplier agreement; three defaults within 24 months; abandoning the business; willful and material falsification; unauthorized transfers; willful and repeated decision of customers; other incurable actions. A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, U. S. Code Section 101.
i. Franchisee's obligations on termination/ non-renewal	Franchise Agreement § 11.5	Cease operations; cease advertising; de-identify the premises in accordance with our instructions; destroy or return materials containing the trademarks; pay us all amounts owed; return our property; cease use of the telephone number, email address, online presences, etc. and assign them to us; comply with covenants against unfair competition, non-solicitation, and confidentiality; communicate with suppliers about the termination; pay us the value of the outstanding gift card liability; comply with our instructions related to computer systems, data, and customer information; comply with our rights to assignment of the store premises and purchase the business.
j. Assignment of contract by franchisor	Franchise Agreement § 10.6; Fulfillment Agreement §§ 1.03, 10	We may freely assign our rights and duties under each agreement.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
k. "Transfer" by franchisee -definition	Franchise Agreement § 10.1 Fulfillment Agreement §§ 1.03, 10	Franchise Agreement: Broadly defined as a "Full Transfer" or an "Affiliate Transfer" which include bequests, fractional interests, shares, etc.  Fulfillment Agreement: The transfer provisions in the Franchise Agreement apply to the Fulfillment Agreement. You cannot, without written consent, appoint any subcontractor.
l. Franchisor's approval of transfer by franchisee	Franchise Agreement §§ 10.2-10.4, 11.2(j)	Our prior agreement is required for all transfers. The Franchise Agreement can be terminated for non-compliance. We will not unreasonably withhold approval.
m. Conditions for Franchisor's approval of transfer	Franchise Agreement §§ 10.2-10.4	You must be compliant under your Franchise Agreement, pay us a transfer fee, and execute a general release. The transferee must be qualified, provide the necessary documentation, sign a new Franchise Agreement and related agreements, complete required training, agree to complete all required updates. The parties must obtain our acceptance of the purchase agreement. At our option, you must pay us the gift card liability or the transferee must assume it. You must take steps to ensure the transferee can maintain the store telephone number. You and the transferee must agree to certain terms related to security interests.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement §§ 10.3, 11.9	We have the option to purchase your business before you sell it in an approved transfer.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: § 10.3, 11.5(c), 11.9 11.11	Upon expiration or termination you may have to assign your lease and phone numbers to us or our designee without compensation and sell us or our designee the remaining business assets for the lesser of their fair market value or net book value.
p. Death or disability of franchisee	Franchise Agreement § 10.5	Your legal representative may operate the business for 90 days and then must transfer the business to continue to operate it.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Franchise Agreement §§ 5.7(a), 5.7(b), 5.7(e), 5.7(f), 5.7(g), 11.5(j)	You must not own or otherwise engage in any other similar business. There are other confidentiality and non-solicitation covenants as well. You, your spouse, and your general manager will be required to sign separate agreement(s) with similar obligations.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement §§ 5.7(c), 5.7(d), 5.7(e)	For 2 years after termination, expiration, or non-renewal, you must neither own nor engage in any other similar business located within twenty-five (25) miles of your location and any other <i>FLEET FEET</i> locations. There are other confidentiality and non-solicitation covenants as well. You, your spouse, and your general manager will be required to sign separate agreement(s) with similar obligations.
s. Modification of the agreement	Franchise Agreement § 15.7; Fulfillment Agreement § 12.04	No modifications to each agreement except in writing.
t. Integration/merger clause	Franchise Agreement § 15.7; Fulfillment Agreement § 12.02	<p>Franchise Agreement: Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable.</p> <p>Fulfillment Agreement: Only the terms of the Fulfillment Agreement together with our then-current digital policies are binding regarding our fulfillment relationship with fulfillment providers (subject to state law). Any representations or promises outside the disclosure document and fulfillment agreement may not be enforceable.</p>
u. Dispute resolution	Franchise Agreement §§ 13.1-13.10	Except for certain claims, all disputes not first settled informally must be litigated in federal or state court in Raleigh, North Carolina.
v. Choice of forum	Franchise Agreement §§ 13.2; Fulfillment Agreement § 12.01	Mediation in Raleigh, North Carolina. Federal or state courts located in Raleigh, North Carolina. This is subject to individual state laws.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
w. Choice of law	Franchise Agreement § 13.1; Fulfillment Agreement § 12.01	North Carolina law. This is subject to individual state laws.

See Exhibit E for information on the agreements that may affect franchisees in your state.

#### **ITEM 18. PUBLIC FIGURES**

We use no public figures to promote the franchise.

#### **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.

All FLEET FEET stores owned by our affiliates, FFSDC, LLC or J STREET 1976, LLC are treated as company-owned for purposes of Item 19. These affiliate owned stores are substantially similar to franchisee stores.

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

The following notes apply to the tables in A and B:

- A percentile is a value on a scale that indicates the percent of a distribution that is equal to it or below it. For example, a Gross Sales value at the 50th percentile is equal to or better than 50 percent of all Gross Sales amounts during the sample time period.
- “Gross Sales” reflects the total average annual sales for the stores included in the sample and we do not include sales tax or revenue from online sales through our affiliate’s, FFS Digital LLC, revenue sharing program.
- Variations among franchisees may be caused by a variety of factors such as location, demographics, general economic conditions, weather conditions, inventory mix, competition, whether they are multi-unit or first-time franchisees,

and other seasonal factors as well as the efforts of the individual franchisees and their staff.

- This financial performance representation includes historical information only.

**A. STATEMENT OF AVERAGE ANNUAL SALES OF FRANCHISED AND AFFILIATED OWNED STORES**

The following table provides the annual average, median, high, and low Gross Sales for the calendar year ending December 31, 2023, for all franchised and affiliate owned locations in operation for at least 24 months. Additionally, the Gross Sales numbers are shown for 2023 by franchisee-owned and affiliate-owned subcategories. The table also lists the number of stores included in the average Gross Sales figure as well as the 25th, 50th and 75th percentiles. As of December 31, 2023, there were 85 affiliate owned stores and 183 franchisee owned stores. 81 affiliate owned stores and 168 franchisee owned stores are included in this table.

Year	Average Gross Sales	Low Gross Sales	Gross Sales 25 <sup>th</sup> Percentile	Median Gross Sales	Gross Sales 75 <sup>th</sup> Percentile	High Gross Sales	Percentage of Stores Surpassing Average	Number of Stores Included in Sample
<b>Combined</b>								
2023	\$1,636,580	\$264,174	\$1,048,646	\$1,417,560	\$2,078,079	\$5,512,783	42%	249
<b>Franchisee-Owned</b>								
2023	\$1,696,642	\$264,174	\$1,063,392	\$1,459,863	\$2,153,786	\$5,029,029	43%	168
<b>Affiliate-Owned</b>								
2023	\$1,512,007	\$603,438	\$1,009,864	\$1,290,965	\$1,827,500	\$5,512,783	42%	81

**B. STATEMENT OF AVERAGE ANNUAL FIRST YEAR SALES OF FRANCHISED AND AFFILIATE OWNED STORES**

The following table provides the average annual first year Gross Sales for all franchisee and affiliate owned stores beginning operation between January 1, 2021 and December 31, 2022. The table only includes new business locations and does not include conversion stores where existing running store operations were present at the business location prior to the location becoming a franchisee or affiliate owned store. The table also lists the number of stores included in the average annual first year Gross Sales figure and the number of stores who exceeded the average (no store performed precisely at the average). In 2021, 9 franchisee-owned stores and 5 affiliate-owned stores opened. In 2022, 14 franchisee-owned stores and 3 affiliate-owned stores opened.

**Franchisee-Owned (New Single-Unit)**

Average First Year Gross Sales	Low First Year Gross Sales	Median First Year Gross Sales	High First Year Gross Sales	Percentage of Stores Surpassing Average	Number Of Stores Included in Sample
\$647,164	\$538,286	\$647,164	\$756,042	50%	2

Franchisee-Owned (New Multi-Unit)

Average First Year Gross Sales	Low First Year Gross Sales	Median First Year Gross Sales	High First Year Gross Sales	Percentage of Stores Surpassing Average	Number Of Stores Included in Sample
\$914,412	\$412,191	\$786,323	\$2,130,945	42%	12

Affiliate-Owned

Average First Year Gross Sales	Low First Year Gross Sales	Median First Year Gross Sales	High First Year Gross Sales	Percentage of Stores Surpassing Average	Number Of Stores Included in Sample
\$905,906	\$650,343	\$1,022,981	\$1,044,394	67%	3

**Some stores have sold this amount. Your individual results may differ. There is no assurance you will sell as much.**

The financial performance representations do not reflect the costs of sales, operating expenses, royalties, advertising fees, 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 FLEET FEET store. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Vice President Retail Development, in writing at Post Office Box 1269, Carrboro, NC 27510, (919) 942-3102, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
Systemwide Outlet Summary  
For Years 2021, 2022, and 2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2021	149	153	+4

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
	2022	153	167	+14
	2023	167	183	+16
Company-Owned	2021	34	39	+5
	2022	39	86	+47
	2023	86	85	-1
<b>Total Outlets</b>	<b>2021</b>	<b>183</b>	<b>192</b>	<b>+9</b>
	<b>2022</b>	<b>192</b>	<b>253</b>	<b>+61</b>
	<b>2023</b>	<b>253</b>	<b>268</b>	<b>+15</b>

Table No. 2  
Transfer of Outlets from Franchisees to New Owners (Other than Franchisor)  
For Years 2021, 2022, and 2023

STATE	YEAR	NUMBER OF TRANSFERS
Connecticut	2021	0
	2022	0
	2023	1
Florida	2021	0
	2022	1
	2023	0
Illinois	2021	0
	2022	1
	2023	0
Louisiana	2021	0
	2022	1
	2023	0
Missouri	2021	0
	2022	0
	2023	5
Ohio	2021	0
	2022	4
	2023	0
Oregon	2021	0
	2022	0
	2023	0
Tennessee	2021	0
	2022	0
	2023	2
Texas	2021	0
	2022	2
	2023	0
<b>Totals</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>9</b>
	<b>2023</b>	<b>8</b>

Table No. 3  
 Status of Franchised Outlets  
 For Years 2021, 2022, and 2023

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	1	0	0	0	0	6
Arizona	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arkansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	16	0	0	0	0	0	16
	2022	16	0	0	0	0	0	16
	2023	16	0	0	0	0	0	16
Connecticut	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
District of Columbia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	6	0	0	0	1	0	5
	2022	5	2	0	0	0	0	7
	2023	7	3	0	0	0	0	10
Georgia	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
Idaho	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Illinois	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
Indiana	2021	3	0	0	0	1	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Iowa	2021	1	1	0	0	0	0	2

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Louisiana	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Maine	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Mississippi	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
Nebraska	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	9	0	0	0	2	0	7
	2022	7	0	0	0	0	1	6
	2023	6	0	0	0	0	0	6
North Carolina	2021	10	0	0	0	0	0	10
	2022	10	2	0	0	0	0	12

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
	2023	12	1	0	0	0	0	13
Ohio	2021	9	2	0	0	0	0	11
	2022	11	3	0	0	0	0	14
	2023	14	3	0	0	0	1	16
Oklahoma	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	2	1	0	0	1	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
South Carolina	2021	6	2	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	2	0	0	0	0	10
Tennessee	2021	12	1	0	0	0	0	13
	2022	13	0	0	0	0	0	13
	2023	13	1	0	0	0	0	14
Texas	2021	7	0	0	0	0	0	7
	2022	7	4	0	0	0	0	11
	2023	11	0	0	0	0	0	11
Vermont	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
Washington	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
Wisconsin	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
<b>Totals</b>	<b>2021</b>	<b>149</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>153</b>
	<b>2022</b>	<b>153</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>167</b>
	<b>2023</b>	<b>167</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>183</b>

Table No. 4  
 Status of Company-Owned Outlets  
 For Years 2021, 2022, and 2023

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
California	2021	7	1	0	1	0	7
	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7
Colorado	2021	0	0	0	0	0	0
	2022	0	5	0	0	0	5
	2023	5	0	0	0	0	5
District of Columbia	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Florida	2021	1	3	1	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
Georgia	2021	3	0	0	0	1	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Indiana	2021	1	0	1	0	0	2
	2022	2	4	0	0	0	6
	2023	6	0	0	0	0	6
Iowa	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Kansas	2021	2	0	0	0	0	2
	2022	2	3	0	0	0	5
	2023	5	0	0	0	0	5
Kentucky	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	1	0	0	0	2
Massachusetts	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Maryland	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Michigan	2021	0	0	0	0	0	0
	2022	0	6	0	0	0	6
	2023	6	0	0	0	0	6

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
Missouri	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
New Jersey	2021	0	0	0	0	0	0
	2022	0	5	0	0	0	5
	2023	5	0	0	1	0	4
New York	2021	0	0	2	0	0	2
	2022	2	6	0	0	0	8
	2023	8	0	0	0	0	8
North Carolina	2021	5	0	0	0	0	5
	2022	5	1	0	0	0	6
	2023	6	2	0	0	1	7
Pennsylvania	2021	1	0	1	0	1	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
South Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Tennessee	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Texas	2021	5	1	0	0	0	6
	2022	6	10	0	0	0	16
	2023	16	0	0	1	0	15
Utah	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	0	0	0	0	2
Virginia	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	0	0	0	0	2
Washington	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Wisconsin	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
<b>Totals</b>	<b>2021</b>	<b>34</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>39</b>
	<b>2022</b>	<b>39</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86</b>
	<b>2023</b>	<b>86</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>85</b>

Table No. 5  
 Projected Openings as of December 31, 2023  
 For Fiscal Year 2024

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Arizona	1	1	0
California	0	1	0
Idaho	1	1	0
Illinois	0	1	0
Georgia	1	1	0
Kentucky	1	1	0
Mississippi	0	1	0
Nebraska	0	1	0
North Carolina	0	1	0
Pennsylvania	1	1	0
South Carolina	2	2	0
Texas	0	1	0
<b>Total</b>	7	13	0

Among the attached Exhibits you will find:

Exhibit B-1 LISTING OF CURRENT FRANCHISEES lists the names of all current franchisees and the addresses and telephone numbers of their outlets.

Exhibit B-2 LISTING OF CERTAIN PAST FRANCHISEES lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with several current or former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with FLEET FEET. 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. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Fleet Feet. 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 are no independent or trademark specific franchisee organizations that have asked to be included in this franchise disclosure document or that have been created, sponsored, or endorsed by us.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit C are copies of our audited financial statements for the periods ending December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year end is December 31.

## **ITEM 22. CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included in Exhibits hereto:

Exhibit A FLEET FEET FRANCHISE AGREEMENT with attachments for Site Selection and Lease Rider, Continuing Personal Guaranty, Internet, Social Media and Telephone Assignment, Nondisclosure and Noncompetition Agreement, Nondisclosure and Non-Solicitation Agreement

Exhibit D Special Circumstances Addenda

Exhibit E State Specific Addenda

Exhibit G Sample General Release Agreement

Exhibit H First Addendum to Renewal Franchise Agreement

Exhibit I Agreement and Conditional Consent to Transfer

Exhibit J ACH/EFT Transfer Agreement

Exhibit K Fulfillment Service Provider Agreement

Exhibit L Form of Franchise Compliance Certification

(NOT FOR USE FRANCHISEES IN CALIFORNIA, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN AND IS VOID IN THOSE STATES.)

## **ITEM 23. RECEIPT**

You will find copies of a detachable receipt in Exhibit M at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us for our files.

EXHIBIT A

# FRANCHISE AGREEMENT

Between *FLEET FEET, INCORPORATED*

and

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with Attachment 1 (Site Selection Addendum with Lease Rider)  
Attachment 2 (Continuing Personal Guaranty)  
Attachment 3 (Internet, Social Media, and Telephone Assignment)  
Attachment 4 (Nondisclosure and Noncompetition Agreement)  
Attachment 5 (Nondisclosure and Non-Solicitation Agreement)

FLEET FEET, INCORPORATED  
FRANCHISE AGREEMENT

SUMMARY PAGES

Effective Date: \_\_\_\_\_  
 Franchisor: FLEET FEET, INCORPORATED, a North Carolina Corporation  
 Address for Notice: PO Box 1269  
 Carrboro, North Carolina 27510

With a copy (which shall not constitute notice) to:

Manning, Fulton & Skinner, P.A.  
 Attn: Ritchie W. Taylor  
 3605 Glenwood Avenue  
 Suite 500  
 Raleigh, NC 27612

Telephone Number: (919) 942-3102  
 Email: info@fleetfeet.com

Franchisee: \_\_\_\_\_  
 Address for Notice\*\*\*: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Telephone: \_\_\_\_\_  
 Mobile Telephone: \_\_\_\_\_  
 Email for Notice: \_\_\_\_\_

Franchisee's Owners: The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in Franchisee and a description of the nature of their interest ("Owners")

NAME	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST	WILL THIS PERSON DEVOTE FULL-TIME TO FRANCHISED BUSINESS?	
			<input type="checkbox"/> YES	<input type="checkbox"/> NO
			<input type="checkbox"/> YES	<input type="checkbox"/> NO
			<input type="checkbox"/> YES	<input type="checkbox"/> NO
			<input type="checkbox"/> YES	<input type="checkbox"/> NO

Term: 20 years from the Effective Date



## FRANCHISE AGREEMENT

FLEET FEET, INCORPORATED, a North Carolina corporation located at 310 East Main Street, Suite 200, Carrboro, North Carolina 27510 (for the sake of convenience collectively, “we”, “us”, “our”, or “FFI”) and the person or persons or company identified in the Franchise Agreement Summary Pages (“Summary Pages”), collectively referred to below as “you” or “your” as of the effective date of this Agreement as identified on the Summary Pages (“Effective Date”), in consideration of the promises made below and intending to be legally bound by them, agree as follows:

### ARTICLE 1. Nature of the Business

1.1 Business of FLEET FEET, INCORPORATED. We possess experience and knowledge in the merchandising, distribution and sale of specialty running and fitness merchandise, training programs, and services (“System”). We have an established reputation with the related goodwill for operation of brick and mortar retail stores under the name “FLEET FEET” and for certain goods under the mark “FLEET FEET” other marks. By executing this Agreement, we grant to you, subject to the terms of this Agreement, a limited, non-exclusive right to use the System and the “FLEET FEET” marks, as well as other trademarks, service marks, and logos (“Marks”), architectural designs, trade dress, and any other intellectual property we may develop from time to time, in the operation of the Franchised Business.

### ARTICLE 2. Grant and Use of Franchise

2.1 Grant of Franchise. Subject to the terms and conditions of this Agreement, we hereby grant to you the right, and you hereby undertake the obligations and accept from us, the right to use the System and Marks to establish and operate a FLEET FEET brick and mortar retail store at the single location designated in Section 4.1 below (“Accepted Location”). The retail store at the Accepted Location is referred to in this Agreement as the “Franchised Business.” All rights that are not granted to you in this Agreement are specifically reserved to us, and we will not be restricted in any manner from exercising them nor will we be required to compensate you should we exercise them. You covenant that you will at all times faithfully, honestly and diligently perform your obligations under this Agreement, and that you will continuously exert your best efforts to promote and enhance the business of the Franchised Business and other franchised businesses established and operated by you under the System.

2.2 Term. The Initial Term of this Agreement begins on the Effective Date. Unless we or you terminate earlier as provided for herein, this Agreement will continue in effect for a period of twenty (20) years from the Effective Date.

2.3 Renewal. The rights of the parties to renew this Agreement are governed by Section 12.2 below.

2.4 No Subfranchises, other stores, other locations. You are prohibited from establishing any subfranchises. Also, without our written permission you may not establish a store other than at the Accepted Location.

2.5 Owners and Guarantors. Unless you are a publicly held corporation, all of your Owners who own twenty percent (20%) or more of your equity, and their spouses, also shall jointly and severally guaranty your payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guaranty Agreement. We reserve the right to require any guarantor to provide personal financial statements to us from time to time. If you or any of your Owners, guarantors, or affiliates holds any interest in other FLEET FEET businesses, the party who owns that interest shall execute, concurrently with this Agreement, a form of cross-guaranty to us for the payment of all obligations for such businesses. For purposes of this Agreement, the term “affiliate” means ~~mean~~ an entity’s subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity.

### **ARTICLE 3. Initial Franchise Fee**

In consideration of our execution of this Agreement and the pre-opening services that we will perform, which include, but are not limited to, initial training, establishment of supplier relationships, providing you with a copy of our Brand Standards Manual, and other consulting and support associated with pre-opening expenses (“Pre-Opening Services”), you agree to pay to us the initial franchise fee in the amount described on the Summary Pages of this Agreement (“Initial Franchise Fee”). You must pay the first installment, in the amount indicated on the Summary Pages, when you sign the Franchise Agreement, and you must pay the second installment, in the amount indicated on the Summary Pages, upon the opening of the Franchised Business. The parties recognize the value of the Initial Franchise Fee approximates the market value of the Pre-Opening Services. Except for the limited circumstance described in Section 4.1 below, the Initial Franchise Fee is non-refundable.

### **ARTICLE 4. Location, Premises, and Territory**

4.1 Location and Lease. If no location is identified as the Accepted Location in the Summary Pages upon execution of this Agreement, then you shall comply with the site selection and acceptance process outlined in the Site Selection Addendum attached as Attachment 1 to this Agreement. The building from which the Franchised Business is operated at the Accepted Location is the “Premises.” We must accept the lease agreement if you do not own the Premises. You must sign a lease within six (6) months after the Effective Date. If we cannot agree on a site for the Franchised Business within six (6) months after the Effective Date, then upon receiving your written request within 10 days after the 6-month period expires, we will terminate this Agreement, and, provided you sign our form mutual termination agreement, which includes a general release, we will refund fifty percent (50%) of the first installment of your initial franchise fee. We may condition our acceptance of any lease on inclusion of our standard Lease

Rider, which would require, among other things, that we have the right to take assignment of the lease should you materially default under the lease or should this Agreement terminate, expire, or non-renew for any reason. In the event that you propose to lease the Premises from any Owner, director, officer or other principal of yours, or from any person or entity related to or affiliated with you or one or more of your Owners, directors, officers or other principals ("Related Party"), we may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by us. You shall also execute a written lease agreement accepted by us with the Related Party and deliver a copy to us. We shall not represent you in a legal capacity and advise you to seek independent legal counsel in the review and negotiation of the lease agreement. You expressly acknowledge and agree that our acceptance of a site for the Franchised Business is not and shall not be construed as a guarantee or assurance that the Franchised Business will be profitable. You hereby acknowledge and agree that our acceptance of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Our acceptance of a site indicates only that we believe the site complies with acceptable minimum criteria established by us solely for our purposes as of the time of the evaluation. Both you and we acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our acceptance of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from our criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of a site accepted by us to meet your expectations as to revenue or operational criteria. You represent to us that your acceptance of a site for the operation of the Franchised Business is or will be based upon your own independent investigation of the suitability of the site.

4.2 Relocation. If you lose your right to possess the Accepted Location, then within one hundred twenty (120) days thereafter you and we shall determine a new location within your Territory in the manner set forth in Section 4.1. You may not relocate the Franchised Business from the Accepted Location without our express written permission.

4.3 Construction of Premises. You are solely responsible for the construction of the Premises and must do so in accordance with our standards and specifications. You must purchase or lease the equipment, fixtures, and furnishings that conform with our standards and specifications. You will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. You shall maintain continuous construction of the Premises until completion. You will complete construction in accordance with the plans and specifications for the Franchised Business which have been accepted in advance by us and will not deviate, except as permitted below, from such plans and specifications without our prior written consent. Such plans and specifications will be based upon the requirements set forth in the Brand Standards Manual and as provided by our personnel. Any sample plans are in

standard form, and you or your landlord will be required to hire, at your sole cost and expense, an architect and/or engineer to adapt and modify the plans as necessary in order to satisfy relevant building codes, health codes, and specific requirements of the Premises and to obtain and comply with building permits for the Premises. It is your sole responsibility to make sure that the design and construction of the Premises is in compliance with all applicable laws including without limitation, the Americans with Disabilities Act. The Franchisee Indemnifying Parties shall indemnify and hold the Franchisor Indemnified Parties harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Premises fail in any way to comply with any applicable laws. You agree to provide to us construction progress updates in a form approved by us at the intervals we designate. We have the right to require you to use an approved architect, general contractor, construction manager, or other supplier of design, engineering, construction, and related services.

4.4 Maintenance and Improvements of Premises. We require you to maintain your Premises in accordance with the terms and conditions of this Agreement, the pertinent provisions of the Brand Standards Manual, and local laws and regulations. The Premises shall be maintained, including its fixtures, furnishings, equipment, materials, and supplies, to the highest degree of cleanliness, orderliness, and repair. Additionally, we reserve the right to require you to generally refurbish the Franchised Business and/or the Premises at your expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for FLEET FEET franchises, which may include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. There is no limit on our right to require you to refurbish or upgrade the Premises or any other part or process of your Franchised Business. You agree at all times to maintain the Franchised Business in a clean, wholesome, attractive and safe condition and to keep the same in good maintenance and repair. The design and appearance of both the exterior and interior of the Franchised Business are part of our trade dress, and it is essential to the integrity of our intellectual property that they be maintained as uniformly as possible among the various stores of our franchisees at any given time. You therefore agree at your own expense to display and maintain in first class appearance and condition, and from time to time to change, advertising signs of such nature, form, color, number, location, illumination and size, and containing such legends and symbols, as we shall prescribe, initially and, thereafter, from time to time, in our Brand Standards Manual. You shall not display in or on your Premises any sign or advertising we do not approve in advance. The FLEET FEET Mark, as designated by us, shall appear in all articles used for, or in connection with, the sale or display of FLEET FEET products. No other name, trademark or symbol shall be used without prior written approval by us. No vending machine or entertainment device shall be sold, displayed, situated or used in the Franchised Business without prior written approval by us. You shall not make any alterations, additions, replacements or improvements to the Franchised Business or its fixtures or appurtenances in violation of your lease or without our prior written approval. Nothing stated herein contradicts or undermines your

obligation to comply with applicable governmental requirements. In the event of your delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Section 4.4, we or our agents may enter the Premises, without further notice and without liability for trespass or other tort and with your complete cooperation, and remove, repair, and/or replace, at your expense, any items which do not conform to our then-current standards and specifications or which are not in conformity with your obligation to maintain the Franchised Business and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that we may have in law or in equity, you shall reimburse us for all out-of-pocket expenses incurred by us in connection with any refurbishing work performed by us pursuant to this Section 4.4, plus an administrative fee of fifteen percent (15%) of the total aggregate amount of expenses incurred by us. In the event that you fail to reimburse us within seven (7) days of the date you are billed for all such amounts, you authorize us to collect all amounts due, including interest and late fees in the amount set forth in this Agreement.

4.5 Inspection. We and our agents shall be permitted, with or without notice, to enter the Premises in person or remotely via communications technology, before and after the opening date to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, equipment and operations, and the performance of any and all services provided in and around the Franchised Business and/or the Premises to ensure compliance with all requirements of this Agreement. During such inspections, we also have the right to examine your books, accounting and customer records, inventory, hardware, software, databases, business records and other supporting records and documents in order to verify compliance with our brand standards and the Data Protection and Security Policies, and Privacy Laws (as defined below). You will cooperate with our representatives in those inspections by rendering whatever assistance they may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by us or our agents, and any other assistance necessary to enable us to contact and interview contractors, suppliers, as well as your customers and former customers. Upon reasonable notice from us, and without limiting our other rights under this Agreement, you will take such steps as may be necessary to correct the deficiencies detected during any such inspection and immediately desist from the further use of any equipment, marketing materials, products, materials, practices, actions, or omissions that do not conform to our then-current plans and specifications, the Brand Standards Manual, or other standards or requirements, and to repair or replace anything in the Franchised Business that does not so conform. Any and all inspections by us and all demands made by us to correct deficiencies and conform to our standards and specifications will not constitute a representation or warranty by us that the Franchised Business, the Premises, your data policies or practices, or your accounting practices comply with applicable laws, codes, ordinances, regulations or governmental standards. If any of your books, records or inventory are located outside the Accepted Location we shall have the same right to inspect them and to have your cooperation to facilitate our inspection. Upon written notification from us of a scheduled inspection, your Owners must be present during any inspection of your Premises or records. Any inspection shall be made at our expense, except that if such inspection is necessitated by your

repeated or continuing failure to comply with the Brand Standards Manual or this Agreement, we may charge you for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of our employees and/or agents.

4.6 Territory. While this Agreement is in effect, we will not operate or license any other party to operate a brick and mortar retail store branded with the Marks located within the territory described on the Summary Pages of this Agreement or identified on the Site Selection Addendum ("Territory"). You will compete with other FLEET FEET stores which are now, or which may in the future be, located near or adjacent to your Territory and such FLEET FEET stores may be owned by us, our affiliates, and/or third parties. Your Territory may overlap with the territory of another FLEET FEET store owned by us, our affiliates, and/or third parties and those stores may share common customers. We grant franchises and the rights to develop and operate FLEET FEET businesses only pursuant to the express terms of written agreements and not orally. We reserve the rights, among others, directly or through others and regardless of either (a) proximity to your Franchised Business or Territory or (b) any actual or threatened impact on sales of the Franchised Business to:

(a) use the Marks and System in connection with establishing and operating FLEET FEET stores at any location outside the Territory;

(b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory other than a brick-and-mortar store operating with FLEET FEET as its trade name), whether or not you also offer them, through channels of distribution other than a brick-and-mortar FLEET FEET store (including, for example, expositions, special events (e.g., marathons), drop shops, kiosks, carts, catalogs, mail order, or the internet or other electronic means);

(c) supply businesses and individuals located within or outside your Territory with goods and services that may be the same as the goods and services you provide, whether we use the Marks or not;

(d) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory);

(e) subject to applicable laws and regulations, use, sell, or distribute, in any way, to any party, including suppliers who may also operate their own retail stores, within or outside you Territory, the customer lists, customer data, sales data, and any other information generated by your FLEET FEET business or any other FLEET FEET business; and

(f) establish, operate, acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the

FLEET FEET system, and even if they have locations in your Territory; provided, any such outlet within your Territory will not operate with FLEET FEET as its trade name.

4.7 Franchisee's Channels of Distribution. We regulate the means by which you may solicit and conduct sales. Such rules are set forth in the Brand Standards Manual and recently promulgated publications whether by memorandum, email, certain online postings, or other oral or written communication. We may change them from time to time as we deem proper. You are prohibited from engaging, without our prior written consent, in any other channel of distribution other than retail store sales at your Accepted Location which prohibition shall include, but not be limited to telemarketing, catalog sales, computer marketing, internet sales and offering for sale or selling any product at a lower price to persons who do not visit your Franchised Business than to in-store customers at the same period in time, which rights we retain exclusively for ourselves or our designated licensee. If we allow you to operate within channels of distribution other than brick and mortar retail store sales, you must comply with our rules and policies related thereto. We have the right to rescind or modify any such policy upon written notice to you.

## **ARTICLE 5. Intellectual Property**

5.1 Validity and Use of Marks. By executing this Agreement, we grant to you subject to the terms of this Agreement a limited, non-exclusive right to use the Marks in connection with the Franchised Business. You acknowledge that the Marks are and shall remain the sole property of us. You shall use such Marks only as permitted under this Agreement. You may not, either during or after the Initial Term of this Agreement, do anything, or aid or assist any other party to do anything, which would infringe upon, harm, dilute, or contest our rights to any of Marks or in any mark or name which incorporates the words "FLEET FEET," or any component of any other Mark. You may not use any mark or name other than as herein licensed in connection with the conduct of the Franchised Business and may not place any name or mark other than the names or marks originally appearing thereon on any products, packages or other materials which you obtain from us or any manufacturer designated and/or approved by us as qualified to supply products conforming to our specifications. You must use the Marks without any accompanying words or symbols, other than as we require. You shall not otherwise use the name "FLEET FEET" or any other of the Marks in or as part of your firm or corporate name. You agree to follow the standards established from time to time by us for the presentation of the Marks as set out in the Brand Standards Manual when preparing materials for advertising. You shall not attempt to register or otherwise obtain any interest in any Online Presence (defined in Section 5.8) utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. You agree not to object to or to interfere in any manner with the use by us, our affiliates, or by any authorized FLEET FEET franchisee of the name "FLEET FEET" or any other name combination created by us using the name "FLEET FEET", or any other of the Marks, in any manner whatsoever in any area. You represent to us that you have investigated the region in which you desire to open your FLEET FEET franchise and have found no use of the name "FLEET FEET" or any

similar trade name. You shall immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We shall have sole discretion to take such action as we deem appropriate in connection with the foregoing, and the exclusive right to control any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim that otherwise relates to any Mark. You further agree to execute any and all other necessary papers, documents and assurances to effectuate this purpose and agree to cooperate fully with us or any franchise of ours in securing all necessary and required authority from any Secretary of State, licensing authority or any other state or federal authority to the use of the name "FLEET FEET" or any other FLEET FEET authorized name whenever needed or appropriate and to protect and maintain our interests in any litigation or other proceeding. Your usage of the Marks and any goodwill established thereby shall inure to our exclusive benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon you (other than the license to operate a Franchised Business in compliance with this Agreement). You acknowledge and agree that the restrictions set forth in this Agreement are reasonable and necessary for the protection of value of the Marks and the goodwill associated with the Marks and that any violation of this Agreement would cause substantial and irreparable injury to us, and that we would not have entered into a business relationship with you or enter into this Agreement without receiving your unrestricted promise to use the Marks only in the manner authorized by us.

5.2 Modification of Marks. If it becomes advisable at any time in our sole judgment to modify or discontinue use of any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions to modify or otherwise discontinue the use of such Mark, and/or use one or more additional substitute or service marks, within a reasonable time after written notice thereof by us. You must adopt any such changes at your sole expense.

5.3 Indemnification With Respect to Use of Marks. Provided you comply at all times with Article 5, we shall indemnify you against and reimburse you for damages assessed against you, if any, based on your use of the Marks. Otherwise, we shall not be required to indemnify you against or to reimburse you for any loss or damages arising out of your use or misuse of any Mark. If the claim related to your use of the Marks results in re-branding, you will bear all expenses of the modifications.

5.4 Future Marks. You agree that any further rights that may develop in any of the Marks in the future, whether as trade names, trademarks, service marks or copyrighted materials, shall inure and accrue to our benefit. We may develop future Marks. Use of said future Marks will be governed by this Agreement.

5.5 Confidentiality of System. You hereby acknowledge that we are the sole owner of all intellectual property rights in and to the System and all material and information relating to the System now or hereafter revealed to you under this Agreement,

including, but not limited to, that certain Brand Standards Manual we provide to you as well as all memoranda, emails, informational bulletins, certain online postings, or other communications containing proprietary information regarding the System. You further acknowledge that the System, contains our Confidential Information (including our trade secrets) and that they are revealed to you in confidence, solely for the purpose of enabling you to establish and operate the Franchised Business licensed herein in accordance with the terms of this Agreement. "Confidential Information" means the information, not generally known to the public, in any form, relating to the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); customer fit data; product catalogs; training manuals and materials; price lists; business forms; accounting procedures; inventory systems; distribution procedures and manufacturing methods; electronic code, designs, marketing materials and reports, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designate as confidential, including all information contained in the Brand Standards Manual. You and the Owners shall not, during the Initial Term or Renewal Term of this Agreement or at any time after the expiration, non-renewal, transfer, or termination of this Agreement, regardless of the cause thereof, and without any geographic limitation, use for your or their own benefit or communicate or divulge to (in oral, written, or electronic communication), or use for the benefit of any other person or entity Confidential Information. You shall disclose to your employees and contractors only such Confidential Information as is necessary to operate the Franchised Business and then only while this Agreement is in effect. You must require any employees and independent contractors who have access to our Confidential Information to sign a confidentiality agreement in the form we require, and you must include us as a third-party beneficiary thereto. You agree your right to use the Confidential Information is exclusively derived from this license agreement and you have no right to use the Confidential Information following termination, non-renewal, transfer, or expiration of this Agreement. Specifically, and without limitation, you agree not to make any unauthorized postings of Confidential Information on any internet websites or electronic bulletin boards. All matters relating to the validity, construction, performance, and enforcement of this paragraph shall be governed by the laws of the State of North Carolina.

5.6 Ownership of Inventions and Ideas. All inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that you, the Owners, your employees, or personal guarantors may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during

the Initial Term or Renewal Term that relate in any way, either directly or indirectly, to the Franchised Business and/or the System (collectively, "Inventions and Ideas"), either in whole or in part, shall be our exclusive property. You must promptly disclose the existence of any and all Inventions and Ideas to us. You and they assign to us, without compensation, all right, title and interest in such Inventions and Ideas, and agree that you and they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in us the entire right, title and interest in such Inventions and Ideas.

## 5.7 Covenants Against Unfair Competition.

(a) Covenant Against Unfair Competition – During Initial Term. You acknowledge that you and your Owners will receive valuable, specialized training and Confidential Information regarding the operational, sales, promotional, and marketing methods of the FLEET FEET business and System that we have developed through monetary and other resource expenditures that provide competitive advantages to our System. During the Initial Term, you and your Owners will not, without our prior written consent, for yourselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, or offer or grant franchises or licenses for, any Competitive Business (as defined below); or

(ii) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Covenant Against Solicitation – During Initial Term. You acknowledge you will receive customer and supplier information that is considered Confidential Information. During the Initial Term, you and your Owners will not, without our prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) solicit, divert or attempt to solicit or divert any business or customer to any Competitive Business; or

(ii) use any supplier relationship established through your association with us for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use or retail sale in the Franchised Business.

(c) Covenant Against Unfair Competition – Post-Term. In partial consideration for our allowing you to license our Marks and Confidential Information, you and each of your Owners covenant and agree that for a period of two (2) years after the termination, expiration, non-renewal, or transfer of this Agreement, regardless

of the reason for such termination, expiration, non-renewal, or transfer (“Restrictive Period”), you and your Owners shall not, within the Restrictive Territory (as defined in Section 5.7(e) below) engage in any of the following:

(i) Engage in any Competitive Business (as defined in Section 5.7(f) below) as franchisee or licensee; or

(ii) Franchise or license any Competitive Business; or

(iii) Engage in any Competitive Business as an employee, owner, officer, director, manager, consultant, lender, landlord, or independent contractor in any capacity which directly competes with the work performed while a FLEET FEET franchisee within one (1) year preceding the termination, expiration, non-renewal, or transfer of this Agreement; or

(iv) Engage in any Competitive Business as an employee, owner, manager, consultant, lender, landlord, or independent contractor in any capacity in which you or your Owners would be in a position to use or disclose Confidential Information; or

(v) Become interested in any such Competitive Business as an owner, partner, shareholder, member, consultant, lender, or principal; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 5.7(c) so long as you do not own yourself or through your Owners or their/your spouses or partners more than one percent (1%) of the securities of such corporation.

(d) Covenant Against Solicitation – Post-Term. In partial consideration for us allowing you to license our Marks and Confidential Information, you and each of the Owners covenant and agree that during the Restrictive Period, you and the Owners shall not, within the Restricted Territory engage in any of the following:

(i) Solicit, divert, or attempt to solicit or divert to any Competitive Business any business or customer located within the Restrictive Territory with whom you or your Owners had any business relationship as of the termination, expiration, non-renewal, or transfer of this Agreement or within one (1) year preceding the termination, expiration, non-renewal, or transfer of this Agreement; or

(ii) Solicit, divert, or attempt to solicit or divert to any Competitive Business any business or customer located within the Restrictive Territory with whom we, any of our affiliates owning or supplying FLEET FEET locations, or other FLEET FEET franchisees or franchise owners had any business relationship as of the termination, expiration, non-renewal, or transfer of this Agreement or within one (1) year preceding the termination, expiration, non-renewal, or transfer of this Agreement; or

(iii) solicit, divert, or attempt to solicit or divert, any supplier that has done business with the Franchised Business within one (1) year of the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise or services to FLEET FEET businesses.

(e) Restrictive Territory. For purposes of this Section 5.7, the term "Restrictive Territory" means the following:

(i) An area which is within a twenty-five (25) mile radius of:

(A) The Accepted Location as of the date of termination, expiration, non-renewal, or transfer of this Agreement (including at the Accepted Location), or

(B) The location of any other FLEET FEET location owned by us or our affiliates or franchisees as of the date of termination, expiration, non-renewal, or transfer of this Agreement (including at those locations); or

(ii) Only in the event the foregoing is determined by a court of law to be too broad,

(A) The Territory as it exists on the date of termination, expiration, non-renewal, or transfer of this Agreement (including at the Accepted Location); or

(B) The territories in which we or our affiliates or any of our franchisee operate any FLEET FEET businesses or locations as of the date of termination, expiration, non-renewal, or transfer of this Agreement (including at the business locations); or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory as it exists on the date of termination, expiration, non-renewal, or transfer of this Agreement (including at the Accepted Location); or

(iv) Only in the event the foregoing is determined by a court of law to be too broad, at the Accepted Location as it exists on the date of termination, expiration, non-renewal, or transfer of this Agreement.

(f) Competitive Business. For purposes of this Section 5.7, the term "Competitive Business" means any business or commercial activity that:

- (i) receives 40% or more its gross revenue from the sale of athletic shoes, athletic apparel, and/or athletic accessories; or
- (ii) receives 25% or more of its gross revenue from the sale of athletic shoes; or
- (iii) receives at least 10% of its gross revenue from the sale of brands sold by the Franchised Business or other FLEET FEET stores; or
- (iv) offers a running training program or race promotion services; or
- (v) receives 50% or more of its gross revenue from the sale of athletic shoes, athletic apparel, athletic and accessories; casual shoes, apparel, and accessories; athletic or fitness training services; race promotion services; one or more of the same brands sold by Franchised Businesses; and/or related products and services offered by Franchised Businesses whether operated directly or through franchises or licenses granted to others to operate.

(g) Reasonableness. The above post-termination covenant not to participate in a similar Competitive Business or to engage in solicitation on behalf of a Competitive Business shall apply regardless of how or why the Agreement terminates, expires, transfer, or does not renew. The parties agree that the foregoing covenants contained in this Section 5.7 contain reasonable limitations as to time, geographical area, and scope of activity to be retrained and do not impose a greater restraint than is necessary to protect our goodwill or our other business interest and our franchisees and the provisions do not prevent you or your Owners from earning a living. You agree that the scope of activities prohibited in this Section 5.7, and the length of the term and geographical restrictions in this Section 5.7, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Your full, uninhibited, and faithful observance of each of the covenants in this Section 5.7 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 5.7 will not impair your or your Owners' ability to obtain employment commensurate with your or your Owners' abilities or on terms fully acceptable to you or your Owners or otherwise to obtain income required for the comfortable support of you or your Owners and your or their families, and the satisfaction of the needs of all of your and your Owners' creditors. Your and your Owners' special knowledge of FLEET FEET (and anyone acquiring this knowledge through you or your Owners) is such as it would cause us serious injury and loss if you or your Owners (or anyone acquiring this knowledge through you or your Owners) were to use this knowledge to the benefit of a competitor or were to compete with us or our franchisees. The covenants in this Section 5.7 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim you or any of your Owners may have against us or any of our affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against you or your Owners. In the event of any violation of the provisions of this Section 5.7, the Restrictive Period shall be extended

by a period of time equal to the period of the violation. You and we agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(h) General Manager. At our option, we may require that you cause all persons who are involved in the Franchised Business as non-owner operators or general managers to enter into an agreement(s) to be bound by provisions substantially similar to Section 5.7 of this Agreement. You agree to provide us with copies of such executed agreements upon request. If you have reason to believe that any person has violated any such provisions of this Agreement, you shall promptly notify us and cooperate with us to protect us against unfair competition, infringement, or other unlawful use of our Marks, trade secrets, or System. You further grant us the right, but not the obligation, to prosecute any such lawsuits at our expense on your behalf.

5.8 Online Presence. You will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to us, the System, or your Franchised Business without our written consent, which we are not obligated to provide. An "Online Presence" includes (1) the brand website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence, unless specifically approved by us, which approval we are not obligated to provide. You will not post, and will take such steps as necessary to ensure that your employees do not post, any information to an Online Presence relating to the us, the System, the Marks, or the Franchised Business that (a) does not comply with the our then-current brand, social media, or Online Presence guidelines described in the Brand Standards Manual or otherwise provided to you, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. You will not establish or permit or aid anyone else to establish any links to any Online Presence which we may create. Any Online Presence will be deemed "advertising" under this Agreement and will be subject to (among other things) our approval under this Agreement. We alone have the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. We shall not be liable for downtime that may occur to any such Online Presence, whether such downtime is caused by us or a third-party. We alone will be, and at all times remain, the sole owner of any Online Presence and of the copyrights to all material which appears on any Online Presence, including any and all material you may furnish to us for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in us. You agree to execute any and all documents needed to evidence our ownership of the Online Presences and assign us

any rights that you gain to them. We shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe you and/or the Franchised Businesses, with such webpage(s) or Online Presence to be located within our website or another Online Presence. You shall comply with our policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence; and we shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence. You shall not establish a separate website or Online Presence, without our prior written approval (which we shall not be obligated to provide). If approved to establish an Online Presence, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Online Presence.

## **ARTICLE 6. Our Obligations**

6.1 Services to be Rendered. We agree to provide you the following services:

(a) If the Franchised Business has not previously opened for business or if you are buying an existing Franchised Business, we will instruct at least one Owner in its operation prior to opening by providing a training program; in such case, the Owner shall attend the training program, and a second associate or employee also may attend without charge. If an Owner will not conduct the day to day operations of the Franchised Business, the employee who will serve as the full-time general manager must attend. If you would like additional associates or employees to attend the training program when you do, you must pay our then-current training fee. The training shall be provided, at our sole discretion, at our corporate office, designated location(s), by telephone, and/or virtually. The training may be presented in installments, and you will be required to attend all installments. You shall bear and pay all indirect training costs and expenses, such as any salary expenses of your employees and all expenses of travel, lodging, meals and other living expenses you and your designee incur in attending the training program. We are under no obligation to provide training to your particular specifications.

(b) We will promptly provide such advice and information as we consider reasonably appropriate to assist you with all methods and procedures associated with the System and operations of the Franchised Business. You understand and agree that such advice and information may be rendered by phone, electronically, through the Brand Standards Manual, training and/or by such other means as we deem appropriate in our sole discretion. We may, in our discretion, convene meetings of franchisees or other trainings as we consider necessary or appropriate, in our discretion, including remedial trainings if your Franchised Business is not operating in accordance with our standards. We have the right to require you and your full-time general manager(s) to attend training and to charge an attendance fee. If you request any advice or consultation service which requires us to make any of our staff present at the Franchised Business, we may charge to provide such service at the then-current per diem cost set forth in the Brand Standards Manual, plus expenses. You will be

responsible for all transportation, lodging, food and other costs incurred in attending the training. We are not required to offer these training courses and can terminate them at any time.

(c) We will make available to you from time to time all improvements and additions to the System to the same extent and in the same manner as they are made available to our franchisees generally. These improvements and additions may involve additional products and services for you to sell.

(d) We will make available to you from time to time such template marketing materials and promotional plans and materials, if any, as we prepare for use by FLEET FEET franchisees generally. You may use such materials in any local marketing. You will pay for all associated costs, including the cost to customize the materials for your particular use. All advertising and promotional plans and materials created in whole or in part by us are and remain our exclusive property.

(e) To the extent we have them, we will make available to you a list of necessary or recommended equipment, signs, fixtures, inventory, and supplies and a list of any specifications. We may modify such specifications from time to time. To the extent we have them we will also provide you with a list of approved, designated, or exclusive suppliers for your equipment, signs, fixture, inventory, and supplies, among other items.

(f) You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge, and judgment. We are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any preopening services to you, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your Franchised Business, you must notify us in writing within thirty (30) days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and compliant with all representations made to you. If you fail to so notify us, you will be deemed to have waived all claims relating to our arising from our obligations to provide pre-opening and opening assistance.

6.2 Sale of Products and Terms of Sale. We, or an affiliate, may offer to sell you certain products. We also have the right to require you to purchase these items.

6.3 Optional Products and Services. We or an affiliate may offer certain optional goods and services for your use. You shall comply with the terms and conditions we or they may impose for use of those optional goods and services, including any fees assessed.

## **ARTICLE 7. Operation of Your Business**

7.1 Operation of Business. You agree to operate the Franchised Business in accordance with the Brand Standards Manual (“Brand Standards Manual”), as amended from time to time, along with any other policies and procedures we may issue from time to time whether formally incorporated into the Brand Standards Manual. The “Brand Standards Manual” expressly includes separate manuals and alternative or supplemental communications by us such as by an owner’s website or extranet, bulletins, emails, video, audio, and other electronic or print methods. We may periodically amend, update or replace the contents of the Brand Standards Manual without prior notice to you. You will comply with each amended, updated or replaced provision once uploaded to the Brand Standards Manual, unless a delayed start time is specified. The Brand Standards Manual is designed to protect our Marks, brand image, goodwill, and standards and systems, and not to control the day-to-day operation of the business. You shall comply with all rules, regulations, and directives specified by us, as well as all mandatory standards, specifications and procedures contained in the Brand Standards Manual, as amended from time to time.

7.2 Products and Services. You shall at all times actively promote the sale of FLEET FEET products and services and shall use your best efforts to cultivate, develop and expand the market for such products and services. You agree to operate the Franchised Business diligently so as to maximize revenues and profits. You agree that you will use only those products, supplies, and other materials in the operation of the Franchised Business as we have specifically designated or approved. You must sell all products and services that we require. You may be required to purchase from us or our affiliates certain products that involve trade secrets or that have been specially prepared by us or at our direction or that we consider integral to the System. We may designate one or more designated or exclusive suppliers, which may be us or an affiliate, for any services, products, equipment, or supplies used in the operation of the Franchised Business, in which event you must purchase every item exclusively from the designated or exclusive supplier. We or our affiliates may receive payments or other compensation from suppliers on account of the suppliers’ dealings with us, with you, or with other franchisees in the System. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. Further if we and our affiliates sell any goods and services to you, we and our affiliates may make a profit. You hereby agree that we and our affiliates are entitled to such profits, payments, discounts, or other compensation. We and our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, and services at a price lower than that at which our franchisees are able to purchase the same items. We may, from time to time, amend the list of unauthorized products, services and suppliers, in our sole discretion, and you will be obligated to cease using and selling the unauthorized products, services and suppliers within thirty (30) days after you receive written notice that such products, services, or suppliers are unauthorized. You agree to maintain such minimum inventory levels at all times as we may determine, in our sole discretion. Additionally, you further agree to maintain an inventory of products which is adequate, both in terms of range of items covered and in terms of the quantities of the respective items, to fulfill the public demand in your market for such products and to promptly satisfy customers seeking such products at

the Franchised Business. You must immediately discontinue offering and selling any products that have been recalled by their manufacturer upon receiving notice thereof. We will not be liable to you for any loss you incur as a result of such recall or discontinuance. The Franchisee Indemnifying Parties will indemnify, defend, save and hold the Franchisor Indemnified Parties harmless from and against all claims, demands, costs and expenses in connection with your failure to comply with this provision. Franchisee may request that Franchisor review a new or alternate supplier, service, or product, but we are under no obligation to approve such supplier, service, or product.

7.3 Telephone, Email, Internet. You must establish a local telephone number for use at the Franchised Business. You must establish an email address that we approve for the Franchised Business. We may in our discretion provide this email address to you and may charge a fee to do so. You must keep us notified as to the current telephone number and email addresses for the Franchised Business. In no event shall you use such number for any other business or for personal use. You further covenant that in the event you obtain any additional or substitute telephone number or email addresses, you will promptly notify us. You will maintain high speed Internet at the Franchised Business as specified by us in the Brand Standards Manual or otherwise. You will provide continuous telephone answering coverage and email response whenever the Franchised Business is open for business. You will be solely responsible for the payment of all bills which result from the use and/or maintenance of the telephone and Internet at the Franchised Business and the operation of all computer hardware and software associated with the System.

7.4 Prices. You shall have the right to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by us; (2) complies with any prices specified by us; and (3) conforms to any bona fide promotional programs or national or regional accounts programs periodically established by us. We have no obligation to establish or maintain pricing policies. We retain the right to modify pricing policies from time to time at our sole discretion.

7.5 Employees. The Franchised Business is an independent business and you are exclusively responsible for day to day control and management of your retail outlet, including, but not limited to, the hiring and discharging of your employees, employee discipline; workplace health and safety; employee supervision and assignment; work rules and directions governing the manner, means, or methods of work performance, and setting and paying wage, compensation, and benefits of your employees. You agree we have no power, responsibility or liability with respect to these tasks. You are responsible for the day-to-day operation of your Franchised Business, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing your own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Brand Standards Manual.

Our ability to approve, accept, or consent to certain matters, to inspect the Franchised Business and its operations and to enforce our rights, exists only to the extent necessary to protect our interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the right to take control, over those matters that are clearly reserved to you. Your employees are not our agents or employees and we are not a joint employer of these individuals. You are solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. You are not economically dependent on us, and we do not provide facilities, equipment or house or transport your employees or provide to your employees tools or materials required for your employees to perform services for you. You shall comply with all employment laws and regulations. You shall obtain from each of your employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee of you and not us and (ii) he or she shall look solely to you, and not to us or our affiliates, agents, or employees, for his or her compensation and for all other employment matters. You shall post a notice on the employee bulletin board clearly visible to your employees, notifying all employees that their employer is you and clearly stating that neither we nor our affiliates are the employer of the employees. You shall not use any of the Marks in connection with employee facing labor and employment materials.

7.6 General Managers. The business shall be managed by a person, identified to us, who has undergone our training program and successfully completed it. If we give our consent for an Owner to not personally supervise your franchised business, you are required to have at all times a full-time general manager who has successfully completed training. In the event your general manager ceases their employment with you, you must retain within ninety (90) days a new general manager accepted by us who successfully completes our training.

7.7 Harmful Business Practices Prohibited. You will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of you, us, the Franchised Business, the Marks, the services and/or products sold at the Franchised Business or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws. In all dealings with customers, suppliers, us and others, you will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will operate your business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. We make no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with your establishment or operation of your business. It is your sole responsibility to determine what licenses, permits, authorizations or otherwise are required and to obtain them, all at your expense. You agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such

compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your business as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically agree that your indemnification responsibilities as provided in this Agreement pertain to your obligations hereunder.

7.8 Crisis Situations. You shall notify us immediately upon the occurrence of any situation that may have a material impact on you, us, the Franchised Business, or which could have a deleterious effect on the FLEET FEET brand, Marks or System (“Crisis”), including injuries of customers or employees, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Franchised Business, the System, or us. You shall follow all of our policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by us or as specified in the Brand Standards Manual, whether or not you have retained outside counsel or a public relations firm to assist with such matters. You will cooperate fully with us with respect to our response to the Crisis. In the event of the occurrence of a Crisis, we may establish emergency procedures which may require you to temporarily close the Franchised Business to the public, in which event we shall not be liable to you for any loss or costs, including consequential damages or lost profits occasioned thereby. We will have the right to take control of the management of communications if we determine that the publicity surrounding the event is likely to have a material adverse effect on the reputation or goodwill of the Franchised Business, Marks, System, or us. You will obtain our consent before any press releases, interviews or public statements are issued by you, or anyone on its behalf, about events that are likely to receive or are receiving significant negative public attention related to the Franchised Business, Marks, System, or us.

7.9 Toll-Free Number; Secret Shopper, etc. We may, in our sole discretion, institute various programs for verifying customer satisfaction and/or your compliance with all operational and other aspects of the System, including (but not limited to) marketing research surveys, a toll-free number, customer comment cards, secret shoppers, “phone phantom” or otherwise. We will share the results of such programs as they pertain to your Franchised Business with you and you will reimburse us for the costs associated with any and all such programs.

7.10 Change Owners or in Marriage Status. You must be a business entity and not an individual. If you are a corporation, a limited liability company or a partnership, you have provided to us a current list of all Owners and you agree that you will advise us of any and all changes in ownership. If you (if you are an individual) or one of your Owners (if you are a business entity) or guarantors has a change in marital status during the Initial Term or Renewal Term, you or your Owners (as applicable) must promptly notify us of

that change, and you agree that any new spouse will sign our form guaranty, non-compete, non-solicitation, and confidentiality agreements.

7.11 Forms. You will use only such forms, including, without limitation, those used in and generated by the point of sale system, as are approved by us in the Brand Standards Manual or otherwise in writing. You will obtain all forms specified by us and/or the point of sale system, at your expense, from suppliers approved by us. We may maintain and make available to you all or a portion of such forms electronically in addition to, or in lieu of, providing hard copies to you.

7.12 Insurance. You shall obtain from a nationally recognized insurance company with an AM Best rating of at least "A" and at all times during the Initial Term and Renewal Term, as applicable, maintain in force and pay the premiums for all types of insurance that we may prescribe from time to time including any insurance limits that we may prescribe from time to time. The insurance that we currently require includes the following:

(a) Commercial General Liability ("CGL") insurance written on an "occurrence basis" that includes Product Liability and "Completed Operations" coverage, with limits of liability for bodily injury, property damage, personal injury, products/completed operations, contractual liability, and advertising injury each in amounts not less than \$1,000,000 per occurrence/\$2,000,000 in the aggregate;

(b) Automobile Liability Insurance (for any owned vehicles);

(c) Non-Owned or Hired Automobile ("NOHA") Insurance;

(d) Umbrella Liability Insurance with limits of not less than \$3,000,000 excess of the primary CGL policy limits;

(e) All Risk Property Insurance including coverage for Contents ("Business Personal Property"), Betterments & Improvements, Business Interruption and Extra Expense (with a deductible of not more than \$10,000); and if located in a Flood Zone including National Flood Insurance Program ("NFIP") coverage;

(f) Cyber Security Insurance;

(g) Workers' Compensation insurance coverage providing state statutory limits for each worker, and Employer's Liability Limits of no less than \$500,000; and

(h) Crime Insurance.

All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including our insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)

liability; (iii) shall not contain any special limitations on the scope of coverage afforded to us; (iv) shall provide that any failure by you or any of your employees, agents, subcontractors or suppliers, to comply with any notice, reporting or other similar provisions of such policies shall not affect the coverage provided to us. From time to time in our discretion, we can increase or modify such limits of liability or require additional types of coverage. The insurance policies shall name us as an “additional insured” and shall expressly protect both you and us on a primary and non-contributory basis and shall require the insurer to defend both you and us in any action while reserving our right to involve counsel of our own choosing in protection of our own and system wide interests. Additionally, your insurance policies must waive on behalf of your insurer any right of subrogation by the insurance company against us, our officers, shareholders, and employees. You understand that doing so does not necessarily furnish you with protection levels adequate to your needs and that your obligation to indemnify us as set forth above in this paragraph may exceed the amount of insurance you are required to obtain or do obtain. Your indemnification obligations are separate from and in addition to your obligations to obtain and maintain insurance. If you fail to procure or maintain in force any insurance required by this paragraph or fail to furnish the certified copies or certificates thereof required hereunder, we may, in addition to any other remedy we may have, procure such insurance and/or certified copies or certificates, and you shall promptly reimburse us for all premiums and other costs incurred in connection therewith through electronic funds transfer.

At least thirty (30) days prior to the time any insurance is first required to be carried by you, you will deliver or caused to be delivered to us Certificates of Insurance evidencing the proper coverage with limits not less than those required by this Agreement and evidencing that we are named as an additional insured under such policy on a primary and non-contributory basis as required in this Agreement. At least thirty days prior to expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing that you have procured proper renewal or replacement coverage with limits not less than those required by this Agreement and reflecting that we are an additional insured under the policy on a primary and non-contributory basis as required herein. All Certificates will expressly provide that at least thirty (30) days' prior written notice will be given to us in the event of any alteration to, or cancellation of, the coverage evidenced by the Certificates of Insurance.

You are required to either join the National Training Program group insurance policy we offer or obtain insurance from another provider providing identical or superior coverage. If you elect to participate in the group policy, we will bill you at the beginning of the year based upon your anticipated number of training program participants and we will then make an adjustment at the end of the year where necessary to reflect actual participation and invoice you for any deficit. Our determination is final. By agreeing to participate, you authorize us to bill you for the premiums and make adjustments as described.

**7.13 Customer and Other Data.** You shall maintain a current list of the names, addresses, e-mail addresses, customer purchase history, customer preferences, and

telephone numbers of the customers and past customers who have provided such information to the Franchised Business ("Customer List"). You shall provide the Customer List to us upon request. You shall also use the computer systems that we designate to create, store, maintain, and share the Customer List. The Customer List shall be our property and we have the right to use the Customer List for any purposes, in our sole discretion. You shall not collect, use, process, store, share, or sell any information from the Customer List to or with any person or entity other than us without our express written consent. You shall not delete any information that is in the Customer List without our prior written consent or unless doing so is in accordance with the Data Protection and Security Policies. Likewise, other data collected by you or your computer systems in connection with the Franchised Business (Customer List and the other data collectively referred to herein as "Franchised Business Data") is deemed to be owned by us, and you agree to furnish the Franchised Business Data to us at any time that we request it. You shall also use the computer systems that we designate to create, store, maintain, and share the Franchised Business Data. We hereby grant you a limited license to use Franchised Business Data while this Agreement or a Renewal Agreement is in effect, but only in accordance with the standards, specifications, procedures, and policies that we establish periodically and applicable law. Upon termination, non-renewal, transfer, or expiration of this Agreement for any reason, we shall be the exclusive owner of Franchised Business Data and you shall not use or disclose the Franchised Business Data in any form or manner. You shall not be due any compensation based upon our use of the Franchised Business Data. You may not collect, sell, disclose, share, transfer, or use Franchised Business Data for any purpose other than operating the Franchised Business. The Customer List and Franchised Business Data are expressly subject to the provisions of Section 7.15 and may constitute Personal Information.

7.14 Computer Systems. You, at your expense, must purchase or lease and thereafter maintain such computer hardware and software, including the point of sale system we require, high-speed internet service, active e-mail account, a required dedicated telephone and telephone number, modem(s) printer(s), mobile applications, cloud-based systems, smartphones, tablets, communications systems, security systems, robotics, automation systems, technology, and other computer-related accessories or peripheral equipment as we specify (collectively, "computer systems"). Our requirements for the computer systems will be updated from time to time as deemed necessary by us in accordance with changing technology and industry standards and may include the requirement to purchase or lease new computer systems. You must periodically update, as required by the us or suppliers, all computer systems solely at your expense. You may be required to license proprietary computer systems directly from us or our affiliates. You may be required to enter into license agreement(s) with us or other suppliers to provide all or part of the computer systems. We and our agents shall have the right to access all information related to the operation of the Franchised Business that is accessed or stored on the computer systems, whether in-person or from a remote location, without the need for your consent, at the times and in the manner prescribed by us, which may be unlimited, remote, 24/7 access. We shall be granted access and may use data from the computer systems or

from any source you utilize which deviates from the computer systems in any way we deem fit and you agree to furnish such data to us upon request. We have the right to require you to connect to our computer systems. You shall provide us with all required passwords or login credentials to access the computer systems and shall grant us any permissions necessary for us to view and access the data on the computer systems. Data relating to the Franchised Business and/or the System that is generated by, stored on, saved to, downloaded or uploaded to, shared with the computer systems is part of the data owned solely by us. Despite the fact that you agree to buy, use, and maintain the computer systems according with our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the computer systems; (2) the manner in which the computer systems interfaces with our and any third party's computer system; and (3) any and all consequences if the computer systems are not properly operated, maintained, and upgraded. You may not install any software, other than authorized upgrades, or make any modifications to the computer systems that might hamper or interfere with the operation of the computer systems in the manner we require. We shall have no responsibility under any circumstances for any malfunction or "crash" of any computer system provided by or approved by us, including, but not limited to, for any data lost as a result of such malfunction or "crash."

#### 7.15 Data Protection; Privacy.

(a) As used in this Agreement, "Personal Information" shall mean (i) any information that can be used to identify, locate, or contact an individual or household, including but not limited to your employees and customers and (ii) information that is defined as protected, personal information under any Privacy Law.

(b) You shall comply with, or, as applicable, adopt policies consistent with the then-current version of our data protection and security policies as may be described in the Brand Standards Manual ("Data Protection and Security Policies"). Such policies may govern how Franchised Business Data and Personal Information contained in such data shall be collected, used, stored, processed, shared, or destroyed. We have the right, but not the obligation to create such Data Protection and Security Policies. We may supplement, modify, or amend the Data Protection and Security Policies from time to time in our sole discretion, and you shall comply with such modifications or amendments within thirty (30) days of notice from us. We may require you to institute a data privacy policy for the Franchised Business. You shall not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

(c) You agree that you shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council ("PCI-DSS"), (ii) those mandatory Data Protection and Security Policies, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or

supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, "Privacy Laws").

(d) You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, SMS text message, or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail, electronic, or SMS text message advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 ("TCPA"), as amended from time to time. You must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(e) You must cooperate with us in any audit that we may conduct from time to time of your data storage and management systems and your storage of Personal Information. In addition, if you become aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any (i) Personal Information; (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose us to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into your or our computers, networks, servers, IT resources, or paper files (a "Security Breach"), you must immediately notify our Chief Operating Officer via telephone of such matter and shall thereafter cooperate with us to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by you unless we have authorized the provision of notice and the form of such notice in writing. You shall reimburse us for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by us arising out of or in connection with any such Security Breach that is directly or indirectly caused by you or your personnel. "Notification and Remediation Related Costs" shall include our internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as we deem reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with our investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances.

The Franchisee Indemnifying Parties agree to hold harmless, defend and indemnify the Franchisor Indemnified Parties and employees from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which we shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or your or your officers', directors', agents' or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(f) We, through our employees and/or any agents designated from time to time, may at any time during business hours, and without prior notice to you enter upon and inspect the Premises and examine your computer systems, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at our expense, provided that if such inspection is necessitated by your repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement, we may charge you for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of our employees and/or agents.

(g) You are responsible for obtaining any required consent to the collection, use, storage, processing, and sharing of Personal Information from its customers, employees, and other parties from which it is required to obtain consent under the Privacy Laws or Data Protection and Security Policies. You shall retain copies of the consent and store them and share them with us in the manner we require. You shall fully comply with Data Protection and Security Policies and Privacy Laws as they relate to a person's exercise of his or her rights under the Privacy Laws. If any person contacts you seeking to exercise any right under law pertaining to Personal Information, you shall comply with such request in accordance with the terms of this Agreement, including the Data Protection and Security Policies, the Brand Standards Manual, the Privacy Laws, and as otherwise instructed by us. If requested by us, you must cooperate or coordinate with us to provide information about the way that you have collected, used, stored, processed, and shared Personal Information.

(h) You warrant and represent and covenant that you shall not collect, use, store, process, or share Personal Information unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Brand Standards Manual, (iv) Privacy Laws, and if, applicable, (v) our written approval. You shall collect, use, store, process, and share Personal Information only for purposes of operating the Franchised Business. You shall not sell Personal Information. You shall not re-identify any Personal Information that has been de-identified. If you engage any supplier that will collect, use, store, process, or share Personal Information, you must contractually bind the supplier to the data protection obligations that we require.

7.16 Compliance with Laws. You must comply with all federal, state, county, municipal or other statutes, laws, ordinances, regulations, rules or orders of any governmental or quasi-governmental entity, body, agency, commission, board or official applicable to the Franchised Business. Compliance with this Agreement shall not be an excuse for violating any law unless we specifically advised you in writing to violate the law after you have made us aware of the conflict.

7.17 Gift Cards. You shall sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us and only in the manner specified by us in the Brand Standards Manual or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by us via our website, you or another franchisee. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Brand Standards Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other FLEET FEET franchisees and for making timely payment to us, other operators of FLEET FEET franchises, or a third-party service provider for Gift Cards issued by you that are honored by us or other FLEET FEET franchise operators.

7.18 Group Buying Services. You agree not to use any group buying services, including, without limitation, Groupon or Living Social, without first obtaining our express written permission, which we may withhold in our sole discretion. Advertisements placed with a group buying service are subject to Section 8.2 herein. Gross Sales derived from group buying services will be calculated in accordance with our then-current policies. For example, we may count total gross amount paid by the customer, whether or not such amount is ultimately paid to you or the group buying service, as the Gross Sales number.

7.19 Credit Card Processing. You agree to use such credit card processing services approved by us, which may be us or an affiliate, and to purchase and maintain, at your expense, any equipment necessary to permit such credit card processing functionality, if required. Notwithstanding the credit card processing requirement, we do not represent, nor certify or warrant, to you or your customers that the credit card processing service approved or provided by us or an affiliates is compliant, whether or not certified as such, with the PCI Data Security Standards ("PCI Standards"). You are required to cause your Franchised Business at all times to be compliant with PCI Standards and the Franchisee Indemnifying Parties shall indemnify the Franchisor Indemnified Parties from: (i) any breach or other failure by you to perform your obligations hereunder, (ii) a Security Breach of your systems; (iii) a Security Breach of our systems that is directly or indirectly caused by your systems or any act or omission of you or anyone acting on your behalf or through you; (iv) your breach of any Privacy Laws or PCI Standards; or (v) any other action or inaction by you or any other person resulting from or in connection with the operation of your business, including, without limitation, your failure to fulfill your obligations to any person or entity that provides

financing to you; provided, however, that you shall not be liable for damages resulting from our gross negligence or willful misconduct.

7.20 E-Commerce. You agree to comply with the policies set forth in the Brand Standards Manual related to the e-commerce program. You have no right to sell FLEET FEET products online, or to obtain any compensation arising out of our or our affiliates' sale of FLEET FEET products online, except in accordance with such written policies or agreements we may sign with you, as amended and modified from time to time. If you violate any terms of this Agreement, we have the right to cease all payments to you related to any e-commerce program then in place without providing you with prior written notice. We may condition your participation in the e-commerce program on the payment of the then-current fee set forth in the Brand Standards Manual.

7.21 Brand Advisory Council. We may, but are not obligated to, form a brand advisory council we select in our sole discretion, which shall provide us input as we may request from time to time ("BAC"). The BAC exists at our pleasure, and we are not obligated or bound by any input provided by the BAC. The BAC will consist of franchisees in full compliance with this Agreement and/or our representatives. We have the right to add or remove members of the BAC in our sole discretion.

7.22 Indemnification.

(a) You, the Owners, and guarantors ("Franchisee Indemnifying Parties") agree to fully protect, indemnify, defend, reimburse, and hold us; our predecessors and affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Franchisor Indemnified Parties") harmless from and against all liabilities, losses, obligations, claims, demands, damages (consequential or otherwise), penalties, fines, costs, and expenses (including attorneys' fees) of any nature whatsoever (collectively, "Losses") incurred in connection with any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry (regardless if reduced to judgment), or any settlement of the foregoing, of whatsoever nature (collectively, "Action"), arising from any of the following: (1) Franchisee Indemnifying Parties' actual or alleged violation of any law, rule, regulation, or ordinance; (2) damage to property; (3) injury to or death or disability of any person; (4) negligence, recklessness, misconduct, or criminal conduct by the Franchisee Indemnifying Parties' or any of your employees or agents; (5) data breaches; (6) Franchisee Indemnifying Parties' breach of this Agreement or any representations and warranties they make herein; (7) infringement of any intellectual property rights; (8) product recalls; (9) any failure to warn or give instructions related to any products or services provided by Franchisor Indemnified Parties or by you; (10) any labor or employment law disputes relating to the Premise or the Franchised Business or claims arising out of your employment practices, including claims that any of the Franchisor Indemnified parties are the employer, joint employer, or co-employer of you or your agents, employees, or

contractors; (11) any third party claim that arises from or is connected that explicitly or implicitly is premised on our direct and vicarious liability or arises from your employment and personnel decisions, including wrongful termination, wage and hour violations, and employee harassment and discrimination; (12) any acts, errors, or omissions of the Franchised Business, the Franchisee Indemnifying Parties, and their employees, contractors, and agents; (13) on or off Premises events; or (14) any third party claim that arises from or is connected with the ownership, establishment, use, non-use, possession, condition, operation, closure, or maintenance of the Premises and the Franchised Business. Franchisee Indemnifying Parties agree that this obligation to indemnify is regardless of the cause or concurrent or contributing fault or negligence of the Franchisor Indemnified Parties. Franchisee Indemnifying Parties hereby waive all claims against Franchisor Indemnified Parties arising from any of the foregoing. Franchisor Indemnified Parties shall not be liable for any act or omission of Franchisee Indemnifying Parties or their employees, contractors, or agents connected to or arising from the ownership, establishment, use, non-use, possession, condition, operation, or maintenance of the Premises and the Franchised Business

(b) You will also notify us by telephone of any Action within forty-eight (48) hours after such Action is initiated and in writing within four (4) days after such Action is initiated. Franchisor Indemnified Parties shall have the right, in their sole discretion, and at your expense and risk, to: (1) retain counsel of their own choosing to represent them with respect to any claim; and (2) control the response thereto and the defense thereof, including the right to enter into settlements or take any other mitigating, remedial, corrective, or other actions they deem appropriate. Franchisee Indemnifying Parties must reimburse Franchisor Indemnified Parties for all of Franchisor Indemnified Parties' costs, expenses, and all attorneys' fees immediately upon Franchisor Indemnified Parties' request. Franchisee Indemnifying Parties shall not, without the prior written consent of the Franchisor Indemnified Party, (A) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Franchisor Indemnified Parties, or (B) settle or compromise any claim in any manner that may adversely affect the Franchisor Indemnified Parties. Franchisee Indemnifying Parties agree to give their full cooperation to Franchisor Indemnified Parties in assisting with the defense of any such claim. Franchisor Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee Indemnifying Parties' obligations to indemnify Franchisor Indemnified Parties and to hold Franchisor Indemnified Parties harmless. Under no circumstance will Franchisor Indemnified Parties be required to seek recovery from any insurer or other third party or otherwise mitigate Franchisor Indemnified Parties' or the third parties' losses to maintain a claim for indemnification against Franchisee Indemnifying Parties. Franchisee Indemnifying Parties agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnified Parties from you.

(c) Any and all of the Franchisee Indemnifying Parties' indemnification obligations under this Agreement shall survive the expiration, non-renewal, or sooner termination of this Agreement.

7.23 System Modifications and Expense. We may change or modify the System, from time to time, including the Brand Standards Manual, and you will be required to make such expenditures as such changes or modifications in the System may require.

## **ARTICLE 8. Marketing**

### **8.1 Marketing Fund.**

(a) Within our sole discretion, we (or an entity designated by us, in which event such entity shall have all the rights and obligations of ours, as provided in this Article) may from time to time establish and operate a fund ("Marketing Fund") for the benefit of the FLEET FEET brand. The Marketing Fund shall consist of monies paid to us by you and other FLEET FEET retail outlets. The monies paid to the Marketing Fund shall be used by us, within our sole discretion, for, among other things, research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or paying the salaries in-house personnel to assist in developing the FLEET FEET brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand's reputation; developing new or different franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. The amount, type, timing, content, location, cost and all other matters relating to programs sponsored by the Marketing Fund or to which the Marketing Fund contributes, shall be within our sole discretion. Your current annual Marketing Fund contribution shall equal one quarter of one percent (0.25%) of your Gross Sales. Your maximum Marketing Fund contribution shall be two percent (2%) of your Gross Sales. We have the right to modify the amount of the contribution from time to time, subject to the maximum. The Marketing Fund contribution shall be paid in the same manner and at the same time as your Royalties.

(b) Contributions to the Marketing Fund are intended to increase recognition of the Marks and to further the public image and acceptance of the System. We do not undertake any obligation to ensure that expenditures from the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by FLEET FEET stores operating in such geographic area. Neither you nor your Franchised Business will benefit directly or in proportion to your contribution to the Marketing Fund. We, in any calendar year, may expend from the Marketing Fund

amounts which are greater or lesser than either amounts received by the Marketing Fund in such year or amounts contained in the Marketing Fund during that year (regardless of when they were collected). If a lesser amount is expended, the balance shall be carried over to the next year; if a greater amount is expended, the excess amount shall be repaid to us (or to whomever provided such monies, if other than us) from fees received by the Marketing Fund in subsequent year(s). In the event you are delinquent in paying the required amount to the Marketing Fund, we shall have the right (but not the obligation) to undertake collection action against the you and to charge the reasonable costs of collection (including, but not limited to, collection agency fees, attorneys' fees and costs) to the Marketing Fund. We, within our sole discretion, shall have the right to settle, reduce, compromise, or waive payments required to be made by a franchisee to the Marketing Fund, and we shall have no liability to you for so doing.

(c) Marketing Fund contributions shall be accounted for separately but may be deposited and commingled with any other funds of ours. Upon written request, we shall make available an unaudited accounting of the Marketing Fund, which accounting shall be internally prepared.

(d) We, within our sole discretion and upon thirty (30) days' written notice to you, may suspend or discontinue (and, thereafter, within our sole discretion, reinstate) the Marketing Fund, provided that, upon a suspension or discontinuance, the Marketing Fund shall continue to be operated until all monies in the Marketing Fund are expended in accordance with the provisions of this Agreement.

(e) Neither we nor any of our affiliates nor our or their respective officers, shareholders, directors, agents, or employees shall be liable to you with respect to the maintenance, direction, or administration of the Marketing Fund, including, without limitation, with respect to contributions, expenditures, investments, or borrowing, except for acts constituting willful misconduct. The Marketing Fund is not a trust fund. We shall have no fiduciary duty to you in connection with the collection or use of the Marketing Fund. YOU AGREE THAT NEITHER WE NOR OUR AFFILIATES WILL HAVE ANY LIABILITY TO YOU FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE MARKETING FUND OR ANY MARKETING PROGRAMS OR OUR MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE MARKETING FUND OR ANY MARKETING PROGRAMS, OR YOUR PARTICIPATION THEREIN.

8.2 Advertising by You. You must not use any advertising or promotional material which has not been first submitted to and approved by us. We have the right and sole discretion to approve or withhold approval of any advertising or promotional material. You agree to follow our instructions in connection with any advertising or promotional materials we provide to you for use in or about the Franchised Business. You agree to display franchise sales information, brochures and signs we will provide within your Franchised Business in a reasonable location specified by us and at all times. You shall provide us with copies of marketing ideas, advertising ideas and other such material at no cost to us. We may distribute this information to other franchisees and we will own

the intellectual property for such items. We will not require you to participate in any local or regional advertising cooperatives. You may not enter an advertising cooperative without our prior written permission. You may develop marketing collateral for your own use at your own cost. We must approve in advance all marketing collateral and other uses of our Marks. We expressly disclaim any warranty regarding the success of any advertising and/or promotional plans or materials recommended by us for use by you.

**8.3 Promotional and Charitable Initiatives.** We have the right to require you to participate in national, regional, and local giveaways, promotions, and events, and to participate as a sponsor, participant, or organizer of events, programs, or charitable causes. You may be required to provide free or discounted products or services as a result of such giveaways or promotions. We are not required to reimburse you for your costs and expenses incurred as a result of these giveaways and promotions. We may also require you to partner with brands, businesses, or non-profit organizations in your local market. We may also require you to participate in certain charitable promotions, initiatives, co-branding opportunities, events, sponsorships, and contests intended to increase awareness of the FLEET FEET brand and your Franchised Business in your local market. There is no restriction on our ability to require you to participate. Any contributions or donations of items, services, or money to any individual or entity, or providing any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf of any organization) in the name of your Franchised Business or otherwise associating with any trademark other than those we or our affiliates own, must be done in compliance with the policies set forth in the Brand Standards Manual and must not disparage the FLEET FEET brand. If we require or approve you to participate in a charitable event, you will not be obligated to pay Royalties on the amount you give to the designated charity. You will be obligated to offer and sell those new products adopted by us that we require you to participate in. We reserve the right to designate which franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such test program, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products.

## **ARTICLE 9. Royalties, Other Fees, Reports, and Records**

**9.1 Royalty on Gross Sales; Method of Fee Payment.** You agree to pay royalties to us during the Initial Term equal to the percentage of Gross Sales set forth in the Summary Pages for the Franchised Business during the prior calendar month ("Royalties"). The Royalties shall be due and payable in monthly installments not later than the third business day following the end of each calendar month or such other earlier date as we may specify with thirty (30) days' advanced written notice to you.

Royalties and any other fees due under this Agreement shall be remitted by electronic funds transfer ("EFT"), or any other manner we specify from time to time.

Unless we specify a different manner of paying Royalties, on each due date, we will transfer from your bank operating account ("Account") the Royalties based on the amount reported to us in your sales report or determined by us by the records obtained by us, as well as any other amounts due to us or our affiliates under this Agreement or any other agreement between us, our affiliates, and you. If a transfer from your Account is refused, we shall be reimbursed for any related bank charges and may, at our option, assess an administrative fee of Fifty Dollars (\$50). If you have not reported Gross Sales to us for any month, we will transfer from the Account an amount we calculate in accordance with our estimate of the Gross Sales during the fiscal period. If, at any time, we determine that you have underreported your Gross Sales, or underpaid the royalty fee or other amounts due to us under this Agreement, or any other agreement, we shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after we and you determine that such credit is due. Alternatively, we shall have the right in lieu of the royalty report submission procedure outlined above to obtain the Gross Sales data derived directly from electronic communication with your point of sale system.

In connection with payment of the Royalties or other fees by EFT, you shall: (1) comply with procedures specified by us in the Brand Standards Manual; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section; (3) give us an authorization in the form designated by us to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by EFT no later than the due date for payment thereof.

Failure by you to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth in addition to the \$50 penalty fee described above. You may not set off, deduct or otherwise withhold any Royalties, Marketing Fund contributions, interest charges or any other monies payable by you under this Agreement on grounds of any alleged non-performance by us of any of our obligations or for any other reason.

Royalties received by us pursuant to this paragraph shall not be deemed trust funds nor shall we be required to segregate such funds in any way. Royalties shall be deemed general funds of ours for all purposes and shall be non-refundable to you.

9.2 Gross Sales Defined. The term "Gross Sales" is defined as the total gross revenue from the operation of the Franchised Business whether evidenced by cash, credit, check, gift certificate, gift card, script or other property or services, and irrespective of the collection thereof, including sales of both merchandise (including, but

not limited to, special items such as trophies, screen printed products and awards (T-shirts), and services, of any kind, including, but not limited to, training fees and race fees, but exclusive of sales taxes and returns or refunds. Any sales you make at events where you engage in selling constitute part of the Franchised Business even though such activities might occur at locations other than the Accepted Location. Examples of these events include expositions, fairs, races, auctions or liquidation sales. Gross Sales shall not include inventory sales to other franchisees and company-owned stores. We reserve the right to limit any discounts, offsets, credits or deductions of any nature from Gross Sales for the purposes of computation of Royalties and any and all other fees that are collectible under this Agreement. In all cases, in the event a dispute arises as to the Royalties owed, the amount of Gross Sales generated by the Franchised Business shall be determined by us following a good faith determination applying the definition of Gross Sales contained in this Section 9.2, which determination shall be conclusive and binding. Royalties are assessed and due on all ancillary activities.

9.3 Gross Sales Report. You shall submit a monthly Gross Sales report and/or the "Royalty Report" to us together with payment of the Royalties required pursuant to Section 9.1, above. The Gross Sales report and/or the "Royalty Report" shall be based upon the format prescribed in our Brand Standards Manual, as amended from time to time, and shall constitute a true, correct and complete statement of Gross Sales made by the Franchised Business for the preceding month.

9.4 Maintenance and Audit of Records. You shall maintain during the Initial Term, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to us at our request and at your expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. You shall maintain such records at the Premises, unless otherwise authorized by us. You agree to use the chart of accounts, format for financial statements, and accounting procedures established from time to time by us. We have the right to require you to grant us unlimited, remote, 24/7 access to your books, records, and accounts that are provided through computer systems. You shall maintain your books and records in such manner as to clearly and accurately reflect all Gross Sales. In addition to the reports required of you pursuant to Section 9.3 above, you shall submit to us, within ninety (90) days after the end of each fiscal year, complete financial statements in a form we prescribe. Additionally, in those states that require payment of sales tax, you shall deliver to us a copy of the state sales tax forms as soon as possible after completion of same. In addition, you shall promptly submit to us such other reports and financial information as we may from time to time require, including by way of example and not limitation, sales and cost data and analysis, and copies of bank statements indicating all deposits made in connection with the Franchised Business and other financial data including the Federal Tax returns of a corporate franchisee or, in the case of a non-corporate franchisee, the pertinent Schedule C's of the Owners. You shall cooperate fully with the party or parties performing an examination or audit on our behalf pursuant to this paragraph. You shall promptly pay to us or we shall credit to your account, as the case may be, any underpayment or

overpayment disclosed by such examination or audit. If any examination or audit is conducted due to your failure to submit statements of Gross Sales or to maintain books and records as required by the Brand Standards Manual, as amended from time to time, or if Gross Sales reported by you for any period of twelve (12) consecutive months are found to have been understated by more than two percent (2%) of your actual Gross Sales for such period, you shall immediately pay to us the cost of such examination or audit (including reasonable compensation for any time necessarily expended by our own employees and reimbursement for expenses necessarily incurred by them) as well as such additional royalties as are due. Such payment shall be without prejudice to any right of ours to terminate this Agreement on account of such default by you, in accordance with the terms of Section 11.1, below.

9.5 Late Penalty Plus Interest. A fifty dollar (\$50) late penalty will apply to each Royalty or other required fee received after the due date, and interest on the amount overdue will be computed daily at the lesser of eighteen percent (18%) per annum or the maximum lawful rate. There is no grace period.

9.6 Business Conference Registration Fee. You must pay the then-current registration fee to attend any franchisee meetings or conferences in addition to the food, travel and lodging expenses incurred by you or any of your employees or partners attending the meetings or conferences.

9.7 Technology Fee. On the date we designate each month you must pay us or our approved supplier our then-current Technology Fee. We have the right to use the Technology Fee to implement, improve, or provide you access with any technology we deem, in our sole discretion, to be in the interest of the System. We have the right to increase the Technology Fee with thirty (30) days' written notice to you based on supplier pricing increases, modification to or upgrades of the technology used in the System, and introduction of new technology.

9.8 Technology Changes. Changes to technology are dynamic and not predictable. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you will abide by those reasonable new standards established by us, at your sole cost and expense. You may be required to pay additional or increased fees to us, our affiliates, or third-party suppliers, as a result of these changes to technology.

9.9 Application of Funds. If you are delinquent in the payment of any obligation to us, our affiliates or designees, then we (or such affiliates or designees) will have the right to apply any payment from you to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by you as to such application.

9.10 No Offset or Retention of Funds. You may not offset or withhold payments owed to us (and/or any of our affiliates) for amounts purportedly due you (or any affiliate of

yours) as a result of any dispute of any nature or otherwise, but will pay such amounts to us (or our affiliates) and only thereafter seek reimbursement.

9.11 Inflation Adjustments. We and our affiliates reserve the right to increase the amount of any fee stated as a fixed number, provided for in this Agreement or related agreements ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by us. We will notify you of the amount or percentage adjustment within thirty (30) days prior to their effective date.

9.12 Customer Complaints and Payments. Resolution of customer concerns may involve discounting products or services and other such measures that affect your Gross Sales. We reserve the right to charge you for our costs to respond and/or resolve a complaint by your customers that you do not resolve to our satisfaction. You must comply with our policies for customer refunds. You agree to accept the types and forms of customer payment as we may require from time to time and shall not accept a type or form of payment that we have not authorized.

## **ARTICLE 10. Transfer or Assignment**

10.1 Definition. As used in this Agreement, "Transfer" means any voluntary, involuntary (including by operation of law), direct or indirect assignment, sale, gift or other transfer by you, including:

(a) "Full Transfer," which is any act or circumstance, except those set forth in Section 10.1(b), by which fifty percent (50%) or more of the ownership or control is shifted from any individual or corporation, partnership, or other business entity (individually and collectively, "Entity") to another or in which substantially all of the assets of the Franchised Business are sold, including:

(i) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement;

(ii) Transfer of an interest in you, if you are an Entity;

(iii) Merger, consolidation or issuance of additional ownership interests or redemption of ownership interests in you, if you are an Entity; or

(iv) Transfer of an interest in any other Entity holding an interest in this Agreement or you, if you are an Entity.

(b) "Affiliate Transfer," which includes:

- (i) Transfer in a separation or divorce, regardless of how much of the ownership or control is shifted from any individual or Entity to another;
- (ii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from your name as an individual(s) to your Entity name in which you are the sole owner(s) of the Entity;
- (iii) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement, from your Entity name in which you are the sole owner(s) to your name as an individual(s);
- (iv) Transfer of this Agreement or the Franchised Business, or any right or interest granted by this Agreement from one Entity name to another Entity name in which the owners of the entities are the same;
- (v) Removing one of your Owners (unless the person has a fifty percent (50%) or more ownership interest);
- (vi) Adding an owner to you (unless the person has a fifty percent (50%) or more ownership interest); or
- (vii) Transfer by which less than fifty percent (50%) of the ownership or control is shifted from any individual or entity to another for any act or circumstance listed in Section 10.1(a).

10.2 Our Prior Consent. We are entering into this Agreement based upon our knowledge of and faith in your ability. Therefore, the Franchised Business and all the rights granted by this Agreement are personal to you and you may not Transfer without our prior written consent. Any attempted Transfer without our prior written consent will be null and void, and will give us the right to terminate this Agreement and your rights under it, in addition to any remedies which we may have for the breach of this covenant by reason of an attempted Transfer. We shall not unreasonably withhold or delay our consent to a Transfer, so long as it is shown to our satisfaction that the potential transferee ("Potential Transferee") has fulfilled all of the requirements of Section 10.4.

10.3 Advance Notice of Proposed Terms and Right of First Refusal. If you, or any of your Owners, have received and desire to accept a signed bona fide written offer from a third-party to Transfer, you shall notify us in writing and provide us with a complete copy of the offer (letter of intent) which must include the name, address and telephone number for every Potential Transferee. You must also include information as to the identity of all who will own an interest in this Agreement or in the Franchised Business after the completion of the Transfer, their respective interests, and the proposed terms and conditions of sale and payment. We shall have the right and option, exercisable within sixty (60) days after the date we receive a copy of the offer, to purchase the interest proposed to be transferred, at the price and upon the same terms and conditions specified in the notice. If we do not exercise our option, and the terms of the

unaccepted offer are altered, you must, in each such instance, notify us of the changed offer; and we will again have sixty (60) days to exercise our right to purchase on the altered terms. If we do not exercise our option, then the Transfer may take place on the terms and price set forth in the notice; provided: (i) we give our written consent; (ii) the Transfer takes place no later than six (6) months from receipt of our written refusal to exercise our option to purchase; and (iii) all the conditions set forth in Section 10.4 are satisfied.

**10.4 Requirement for Consent to Transfer.** If a Transfer is proposed and we do not exercise our right of first refusal pursuant to Section 10.3, then we will consent to the Transfer, provided that:

(a) All your obligations under this Agreement are fully paid and satisfied, including the Royalties and Marketing Fund contributions; you are not in default under any provisions of this Agreement or any other agreement, legal instrument or document with us or any of our affiliates; and you enter into written agreements with us, including (except where prohibited by law) a general release by you, your Owners, and your guarantors, for yourselves and on behalf of your respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns of all claims against us, our predecessors and affiliates, and ours and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities.

(b) Potential Transferee provides to us a completed application and financial documents, is financially acceptable, is not associated with any of our competitors, is of good moral character and reputation, and meets our criteria, which includes: work experience and aptitude; ability to devote time and best efforts to the Franchised Business; equity interest in the Franchised Business; no conflicting interests; and other criteria and conditions that we apply to new franchisees;

(c) Potential Transferee provides us with copies of all governing documents of Potential Transferee (e.g., certificate of incorporation or organization, by-laws, stock certificates, operating agreement, membership certificates (if any)) which must be reasonably satisfactory to us in our sole discretion;

(d) You provide to us a copy of the purchase and sale agreement, if a Full Transfer, or other documentation evidencing the Transfer, if an Affiliate Transfer, and following our analysis of the terms and conditions of the proposed Transfer, we, in our sole discretion, conclude that such terms and conditions will not interfere with the financial feasibility of the future operation of the Franchised Business;

(e) Potential Transferee enters into all agreements, legal instruments and other documents, whether our then-current agreements, legal instruments and documents or a transfer of this Agreement and related legal instruments and

documents, as determined by us (individually and collectively, "Transfer Documents"). The terms of the Transfer Documents may vary materially from the current agreements used by us, including the payment of higher Royalties and Marketing Fund contributions;

(f) You pay to us the greater of Ten Thousand Dollars (\$10,000) per store transferred or Twenty Five (25%) percent of the then-current Initial Franchise Fee per store transferred ("Transfer Fee"), if a Full Transfer; or you reimburse us for legal fees, if an Affiliate Transfer;

(g) Potential Transferee successfully completes the training program required by the Transfer Documents, if a Full Transfer;

(h) Potential Transferee agrees to complete all remodeling and improvements as required by us, and must upgrade the point of sale system to the then-current required point of sale system, within the time period specified by us, if a Full Transfer;

(i) You and Potential Transferee agree not to assert any security interest, lien, right or claim now or in the future, in the Franchised Business. Any security interest, lien, claim or right asserted with respect to any personal property at the Accepted Location must not include any after-acquired property and must be subject, junior and subordinate to any security interest, lien, right or claim now or in the future, asserted by us, our successors or assigns;

(j) You agree to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to Potential Transferee so that Potential Transferee may keep the existing telephone number when the store is transferred to Potential Transferee; and

(k) At our option, you pay us the outstanding Gift Card liability of the Franchised Business or Potential Transferee must agree to assume all outstanding Gift Card liability of the Franchised Business.

#### 10.5 Death or Incapacity.

(a) Death or incapacity of Franchisee when Franchisee is a business entity with just one Owner:

(i) In the event of your sole Owner's death or incapacity, your Owner's legal representative may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If the representative desires to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the

expiration of this period, the legal representative must apply in writing for the right to transfer the Franchised Business to the person or persons (whether spouse, heir, devisee, purchaser, or any other person), as the legal representative may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If your legal representative does not comply with the provisions of the preceding paragraph, or does not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. Upon termination of the Agreement for this reason, we shall have the purchase rights set forth in Section ~~44.44~~11.9.

(b) Death or incapacity of any Owner when Franchisee is a business entity and has more than one Owner:

(i) In the event of the death or incapacity of any of your Owners, the surviving Owners may, for a period of ninety (90) days from the date of death or incapacitation, continue to operate the Franchised Business, provided that the operation is conducted in accordance with this Agreement and any other agreements with us.

(ii) If your surviving Owners desire to continue the operation of the Franchised Business beyond the ninety (90) day period, then, prior to the expiration of this period, all of your surviving Owners must apply jointly in writing, for the right to transfer the Franchised Business (or the interest of the deceased or incapacitated Owner in the Franchised Business), to the person or business entity as the surviving Owners may specify. The application for transfer will be treated in the same manner as any other proposed Transfer under this Agreement.

(iii) If all surviving Owners do not comply with the provisions of the preceding paragraph, or do not propose a Potential Transferee acceptable to us under the standards set forth in this Agreement, all rights licensed to you under this Agreement will terminate immediately and automatically revert to us. Upon termination of the Agreement for this reason, we shall have the purchase rights set forth in Section ~~44.44~~11.9.

10.6 Assignment by Us. You agree and affirm that we may, without your prior consent, sell our business, our assets, or our System, in whole or in part, to a third-party; may issue a public offering of our securities; may engage in private placement of some or all of our securities; may merge with or acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further agree and affirm that we have the right, now and in the future, without your prior consent, to purchase, merge, acquire or affiliate with an existing competitive or

non-competitive franchise network, chain or any other business regardless of the location of such franchise network, chain or business, which may be proximate to your Franchised Business, and to operate, franchise or license such franchise networks, chains or businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation. This Agreement will inure to the benefit of our successors and assigns. In conjunction with one (1) or more of the transactions contemplated above, or as otherwise determined by us, we have the right to assign our rights and obligations under this Agreement to any person or entity, without your prior consent. Upon such assignment, we will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

## **ARTICLE 11. Default and Termination**

11.1 Automatic Termination. This Agreement shall terminate immediately upon the occurrence of any of the following events without the necessity of notice of any kind by us or you:

(a) Your adjudication as bankrupt; the filing of any petition by or against you under the federal bankruptcy laws or the laws of any state or territory relating to relief of debtors for reorganization, arrangement or other similar relief provided therein, unless such petition filed against you is dismissed within fifteen (15) days; or the making by you of a general assignment for the benefit of creditors; or

(b) The appointment of any receiver, trustee, or similar officer to take charge of your business or any attachment, execution, levy, seizure or appropriation by any legal process of your interest in this Agreement, unless the appointment of such officer is vacated or discharged or the effect of such legal process is otherwise released within fifteen (15) days; or

(c) If you are a corporation, partnership or other business association, the occurrence of any act of a type described in subparagraph (a) or (b), above, which relates to, involves or affects the interest of any person owning a controlling interest in you.

11.2 Termination Upon Notice; Without Opportunity to Cure. You shall be in default and we may, at our option, terminate this Agreement and all rights granted herein, without affording you any opportunity to cure the default, effective upon the date the notice is deemed received pursuant to Section 15.6, and in no event longer than five (5) days after we send the notice, upon the occurrence of any of the following events:

(a) You or any Owner of more than twenty percent (20%) of your company is proven to have engaged in fraudulent conduct, or is convicted of, or pleads guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that is reasonably likely to have an adverse effect on the System, the Marks or the goodwill associated therewith; or we have evidence that such offenses or conduct have occurred; provided, that if the act or conviction involves one of your Owners, we will not

terminate this Agreement if you notify us promptly after you learn of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests his or its entire interest in you, or (b) you obtain our consent for such owner to maintain his or its ownership interest; or

(b) You (including Owners or agent(s)) engage in activities in an unethical manner which cause harm to the goodwill associated with us, the Franchised Business and/or our Marks, including, but not limited to, abuse, abuse of customers, violations of applicable laws and regulations, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at your business; or

(c) You disclose our trade secrets, other Confidential Information, or Marks to persons unauthorized by this Agreement to receive such information or misuse our trade secrets, other Confidential Information, System, or Marks; or

(d) You take, withhold, misdirect, or appropriate for your own use any funds from your employees' wages or employees' taxes, FICA, insurance or benefits, or generally fail to deal fairly and honestly with your employees or customers and/or you violate the minimum wage or overtime requirements of the Fair Labor Standards Act resulting in complaints to the federal or state Department of Labor more than once in any twenty-four (24) month period; or

(e) You fail to open your Franchised Business within twelve (12) months after the Effective Date or you fail to sign a lease for your Premises within six (6) months after the Effective Date; or

(f) You, any Owner, director or officer remain in default beyond the applicable cure period under any other agreement with us or our affiliates, under any real estate lease, equipment lease, or financing instrument relating to the Franchised Business, or under any other agreement with any supplier to the Franchised Business; or

(g) If you have been given written notice of default or failure and right to cure by us two (2) times during any period of twenty-four (24) consecutive months, then if you again within such twenty-four (24) month period fail to perform any obligation referred to herein; or

(h) Unless prior written approval is obtained from us, you voluntarily abandon or cease to actively operate your business, which abandonment shall be defined as the occurrence of any of the following events: five (5) consecutive days without sales, disconnecting the Franchised Business telephone, or failing to operate the business during normal business hours for a period of five (5) consecutive days and you fail to commence operations within three (3) business days from the date of written notice of the breach. An exception shall be granted for business disruption due solely to events beyond your reasonable control including but not limited to strikes, war, material

shortages, fires, floods, earthquakes, terrorism, and other acts of God or by force of law, which result in your inability to operate Franchised Business and which you could not by the exercise of due diligence have avoided; or

(i) Any willful and material falsification by you of any report, statement, books, records, or other written data furnished to us including information provided for the acquisition of the franchise by you. Any report submitted pursuant to Article 9 shall be conclusively deemed to be materially false if it understates Gross Sales by more than five percent (5%); or

(j) Any attempted or purported assignment of this Agreement or of the Franchised Business not in compliance with Article 10, including, but not limited to, any general assignment for the benefit of creditor; provided, however, that if we do not elect to exercise our right to terminate this Agreement pursuant to this subparagraph (j), such inaction shall not constitute a consent to such assignment nor shall it confer any rights or interest whatever upon the purported assignee, rather this Agreement shall continue in full force and effect as between us and you unless and until we elect to terminate the same; or

(k) Any willful and repeated deception of customers by you relating to the source, nature or quality of goods sold; or

(l) We, in good faith, determine you are insecure, or at risk for damage to us, the System, and/or our Marks and such cause for insecurity is not cured within three (3) days from the date of written notice of the nature of the breach; or

(m) You have any act or omission that is a default under this Agreement that is incurable.

Any act or omission described in subparagraphs above shall be conclusively deemed to be willful if it occurs after written notice from us to cease and desist therefrom. The previous sentence shall not be construed to mean any acts or omissions described in either of the referenced subparagraphs cannot be considered willful for purposes of this Agreement in the absence of written notice from us.

**11.3 Termination After Notice and Opportunity to Cure.** You shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Brand Standards Manual, policy and procedure statement or other written document we provide, or to carry out the terms of this Agreement in good faith. For all such defaults, except those defaults provided for under Sections 11.1 and 11.2, we will provide you with written notice and fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide us with evidence of such actions. To the extent the defaults are curable, if the defaults specified in such notice are not cured within the fifteen (15) day period, or if substantial and continuing action to cure

has not been initiated, we may, at our option, terminate this Agreement upon written notice to you. Such defaults shall include, without limitation, the occurrence of any of the following events:

(a) You fail to make any payment including but not limited to Royalties or any other amounts due to us or an approved supplier when due or fail to submit to us when due any required report; or

(b) You breach ~~of~~ any of your representations or warranties set forth in this Agreement; or

(c) You fail to perform any obligation imposed upon you by this Agreement or any other agreement entered into between you and us; or

(d) Upon occurrence of any of the following events:

(i) Any non-willful falsification by you of any report, statement, books, records, or other written data furnished to us including information provided for the acquisition of the franchise by you; or

(ii) Any non-willful deception of customers by you relating to the source, nature or quality of goods sold; or

(iii) You, an Owner, a guarantor, and/or your agent fail to complete training in a manner satisfactory to us within the time periods we establish; or

(iv) You fail to have at the time you sign this Agreement and when you open your business, unencumbered capital in the greater amount of (i) Forty Thousand Dollars (\$40,000) or (ii) thirty-five percent (35%) of the total initial investment capital of the business; or

(v) Any termination of your right to possession of the Accepted Location subject, however, to the provisions of Section 4.2, above; or

(e) You or your Owners, guarantors, or agents engage in any operation of the Franchised Business outside the Territory, except with our prior permission; or

(f) A threat or danger to public or customer health or safety results from the construction, maintenance, or operation of the Franchised Business; or

(g) You begin operation of the Franchised Business prior to receiving prior written approval from us; or

(h) You operate under any trademark not approved by us or otherwise use any trademark not approved by us in the operation of the Franchised Business; or

(i) You (1) use unauthorized goods and services, (2) sell unauthorized goods and services, (3) uses an unauthorized supplier, or (4) fails to use an authorized supplier, in connection with the Franchised Business; or

(j) A Transfer is not timely conducted in accordance with the provisions of Section 10.5; or

(k) You fail to pay when due any taxes or assessments relating to the Franchised Business or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization; or

(l) You breach any contract you have with any athletic and/or sporting goods industry supplier or any other approved supplier.

11.4 Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, we reserve the right to grant to you in our sole discretion an extended cure period for any breach. Our decision to grant such an extended cure period shall not operate as a waiver of any of our rights and that we can choose to condition such an extension upon the signing of a general release by you; your Owners; your guarantors; and their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns.

11.5 Obligations Following Termination, Non-Renewal, or Expiration. Upon termination, non-renewal, or expiration of this Agreement for any reason, you shall cease to be an authorized FLEET FEET franchisee as to any products or services whatsoever, and you and all Owners shall:

(a) Promptly pay to us all ascertainable sums you owe us along with any damages, costs, and expenses (including reasonable attorneys' fees) we have incurred, including those resulting from the early termination or default of this Agreement, without set-off or other diminution on account of unliquidated claims;

(b) Immediately and permanently discontinue the use of any of our Marks and the System, or any marks or names which in our opinion are confusingly similar thereto, or any other materials which may in any way indicate or tend to indicate that you are or were an authorized FLEET FEET franchisee or are or were in any way associated with us or FLEET FEET;

(c) Cooperate with us to assign to us or our designee your rights under the Premises lease;

(d) If we do not exercise an option or otherwise take control of the Premises, (i) immediately revise, permanently remove, destroy or obliterate, at your expense, all

signs containing any of the Marks, names, or other identified with the System, the use of which is prohibited by subparagraph (b), above, to delete the same or sell to us, f.o.b., your store, such of the aforesaid signs as we may require, at a price equal to the original installed cost thereof to you, minus a reasonable allowance for depreciation, wear and tear and obsolescence; (ii) remove any FLEET FEET trade dress; and (iii) take other such steps we may request to de-identify the Premises as a FLEET FEET store;

(e) Promptly destroy, or, at our option, surrender to us all stationery, letterheads, forms, printed matter, promotional displays and advertising containing any of the Marks, the use of which is prohibited by subparagraph (b), above;

(f) Promptly return to us all copies of our confidential Brand Standards Manual or other Confidential Information provided to you during the Initial Term and Renewal Term and immediately and permanently cease using Confidential Information, the Brand Standards Manual, and the System and comply with the confidentiality covenants set forth in Section 5.5;

(g) At our option, immediately and permanently discontinue all advertising placed by you or us or which contains or makes reference to any of the Marks, the use of which is prohibited by subparagraph (b), above, and cancel all such advertising already placed or contracted for which would otherwise be published, broadcast, displayed or disseminated after the date of termination hereof;

(h) Immediately cease using or claiming any right to use any telephone number, Online Presence, or email address which you have been using in connection with the Franchised Business. You shall immediately transfer and assign any such number, Online Presence, and email addresses to us, or to such person as we may designate, and you shall immediately execute such instruments and take such steps as in our opinion may be necessary or appropriate to transfer and assign each such telephone number, Online Presence, and email addresses. You further irrevocably appoint our Chief Operating Officer or our successor or assignee as your duly authorized agent and attorney-in-fact to execute all such instruments and take all such steps as may be necessary or appropriate to transfer and assign each such telephone number, Online Presence, and email address. As a part of this Agreement, you have executed an assignment agreement, hereby incorporated by reference, which further memorializes the assignment of your telephone number, Online Presence, and email address and your designation of us as your attorney-in-fact for complying with the provisions of this subsection;

(i) Comply with the purchase option set forth in Section 11.9 and the lease option in Section 11.11;

(j) Both you and your Owners comply with the post-termination obligations contained in Section 5.7 (as the covenants in Section 5.7 above are part of the consideration you are tendering to us in order to induce us to enter into this Agreement

with you) and in the separate form of non-competition, non-solicitation, and confidentiality agreements, which agreements are incorporated here by reference;

(k) You agree to notify all approved suppliers of the fact that you are no longer a FLEET FEET franchisee and, if you fail to timely do so, you designate us as your attorney-in-fact to communicate said information to the suppliers;

(l) Within ten (10) days of termination, non-renewal, or expiration of this Agreement, you must pay us the value of the outstanding Gift Card liability of the Franchised Business;

(m) You must comply with our instructions relating to the computer systems, Franchisee Data, and the Customer List; and

(n) Cease all operations of the Franchised Business.

11.6 Termination by You. This Agreement shall terminate upon thirty (30) days written notice to us, if we fail to perform any material obligation imposed upon us by this Agreement, and such failure is not cured within ninety (90) days after you deliver written notice of such failure to us. You must comply with our instructions for orderly wind-down of the Franchised Business during the thirty (30) day notice period.

11.7 Limitation of Services or Benefits. We shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to you hereunder in lieu of exercising our right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating your right to use any of our Online Presences free of charge, restricting or removing your right to purchase products directly or indirectly from us, our affiliates, or our approved third-party suppliers, limiting our advertising and promotional assistance, and restricting or removing your right to use any technology services which are provided by or are proprietary to us or our affiliate. If you default under this Agreement, we have the right to modify (including eliminating) your Territory and the protections described in Article 4. Nothing in this Section 11.7 constitutes a waiver of any other right or remedy we have under this Agreement. Our exercise of our rights pursuant to this Section 11.7 shall not be deemed a constructive termination. Any services, Territory protections, or benefits removed or limited pursuant to this Section 11.7 may be reinstated at any time in our sole discretion.

11.8 Sales Following Termination. Following delivery of notice of termination of this Agreement by either party upon the other or following the termination of this Agreement, neither we nor any affiliated company shall be obligated to fill or ship any of your orders for products or merchandise regardless of when you placed them, provided, however, that all moneys you may have paid to us or to any affiliated company for products or merchandise not yet delivered shall be promptly returned to you, less any amounts you owe us or our affiliates pursuant to the terms of this Agreement or any other agreement between you and us (or our affiliate).

11.9 Our Right to Purchase. Upon the termination, expiration, or non-renewal of this Agreement for any reason and as otherwise set forth in this Agreement, we have the option, exercisable by giving you written notice before or within sixty (60) days after the date of termination, non-renewal, or expiration, to purchase the Franchised Business and the fee simple interest in the Premises (if you or one of your affiliates owns the Premises) or, if you (or one of your affiliates) do not own the Premises or we choose not to purchase your (or your affiliate's) fee simple interest in the Premises, to purchase the Franchised Business and exercise the rights described herein. We have the unrestricted right to assign this option to purchase.

(a) We are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) The purchase price for the Franchised Business and, if applicable, the fee simple interest in the Premises will be the lesser of: (i) their fair market value, or (ii) their net book value, provided that these items will not include any value for the following: the Franchise or any rights granted by this Agreement; goodwill attributable to our Marks, brand image, and other intellectual property; or participation in the FLEET FEET network. We may exclude from the assets purchased any operating assets or other items that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that we have not approved as meeting system standards for FLEET FEET outlets, and the purchase price will reflect these exclusions.

(c) If we and you cannot agree on fair market value or net book value, as applicable, the valuation of the assets will be determined by one (1) independent accredited appraiser upon whom we and you agree who will conduct an appraisal and, in doing so, be bound by the criteria specified in this Section 11.9. You and we agree to select the appraiser within fifteen (15) days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on value before then). You and we will share equally the appraiser's fees and expenses. The appraiser must complete its appraisal within thirty (30) days after its appointment. The purchase price will be the appraised value. If we and you cannot agree on the appraiser, he or she will be chosen by the Resident Superior Court Judge in Wake County, North Carolina.

(d) We (or our assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to purchase the Franchised Business and/or the fee simple interest in the Premises. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your affiliates and Owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee): good and merchantable title to the assets purchased, free and clear of all liens and

encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; all of the Franchised Business's licenses and permits that may be assigned or transferred; and the fee simple or leasehold interest in the Premises and improvements or a lease assignment or lease or sublease, as applicable. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we (or our assignee) and you will close the sale through an escrow. You and your affiliates and Owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, agents, successors, and assigns. If we exercise our rights under this Section 11.9, you and your Owners agree that, for two (2) years beginning on the closing date, you and they will be bound by the non-competition and non-solicitation covenants contained herein.

11.10 Restriction on Your Right to Sell Your Assets. Other than selling them in the ordinary course of business, you shall not have the right to sell your inventory, equipment, store furniture, or fixtures to any person or party except in accordance with Sections 10.4 or 11.9 of this Agreement.

11.11 Right to Premises.

(a) If you lease the Premises from an unaffiliated lessor, upon the termination, expiration, or non-renewal of this Agreement for any reason, you agree (as applicable) at our election:

- (i) to assign your leasehold interest in the Premises to us; or
- (ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease; or
- (iii) to lease the Premises to us for an initial five (5) year term, with two five (5) year renewal terms (at our option), on commercially reasonable terms.

(b) If you or a Related Party own the Premises, upon the termination, expiration, or non-renewal of this Agreement for any reason, you agree at our election to lease the Premises to us for an initial five (5) year term, with two five (5) year renewal terms (at our option), on commercially reasonable terms.

11.12 Cross Default. Any default by you (or any Owner or affiliate of yours) under this Agreement (including any then-existing Franchise Agreement) shall be a default under any other agreement between us (or any of our affiliates) and you (or any Owner or affiliate of yours). Any such default under any other agreement or any other obligation between us (or any of our affiliates) and you (or any owner or affiliate of ours) shall be a default under this Agreement. Any default by you (or any Owner or affiliate of yours) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any Owner or affiliate of yours) and us (or any of our affiliates).

### 11.13 Miscellaneous.

(a) You hereby authorize us to notify any lender, creditor, customer or landlord of yours or the Franchised Business upon the occurrence of any default under this Article 11, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Article 11, and to otherwise communicate with such lenders, creditors, customers or landlords with respect to any such default, or any such event or circumstance.

(b) If any law applicable to this Article 11 requires a longer notice period prior to termination of this Agreement than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

(c) If you violate a term or condition contained within this Agreement, whether during the Initial Term or Renewal Term or whether the term or condition survives the expiration or termination of this Agreement, including but not limited to, withholding any monies owed to us in the absence of a court order permitting the withholding of such monies, you shall reimburse us for all reasonable costs incurred by us in pursuing the enforcement of this Agreement. These costs shall include, but not be limited to, court costs and fees, accounting costs and fees, expert witness costs and fees, reasonable attorneys' fees, the reasonable value of our employees' time, witness fees and travel expenses incurred by us. The recovery of the costs and fees specified above shall include the recovery of all costs and fees incurred by us relating to or arising from any and all defenses, counterclaims and/or crossclaims asserted by you or the personal guarantors under this Agreement. This obligation will give rise to and remain a lien in favor of us against any and all of the personal property, goodwill, cash, furnishings, equipment, signs, fixtures and inventory owned by you and located on and around the Premises operated pursuant to this Agreement until you are in full compliance with this Agreement and any amounts owed are paid in full. All costs to be collected by us pursuant to this provision shall be collected via electronic bank transfer as specified in Section 9.1 of this Agreement.

(d) You shall promptly reimburse us upon request for any damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default under this Agreement.

## **ARTICLE 12. Expiration, Extension and Renewal**

12.1 Expiration. Unless sooner terminated or modified in accordance with the provisions hereof, the initial term of this Agreement ("Initial Term") will expire twenty (20) years from the Effective Date.

12.2 Renewal Term.

(a) Upon expiration of the Initial Term, you will have the right to be granted a renewal of the franchise for one (1) additional consecutive period of twenty (20) years from the date of expiration of the Initial Term ("Renewal Term"). You will have no further right to operate the Franchised Business following the expiration of the Renewal Term unless we grant you another franchise or agree to further renewals, in our sole discretion. As necessary the Renewal Franchise Agreement may be amended to reflect this provision. If this Agreement is a renewal franchise agreement, the renewal provisions in your original franchise agreement will dictate the length of the term of this Agreement as well as any of your remaining renewal rights, if applicable. To renew each of the following conditions must have been met prior to the Renewal Term:

(i) You have given us written notice of your intention to renew at least nine (9) months, but not more than eighteen (18) months prior to the expiration of the Initial Term;

(ii) You are not in default of any of the provisions of this Agreement at the expiration of the Initial Term or at the time you give us written notice of your intention to renew;

(iii) All of your debts and obligations under this Agreement shall be current, including but not limited to your obligations to make contributions to the Marketing Fund;

(iv) You have not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term;

(v) You execute our then-current Franchise Agreement, including all attachments and exhibits and our other then-current ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms and conditions of which may substantially differ from this Agreement ("Renewal Agreement");

(vi) You, your Owners, and your guarantors for yourselves and on behalf of your respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns execute and deliver to us a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you may have against us, our predecessors and affiliates; and ours and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities;

(vii) You shall make or provide for in a manner satisfactory to us, such renovation and re-equipping of the Premises and Franchised Business as we

may require, including, without limitation, renovation, replacement and/or upgrading of signs, equipment, furnishings, technology, computer hardware or software, fixtures and decor, to reflect the then-current standards and image of the System; and

(viii) You present satisfactory evidence that you have the right to remain in possession of the Premises for at least the ten (10) years following the expiration of the Initial Term.

(b) If you fail to perform any of the acts set forth in subsections (i) through (viii) of Section 12.2(a) in a timely fashion, such failure will be deemed an election by you not to exercise your right to renew, and will cause your right to renew to expire without further notice or action by us.

**12.3 Continued Operation Following Expiration.** Unless you exercise your option to renew the license granted under this agreement in accordance with this Article, you have no right to continue to operate the Franchised Business after the expiration date. If we permit you to continue to operate the Franchised Business after the expiration date, but before the execution by you of a new Franchise Agreement for a new term as required by Section 12.2 above, then the temporary continuation of the operations Franchised Business will be on a month-to-month extension of this Agreement and all of its terms, and will be terminable at our will by giving you written notice of termination at least thirty (30) days before the termination is effective. If the law of the jurisdiction in which you are located requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction. If we permit you to renew the license granted under this Agreement after a month-to-month continuation of the Franchised Business and the associated extension of this Agreement with all its terms, then you must pay to us monthly an additional fee equal to the greater of One Thousand Dollars (\$1,000) or One Hundred Fifty Percent (150%) of the Royalties due for the same month for every month of month-to-month operation after the expiration date, up to our then-current initial franchise fee, which fee shall be in addition to Royalties, marketing fund contributions, and any other payments due to us under this Agreement.

## **ARTICLE 13. Dispute Resolution**

**13.1 Informal Resolution/Mediation.** Before commencing any legal action against us or our affiliates with respect to any claim or dispute and, except as set forth in Section 13.5 below, you shall submit to us a written notice which specifies, in detail, the precise nature and grounds of such claim or dispute. Within thirty (30) days after receiving the written notice, you and we shall meet in person or telephonically to discuss the issues raised in the written notice provided by you ("Informal Discussions"). After the Informal Discussions have occurred and if the dispute has not been resolved, we will have a period of twenty (20) days following the Informal Discussions to notify you as to whether we or our affiliates elect to exercise our option to submit such claim or dispute to mediation. If we elect to submit the claim or dispute to mediation, the mediation will

occur in Raleigh, North Carolina in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. It is agreed that the mediator selected will have experience in franchise matters and/or franchise law and is not required to be affiliated with the American Arbitration Association. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile, or (ii) as a result of a written declaration by us. Our rights to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation and you and we shall share mediation costs equally. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation that is one we could seek injunctive relief for as set forth in Section 13.5. This agreement to mediate shall survive any termination, non-renewal, or expiration of this Agreement.

13.2 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 Et Seq.) or other federal law, this Agreement, you and your Owners, and all claims arising from the relationship between us and your Owners will be governed by the law of the State of North Carolina, without regarding to its conflict of laws rules. Any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section. If the covenants against competition or solicitation are not enforceable under North Carolina law, then the laws of the state of which your Franchised Business is located will apply to the enforceability of such covenants. Nothing in this subparagraph is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

13.3 Consent to Jurisdiction. Subject to the mediation requirement in Section 13.1 and the provisions below, we and you (and your Owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you, your Owners, and us must be commenced in the state or federal court of general jurisdiction in Raleigh, North Carolina; provided that if our principal place of business ceases to be in North Carolina, any action must be commenced in or nearest to our then-current principal place of business. We and you (and each of your Owners) irrevocably consent to the exclusive jurisdiction of those courts and waive any objection to either the jurisdiction or venue in those courts. Nonetheless, we and you (and your Owners) agree that any of us may enforce any orders or awards in the courts of the state or states in which you are domiciled or your Franchised Business is located.

13.4 Waiver of Punitive Damages, Jury Trial, and Class Action. EXCEPT FOR THE FRANCHISEE INDEMNIFYING PARTIES' OBLIGATION TO INDEMNIFY FRANCHISOR INDEMNIFIED PARTIES FOR THIRD PARTY CLAIMS, CLAIMS WE BRING AGAINST YOU (AND YOUR OWNERS AND GUARANTORS, IF

APPLICABLE) FOR YOUR UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF NON-COMPETITION AND NON-SOLICITATION COVENANTS, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, YOU (AND YOUR AFFILIATES, OWNERS, AND GUARANTORS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, OR MULTIPLE DAMAGES AGAINST US OR OUR AFFILIATES, EMPLOYEES, SHAREHOLDERS, OFFICERS, OR DIRECTORS, AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU (OR YOUR AFFILIATES, OWNERS, OR GUARANTORS), YOU (OR YOUR AFFILIATES, OWNERS, OR GUARANTORS) WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL ECONOMIC DAMAGES YOU (OR THEY) SUSTAIN WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW.

WE AND YOU (AND YOUR OWNERS AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY US AND YOU. NEITHER YOU (AND YOUR OWNERS AND GUARANTORS, IF APPLICABLE) NOR WE SHALL SEEK TO LITIGATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO LITIGATION, OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN YOU (AND YOUR OWNERS AND GUARANTORS, IF APPLICABLE) AND US AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, YOU OR US, UNLESS BOTH YOU AND WE CONSENT IN WRITING. WE HAVE THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. YOU (AND YOUR OWNERS AND GUARANTORS, IF APPLICABLE) AGREE THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN YOU AND ANY AFFILIATE OF OURS WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION. YOU MAY NOT LITIGATE OR MEDIATE ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).

13.5 Injunctive Relief. You agree that neither termination of this Agreement, nor an action at law, nor both, would be an adequate remedy for a breach or default by you, or by any other persons bound by this Agreement, in the performance of any obligation relating to our Marks, the Confidential Information, or the obligations of you and such

other persons upon and after termination of this Agreement. We, at our option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, to restrain any conduct by you, your Owners, or the guarantors in the development or operation of the Franchised Business that could (i) damage the goodwill associated with the Marks, System, and other FLEET FEET locations (including but not limited to conduct related to trademark or other intellectual property infringement), (ii) that involves the disclosure of use of Confidential Information, including but not limited to trade secrets and the Customer List, or (iii) that relates to your, an Owner's, or a managerial employee's covenants against unfair competition or solicitation. You agree that we will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

13.6 Prevailing Party, Attorneys' Fees and Costs. The non-prevailing party agrees to reimburse the prevailing party for all costs and expenses reasonably incurred (including attorneys' fees, expert witness fees, costs of investigation and proof of facts, court costs) as defined by the court, as the case may be: (i) to enforce the terms of this Agreement, an obligation owed to us by you, or an obligation owed to you by us, and (ii) in the defense of any claim or counterclaim that one party asserts against the other party on which the prevailing party substantially prevails in court or other formal legal proceedings, whether incurred prior to or in preparation for such proceedings or thereafter. In the event we are the prevailing party, we have the right to reimburse ourselves through EFT transfer for any legal fees.

13.7 Remedies Cumulative. All rights and remedies conferred upon us and you by this Agreement and by law and in equity shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy. No right or remedy which we may have (including termination) is exclusive of any other right or remedy and we may pursue any rights and/or remedies available.

13.8 Nonwaiver. No failure by us to take action on account of any default by you, whether in a single instance or repeatedly, shall constitute a waiver of any such default or of the performance required of you. No express waiver by us of any provision or performance hereunder or of any default by you shall be construed as a waiver of any other or future provision, performance or default.

13.9 Limitations of Claims. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, OUR RELATIONSHIP WITH YOU, OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY YOU OR ANY OF YOUR OWNERS, EMPLOYEES, GUARANTORS, OFFICERS, DIRECTORS, OR AFFILIATES AGAINST US OR OUR AFFILIATES, EMPLOYEES, SHAREHOLDERS, DIRECTORS, OR OFFICERS, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED. NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT.

13.10 Travel May Be Required. The provisions of this Article 13 (whether relating to forum, venue, waiver of jury trial, venue, limitations on damages, prohibition against multiple plaintiff class actions, shortened statute of limitation and/or otherwise) may require you to travel to a distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with both large and small, sophisticated and unsophisticated participants that requires uniformity and predictability. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balance of your and our interests, and those of the system as a whole, and not as unfair or burdensome.

#### **ARTICLE 14. Franchisee's Representations and Warranties**

In addition to other representations and warranties set forth in this Agreement, you represent, acknowledge and warrant to us (and you agree that these representations, acknowledgments and warranties shall survive termination, expiration, or non-renewal of this Agreement) that:

14.1 We make no express or implied warranties or representations that you will achieve any degree of success in the development or operation of the Franchised Business and that success in the development and operation of the Franchised Business depends ultimately on your efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, your financial condition and competition.

14.2 All information you and your Owners provided to us in connection with your franchise application and our grant of this Franchise is truthful, complete and accurate, that all Owners are fully and correctly disclosed, and that you have made no misrepresentations in obtaining the Franchise.

14.3 The Initial Franchise Fee is not refundable unless expressly permitted under the terms of this Agreement.

14.4 We have entered, and will continue to enter, into agreements with other franchisees. The manner in which we enforce our rights and the franchisees' obligations under any of those other agreements shall not affect our ability to enforce our rights or your obligations under this Agreement.

14.5 The person signing this Agreement on behalf of you has full authority to enter into this Agreement and the other agreements contemplated by the parties. Execution of this Agreement or such other agreements by you does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which you or any person with an ownership interest in you as a party.

14.6 You acknowledge that you have conducted an independent investigation of the business venture contemplated by this agreement and recognize that it involves business risk and that the success of the venture is largely dependent upon your business abilities. You have not received from us or our affiliates any representation or guarantees of potential sales, expenses, income, profit or loss other than as contained in the Franchise Disclosure Document that you received for this franchise agreement. We expressly disclaim the making of such representations outside of the Franchise Disclosure Document. You have not received from us or our affiliates or anyone acting on their behalf any representations other than those contained in the Franchise Disclosure Document that you received with this Agreement as inducements to enter into this Agreement.

14.7. Even though this Agreement contains provisions requiring you to operate the Franchised Business in compliance with the System: (1) We or our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; and (2) we and you do not intend for us or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System or the operation of the Franchised Business, whether or not in accordance with the requirements of the Brand Standards Manual.

14.8. If you are a corporation, a limited liability company or a partnership, you make the following representations and warranties: (1) you are duly organized and validly existing under the laws of the state of its formation; (2) you are qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) your Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that your activities are limited exclusively to the development and operation the Franchised Business.

14.9 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restriction imposed on assignment by FLEET FEET, INCORPORATED Franchise Agreement(s) to which the corporation is a party." If you are a limited liability company, each membership or management certificate or other evidence of interest in your company shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the FLEET FEET, INCORPORATED Franchise Agreement(s) to which the limited liability company is a party." If you are a partnership, your written agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

14.10 You acknowledge that you have read this agreement and the FLEET FEET Franchise Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our standards of quality and service and the uniformity of those standards at all FLEET FEET retail stores and thereby to protect and preserve the goodwill of the marks and the System.

14.11 You acknowledge that we have advised you to seek independent counsel to review this franchise offering and to advise you in connection with it.

14.12 You acknowledge that, in all your dealings with our owners, officers, directors, employees, and representatives, these individuals act only in their representative capacity and not in an individual capacity. You acknowledge that this Agreement and all business dealings between you and these individuals as a result of this Agreement are solely between you and us. Notwithstanding the foregoing, if we engage any broker, that broker will be solely liable for its conduct with you except that we will remain liable for the broker's conduct solely to the extent of our own criminal, intentional, or grossly negligent conduct in engaging the broker.

#### **ARTICLE 15. Miscellaneous Provisions**

15.1 "You"–More Than One Individual. If you consist of two (2) or more individuals, or a general partnership, such individuals/partners shall be jointly and severally liable, and references to you in this Agreement shall include all such individuals. Upon any effective assignment of your interest in this Agreement, any and all reference herein to you shall, unless the context otherwise requires, mean and refer to such assignee.

15.2 "You"–Business Entity. If you consist of a corporation, limited liability company, limited partnership, limited liability partnership or the like, the entity shall designate one or more individuals to receive training and to accept responsibility for communications with us. Personal guaranties of obligations to us will be required of, and the provisions concerning assignment will apply to, all beneficial Owners and their spouses. Upon any effective assignment of your interest in this Agreement, any and all reference herein to you shall, unless the context otherwise requires, mean and refer to such assignee.

15.3 Relationship Between Parties. The relationship between the parties is that of independent contractors. No partnership, joint venture or relationship of principal and agent is intended to be formed hereby. You shall not pledge our credit or bind us to any obligations. You shall hold yourself out to the public as an independent contractor by, without limitation: (i) clearly identifying yourself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, contracts, receipts, marketing materials, envelopes, letterhead, business cards, employment applications, and other employment documents, invoices and other communications, electronic or otherwise; and (ii) displaying a sign at the Premises so as to be clearly visible to the general public indicating that the Franchised Business is independently owned and operated as a franchised business.

15.4 Paragraph Headings. Paragraph headings are for convenience of reference only and shall not be construed as part of this Agreement nor shall they limit or define the meaning of any provision herein.

15.5 Invalidity and Severability. If any provision of this Agreement shall be invalid or unenforceable, either in its entirety or by virtue of its scope or application to a given circumstance, such provision shall be deemed modified to the extent necessary to render the same valid, or as not applicable to given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provisions have been included herein as so modified in scope or application, or had not been included herein, as the case may be, it being the stated intention of the parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions or including such provisions only to the maximum scope and application permitted by law, as the case may be.

15.6 Notices. Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows: (1) if intended for us, addressed to our address listed on the Summary Pages; and (2) if intended for you, and your Franchised Business is not yet operating as of the time this Agreement is executed, the notice address listed on the Summary Pages; or, if intended for you, and your Franchised Business has opened, the address of the Accepted Location.

Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) days after deposit in registered or certified U.S. Mail as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejection, and/or attempted delivery.

Additionally, we may provide the notice described in this section by email or other electronic system to (a) the email address set forth in the Summary Pages, (b) the email address we have approved or provided for you to use for the Franchised Business, or (c) another electronic account that we have approved or provided for you to use for the Franchised Business. Such email and electronic notices shall be deemed given and effective upon the day on which the email was sent, unless we receive notice of rejected delivery by the email account or other electronic account.

15.7 Entire Agreement/Amendments. This Agreement, the Summary Pages, the exhibits and attachments attached hereto and the documents referred to herein shall be

construed together and constitute the entire, full and a complete agreement between you and us concerning the subject matter hereof, and it shall supersede any and all prior and existing Agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof; there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein except as contained in the Franchise Disclosure Document. No amendment, oral agreement, or variance from this Agreement shall be binding on any party unless set forth in writing and executed by all parties. However, this agreement shall not waive, release or extinguish any debt, obligation or liability of you to us which accrued immediately prior to the execution and delivery of this Agreement nor shall this Agreement cancel any credit owed by us to you at said time, nor shall it abrogate or impair any understandings or approvals relating to plans and specifications for the Accepted Location or the equipment and opening inventory to be installed or placed therein. Nothing contained herein shall affect or relate to any agreement or understanding of the parties relating to any store location other than the one described in the Summary Pages of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim any representations we made in the Franchise Disclosure Document. Notwithstanding anything in this Section 15.7 to the contrary, the Franchise Agreement shall automatically be amended if a Franchise Agreement change proposed by us is subsequently agreed to by seventy five percent (75%) of the then-current franchisees.

15.8 Binding Effect. Subject to all the provisions of Article 10, above, this agreement shall be binding upon and shall inure to the benefit of the parties hereto (including the parties whose signatures follow your and our signatures) and their respective heirs, executors, administrators, personal representative, successors and assigns.

15.9 Counterparts. This Agreement may be executed in any number of counterparts and sent and/or signed electronically, each of which will be deemed an original but all of which taken together will constitute one and the same instrument

15.10 Evolving Agreements. Over time we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this agreement. We have the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to you and/or any other franchisee or other person, or any affiliate of ours or a franchisee.

15.11 Assignment Agreement. You and we shall execute and be bound by the provisions of the Internet, Social Media, Email Addresses, and Telephone Assignment attached as Attachment 3.

15.12 Business Judgment; Covenant of Good Faith. Various provisions of this Agreement specify certain matters that are within the discretion or judgment of ours or are otherwise to be determined unilaterally by us. If the exercise of our discretion or judgment as to any such matters is subsequently challenged, the parties to this Agreement expressly direct the trier of fact that our reliance on a business reason in the exercise of our discretion or judgment is to be viewed as a reasonable and proper exercise of our discretion or judgment, with regard to whether other reasons for our decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason. No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, you agree that (a) this Agreement grants us the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with our explicit rights and obligations hereunder that may favorably or adversely affect your interests; (b) we will use our judgment in exercising such discretion based on our assessment of our own interests and balancing those interests against the interests of you and other franchisees within the system generally; and (c) we will have no liability to you for the exercise of our sole discretion, so long as such discretion is not exercised in bad faith toward you; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for our judgment so exercised.

15.13 Security Interest. You hereby grant us and our affiliates a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the Franchised Business, now or hereafter acquired by you, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of the assets, all your rights to use the Marks and all rights granted, owned or licensed to you under this Agreement for the use of the Marks and all other rights granted, owned, or licensed to you under this Agreement to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from you to us. You hereby authorize us and our affiliates to prepare and file all Uniform Commercial Code (and comparable) financing statements and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable. Neither you nor any Owner shall pledge, mortgage, encumber, or grant a security interest in the Franchised Business, or in this Agreement or any of your assets, or any ownership interest in you without our prior written consent, which consent will not be unreasonably withheld.

15.14 Final Act. The last signature applied to this Agreement shall be the signature of one of our officers at our headquarters in North Carolina. The Agreement shall not be binding on us until signed by us.

15.15. Our Representations and Warranties. We and our affiliates and our and their respective representatives make no warranty with respect to any products, services, equipment, supplies, or other items we approve, supply, or require you to purchase or use. We and our affiliates and our and their respective representatives expressly disclaim all warranties, express and implied, including implied warranties of merchantability and fitness for a particular purpose, with respect to any such products, equipment, supplies, or other approved items. In addition, we make no warranty as to your ability to operate the Franchised Business in the jurisdiction in which your Franchised Business will be operated. You must seek or obtain advice of counsel specifically on this issue. If legislation is enacted, or a regulation promulgated, by any governmental body that prevents you from operating the Franchised Business, we are not liable for damages nor required to indemnify you in any manner whatsoever or to return any monies received from you.

IN WITNESS WHEREOF, the parties hereto have duly entered into this Franchise Agreement and hereby incorporate by reference the terms contained on the Summary Pages:

**FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR LOCATIONS IN OHIO:** You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT 1**  
**SITE SELECTION ADDENDUM WITH LEASE RIDER**

FLEET FEET, INCORPORATED (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) have this day entered into a FLEET FEET Franchise Agreement (“Franchise Agreement”) and desire to supplement its terms as set out below in this Site Selection Addendum (“Addendum”). The parties hereto agree as follows:

1. **Time to Locate Site:** Within one hundred eighty (180) days after the Effective Date of the Franchise Agreement (as defined herein), Franchisee shall acquire or lease, at Franchisee’s expense, commercial real estate that is properly zoned for the use of the business to be conducted by Franchisee under the Franchise Agreement (an “Franchised Business”) at a site accepted by Franchisor as hereinafter provided. The Franchised Business will be located at a location accepted by Franchisor in the target trade area (“Target Area”) listed on the signature page. Failure by Franchisee to acquire or lease a site for the Franchised Business within the time required in Section 1 hereof shall constitute a default under Article 11 of the Franchise Agreement and under this Addendum, and Franchisor, in its sole discretion, may terminate the Franchise Agreement and this Addendum pursuant to the terms of Article 11 of the Franchise Agreement.

2. **Site Selection Assistance:** At Franchisor’s option, Franchisor may provide Franchisee with leasing guidelines (“Leasing Guidelines”) to assist Franchisee in its site selection. If Leasing Guidelines are provided, Franchisee must follow the Leasing Guidelines.

3. **Site Selection Package Submission and Acceptance:** Franchisee shall submit to Franchisor, in the form specified by Franchisor, a copy of the site plan and such other information or materials as Franchisor may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee’s favorable prospects for obtaining the site. Franchisor shall have fifteen (15) days after receipt of such information and materials from Franchisee to accept or reject, in its sole discretion, the proposed site as the location for the Franchised Business. In the event Franchisor does not reject a proposed site by written notice to Franchisee within said fifteen (15) days such site shall be deemed accepted by Franchisor. If Franchisor and Franchisee cannot agree on a site for the Franchised Business within six (6) months, upon your written request, Franchisor will refund 50% of Franchisee’s initial franchise fee.

4. **Lease Responsibilities:** Within thirty (30) days of site acceptance by Franchisor, Franchisee shall sign a lease which shall be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Franchisor’s acceptance of any lease is conditioned upon inclusion in the lease of the Franchisor’s standard Franchised Business Lease Rider attached hereto as Exhibit 1. However, Franchisor

shall not be responsible for review of the Lease for any terms other than those contained in the Franchised Business Lease Rider.

5. **Site Evaluation Services:** Franchisor shall have the right, but not the obligation, to perform any on-site evaluation as Franchisor may deem advisable. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request) for any Franchised Business to be established, Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

6. **Accepted Location:** After the location for the Franchised Business is accepted by Franchisor pursuant to Sections 1 and 3 hereof and leased or acquired by Franchisee pursuant to Section 4 hereof, the location shall constitute the Accepted Location described in the Franchise Agreement. The Accepted Location shall be specified on Exhibit 1 hereto, which shall become a part of the Franchise Agreement and this Site Selection Addendum.

7. **Controlling:** This Site Selection Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

Target Area for location of Franchisee business is

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IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly sign and deliver this Site Selection Addendum on the date first above written.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT 1 TO SITE SELECTION ADDENDUM WITH LEASE RIDER  
ACCEPTED LOCATION AND FRANCHISE TERRITORY**

1. Territory: The Territory as referred to in Section 4.6 of the Franchise Agreement will be a \_\_\_\_-mile radius from the following Accepted Location:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly sign and deliver this Exhibit 1 to the Site Selection Addendum on the date first above written.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## LEASE RIDER

This Lease Rider is executed as of this date of \_\_\_\_\_, by and between \_\_\_\_\_ (“Tenant”) and \_\_\_\_\_ (“Landlord”) as a Rider to the lease dated \_\_\_\_\_ (as amended, renewed, and/or extended from time to time, the “Form Lease”) for the Premises located at \_\_\_\_\_ (“Premises”).

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. **Permitted Use.** The Premises are leased to Tenant for the operation of a franchised *FLEET FEET* store which sells athletic shoes, apparel, associated products, and training programs and services. Tenant may offer or hold celebrations, running club meetings, fitness classes, running and walking programs, and other group functions related to products and services offered by Tenant. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a store in the same shopping center as the Premises which sells athletic shoes, apparel, associated products, training programs and services.

2. **Signage.** Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other proprietary marks and identification on both the exterior and within the interior of the Premises as approved by FLEET FEET, INCORPORATED, a North Carolina corporation (“Franchisor”).

3. **Assignment and Subletting.** Landlord’s consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant’s assets or business or an assignment or sublet to (i) the Franchisor, or any parent, subsidiary or affiliated entity of Franchisor (each, a “Franchisor Party”), (ii) a parent, subsidiary, or affiliated entity of Tenant, or (iii) another *FLEET FEET* franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (the “Franchise Agreement”) as a result of a merger, reorganization or sale of all or substantially all of Tenant’s assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to an entity incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership.

4. **Notices; Opportunity to Cure.** Copies of any demand letters, default notices or other similar notices of non-compliance (“Notice”) sent by Landlord to Tenant shall also be sent to Franchisor via overnight mail to the following address:

FLEET FEET,  
INCORPORATED  
Attn: CEO  
Post Office Box 1269  
Carrboro, NC 27510

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

5. **Option to Lease.** Landlord hereby agrees that, (i) in the event of the termination, expiration, or non-renewal of the Franchise Agreement by and between Tenant and Franchisor; (ii) in the event of the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; (iii) in the event of Tenant's failure to exercise any extension option contained in the Form Lease, or (iv) as otherwise permitted under the Franchise Agreement, any Franchisor Party or another FLEET FEET franchisee shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If any Franchisor Party or another FLEET FEET franchisee elects to lease the Premises, such party shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination, expiration or non-renewal of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If any Franchisor Party or another FLEET FEET franchisee elects to lease the Premises under any of the conditions set forth in 5(i) to (iv) above, such Franchisor Party or another FLEET FEET franchisee shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that such party's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit the Franchisor Party to assign the lease or

sublease the Premises to another Franchisor Party or a franchisee of Franchisor for use as a *FLEET FEET* store, without Landlord's consent; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

6. **De-identification.** Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a *FLEET FEET* franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination, expiration, or non-renewal as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense.

7. **Assignment of Interest.** This Rider is binding and shall inure to the benefit of Landlord, Tenant, and each Franchisor Party and another *FLEET FEET* franchisee, their assigns, and successors-in-interest. The Franchisor Parties and *FLEET FEET* franchisees are intended beneficiaries of this Rider, provided Franchisor Parties and any other *FLEET FEET* franchisee shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

8. **Security Interest.** Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Rider the date and year first above written.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to:

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**ATTACHMENT 2**  
**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE**  
**TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT**

In consideration of the execution of the Franchise Agreement (the "Agreement") between FLEET FEET, INCORPORATED ("Franchisor") and \_\_\_\_\_ ("Franchisee") dated of even date herewith, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution and indemnification provisions of the Agreement.

Further, except for those designated as "Spouse" and not "Owner" in the signature block below, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other guarantors of Franchisee. The undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against the undersigned and Franchisee jointly and severally, or Franchisor may, at its option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Franchisee. The undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and (5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

**PERSONAL GUARANTORS:**

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT 3  
INTERNET, SOCIAL MEDIA, EMAIL ADDRESSES,  
AND TELEPHONE ASSIGNMENT**

This Assignment Agreement (“Assignment”) is made, and entered into, between FLEET FEET, INCORPORATED, a North Carolina corporation (“Franchisor”) and the undersigned FLEET FEET Franchisee (“Franchisee”).

**RECITALS**

A. Franchisor has developed a unique system for the establishment and operation of retail stores selling specialty running and fitness merchandise, training programs, and services;

B. Franchisor and Franchisee have entered into a Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”), pursuant to which Franchisee was granted the right to operate a FLEET FEET franchised business; and

C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates, expires, or is not renewed, the Online Presences, telephone numbers, telephone directory listings, email addresses, internet addresses, and social media accounts used by Franchisee in connection with the operation of its FLEET FEET franchised business are assigned to Franchisor.

**AGREEMENT**

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the FLEET FEET franchised business, including any personal or other cellphone numbers used in connection with the franchised business, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Franchised Business, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Franchised Business, or which Franchisee has been permitted by Franchisor to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively, the “Listings”).

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee’s use of the Listings unless and until Franchisor

notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the "Providers") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings; provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Franchisor, Franchisor's affiliates, or Franchisor's approved suppliers under existing contracts for the Listings and immediately, at the Franchisor's request, (i) take any other action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vi) cooperate with Franchisor or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate

Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or non-renewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

Agreed to \_\_\_\_\_.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**ATTACHMENT 4**  
**NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

This Nondisclosure and Noncompetition Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ (“Effective Date”) by and between FLEET FEET, INCORPORATED, a North Carolina corporation (“Franchisor”), located at 310 East Main Street, Suite 200, Carrboro, NC 27510 and \_\_\_\_\_ (“Associate”), who reside(s) at \_\_\_\_\_. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

**RECITALS**

A. Franchisor is engaged in the business of selling franchises for the operation of retail stores selling specialty running and fitness merchandise, training programs, and services (“Franchised Business”). The Franchised Businesses are operated under the Franchisor's trademark “FLEET FEET” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, “Marks”);

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor's distinctive system of doing business, Marks, and Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor;

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of the system of doing business and the products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with \_\_\_\_\_ (“Franchisee”) in the capacity of an officer, partner, director, agent, manager, employee or as a beneficial owner of the Franchised Business, or is an immediate family member or domestic partner of a principal owning a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or Personal Guaranty form; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to unfair competition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or a Franchisee of the Franchisor using the Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Accepted Location" shall have the meaning defined in the Franchise Agreement.

(b) "Competitive Business" as used in this Agreement means any business venture that

- (i) receives 40% or more its gross revenue from the sale of athletic shoes, athletic apparel, and/or athletic accessories; or
- (ii) receives 25% or more of its gross revenue from the sale of athletic shoes; or
- (iii) receives at least 10% of its gross revenue from the sale of brands sold by the Franchised Business or other FLEET FEET stores; or
- (iv) offers a running training program or race promotion services; or
- (v) receives 50% or more of its gross revenue from the sale of athletic shoes, athletic apparel, athletic and accessories; casual shoes, apparel, and accessories; athletic or fitness training services; race promotion services; one or more of the same brands sold by Franchised Businesses; and/or related products and services offered by Franchised Businesses whether operated directly or through franchises or licenses granted to others to operate.

(c) "Confidential Information" shall mean without limitation, information, not generally known to the public, in any form, relating to the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); customer fit data; product catalogs; training manuals and materials; price lists; business forms; accounting procedures; inventory systems; distribution procedures and manufacturing methods; electronic code, designs, marketing materials and reports, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designate as confidential, including all information contained in the Brand Standards Manual.

(d) “Franchise Agreement” shall mean the franchise agreement between Franchisor and Franchisee, dated as of the same date hereof as amended or renewed from time to time.

(e) “Restrictive Period” shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate’s association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(f) “Restrictive Territory” shall mean:

(i) An area which is within a twenty-five (25) mile radius of:

(1) The Accepted Location as of the first date of the Restrictive Period (including at the Accepted Location), or

(2) The location of any other FLEET FEET location owned by Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period (including at those locations); or

(ii) Only in the event the foregoing is determined by a court of law to be too broad,

(A) The Territory as of the first date of the Restrictive Period (including at the Accepted Location); or

(B) The territories in which Franchisor or its affiliates or any of Franchisor’s franchisee operate any FLEET FEET businesses or locations as of the first date of the Restrictive Period (including at the business locations); or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory as of the first date of the Restrictive Period (including at the Accepted Location); or

(iv) Only in the event the foregoing is determined by a court of law to be too broad, at the Accepted Location as of the first date of the Restrictive Period.

(g) “Term” shall mean the period from the Effective Date to the first date of the Restrictive Period.

(h) “Territory” shall have the meaning assigned to the defined term Territory in the Franchise Agreement.

2. Confidential Information. Associate and the Franchisor acknowledge that the Confidential Information that are developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4. In-Term Covenant Against Unfair Competition. Associate acknowledges it will receive valuable, specialized training and Confidential Information regarding the production, operational, sales, promotional, and marketing methods of the FLEET FEET businesses that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Term, Associate will not, without Franchisor's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, or offer or grant franchises or licenses for, any Competitive Business; or

(ii) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

5. Post-Term Covenant Against Unfair Competition. Associate covenants and agrees that during the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) Engage in any Competitive Business as franchisee or licensee; or

(ii) Franchise or license any Competitive Business; or

(iii) Engage in any Competitive Business as an employee, owner, officer, director, manager, consultant, lender, or independent contractor in any

capacity which directly competes with the work Associate performed during the Term within one (1) year of the Restrictive Period; or

(iv) Engage in any Competitive Business as an employee, owner, manager, consultant, lender, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information; or

(v) Become interested in any such Competitive Business as an owner, partner, shareholder, member, director, officer, consultant, lender, or principal; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 5(v) so long as Associate does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation.

6. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling five hundred dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or the Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. The parties agree that the foregoing covenants contained herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or our other business interest and the provisions do not prevent Associate from earning a living. Associate agrees that the scope of activities prohibited in this Agreement, and the length of the term and geographical restrictions in this Agreement, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Associate's full, uninhibited, and faithful observance

of each of the covenants in this Agreement will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Agreement will not impair Associate's ability to obtain employment commensurate with Associate's abilities or on terms fully acceptable to Associate or otherwise to obtain income required for the comfortable support of Associate and Associate's family, and the satisfaction of the needs of all of Associate's creditors. Associate's special knowledge of a retail shoe and apparel business (and anyone acquiring this knowledge through Associate) is such as it would cause Franchisor serious injury and loss if Associate (or anyone acquiring this knowledge through Associate) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor. In the event of any violation of the provisions of this Agreement, Associate agrees that the post-termination restriction contained herein shall be extended by a period of time equal to the period of the violation such that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

8. Effect of Waiver. The waiver by Associate or the Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law and Dispute Resolution.

(a) If Associate is an owner or guarantor of Franchisee, the governing law and dispute resolution provisions of the Franchise Agreement shall apply to this Agreement.

(b) If Associate is not an owner or guarantor of Franchisee, the following terms apply: This instrument shall be governed by and construed under the laws of the State of North Carolina. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding,

declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

14. Miscellaneous. Associate is aware that Associate's violation of this Agreement will cause the Franchisor irreparable harm; therefore, Associate acknowledges and agrees that the Franchisor may apply for the issuance of an injunction preventing Associate from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and Associate agrees to pay the Franchisor all the costs it incurs, including without limitation attorneys' fees, if this Agreement is enforced against Associate. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement or otherwise defined herein. Associate understands Franchisor is not Associate's employer.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**ASSOCIATE**

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
[Signed Name]

**ATTACHMENT 5**  
**NONDISCLOSURE AND NON-SOLICITATION AGREEMENT**

This Nondisclosure and Non-Solicitation Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ (“Effective Date”) by and between FLEET FEET, INCORPORATED, a North Carolina corporation (“Franchisor”), located at 310 East Main Street, Suite 200, Carrboro, NC 27510 and \_\_\_\_\_ (“Associate”), who reside(s) at \_\_\_\_\_. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

**RECITALS**

A. Franchisor is engaged in the business of selling franchises for the operation of retail stores selling specialty running and fitness merchandise, training programs, and services (“Franchised Business”). The Franchised Businesses are operated under the Franchisor's trademark “FLEET FEET” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, “Marks”);

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor's distinctive system of doing business, Marks, and Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor;

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of the system of doing business and the products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with Franchisee in the capacity of an officer, partner, director, agent, manager, employee or as a beneficial owner of the Franchised Business, or is an immediate family member or domestic partner of a principal owning a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or Personal Guaranty form; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to the solicitation of customers and suppliers by Associate. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or a Franchisee of the Franchisor using the Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Accepted Location" shall have the meaning defined in the Franchise Agreement.

(b) "Competitive Business" as used in this Agreement means any business venture that

- (i) receives 40% or more its gross revenue from the sale of athletic shoes, athletic apparel, and/or athletic accessories; or
- (ii) receives 25% or more of its gross revenue from the sale of athletic shoes; or
- (iii) receives at least 10% of its gross revenue from the sale of brands sold by the Franchised Business or other FLEET FEET stores; or
- (iv) offers a running training program or race promotion services; or
- (v) receives 50% or more of its gross revenue from the sale of athletic shoes, athletic apparel, athletic and accessories; casual shoes, apparel, and accessories; athletic or fitness training services; race promotion services; one or more of the same brands sold by Franchised Businesses; and/or related products and services offered by Franchised Businesses whether operated directly or through franchises or licenses granted to others to operate.

(c) "Confidential Information" shall mean without limitation, information, not generally known to the public, in any form, relating to the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); customer fit data; product catalogs; training manuals and materials; price lists; business forms; accounting procedures; inventory systems; distribution procedures and manufacturing methods; electronic code, designs, marketing materials and reports, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designate as confidential, including all information contained in the Brand Standards Manual.

(d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and \_\_\_\_\_ ("Franchisee") dated as of the same date hereof as amended or renewed from time to time.

(e) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(f) "Restrictive Territory" shall mean:

(i) An area which is within a twenty-five (25) mile radius of:

(1) The Accepted Location as of the first date of the Restrictive Period (including at the Accepted Location), or

(2) The location of any other FLEET FEET location owned by Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period (including at those locations); or

(ii) Only in the event the foregoing is determined by a court of law to be too broad,

(A) The Territory as of the first date of the Restrictive Period (including at the Accepted Location); or

(B) The territories in which Franchisor or its affiliates or any of Franchisor's franchisee operate any FLEET FEET businesses or locations as of the first date of the Restrictive Period (including at the business locations); or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory as of the first date of the Restrictive Period (including at the Accepted Location); or

(iv) Only in the event the foregoing is determined by a court of law to be too broad, at the Accepted Location as of the first date of the Restrictive Period.

(g) "Term" shall mean the period from the Effective Date to the first date of the Restrictive Period.

(h) "Territory" shall have the meaning assigned to the defined term Territory in the Franchise Agreement.

2. Confidential Information. Associate and the Franchisor acknowledge that the Confidential Information that are developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4. In-Term Covenant Against Solicitation. During the Term, Associate will not, without Franchisor's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) solicit, divert or attempt to solicit or divert any business or customer to any Competitive Business; or

(ii) use any supplier relationship established through Associate's association with Franchisor or Franchisee for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use or retail sale in the Franchised Business.

5. Post-Term Covenant Against Solicitation. Associate covenants and agrees that during the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) Solicit, divert, or attempt to solicit or divert to any Competitive Business any business or customer located within the Restrictive Territory with whom Franchisee or its Owners had any business relationship as of the Restrictive Period or within one (1) year preceding the Restrictive Period; or

(ii) Solicit, divert, or attempt to solicit or divert to any Competitive Business any business or customer located within the Restrictive Territory with whom Franchisor, any of Franchisor's affiliates owning or supplying FLEET FEET locations, or any FLEET FEET franchisees or franchise owners had any business relationship as of first date of the Restrictive Period or within one (1) year preceding the Restrictive Period; or

(iii) solicit, divert, or attempt to solicit or divert, any supplier that has done business with the Franchised Business as of the Restrictive Period or within one (1) year preceding the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise or services to FLEET FEET businesses.

6. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling five hundred dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or the Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. The parties agree that the foregoing covenants contained herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or our other business interest and the provisions do not prevent Associate from earning a living. Associate agrees that the scope of activities prohibited in this Agreement, and the length of the term and geographical restrictions in this Agreement, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Associate's full, uninhibited, and faithful observance of each of the covenants in this Agreement will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Agreement will not impair Associate's ability to obtain employment commensurate with Associate's abilities or on terms fully acceptable to Associate or otherwise to obtain income required for the comfortable support of Associate and Associate's family, and the satisfaction of the needs of all of Associate's creditors. Associate's special knowledge of a retail shoe and apparel business (and anyone acquiring this knowledge through Associate) is

such as it would cause Franchisor serious injury and loss if Associate (or anyone acquiring this knowledge through Associate) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor. In the event of any violation of the provisions of this agreement, Associate agrees that the post-termination restriction contained herein shall be extended by a period of time equal to the period of the violation such that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

8. Effect of Waiver. The waiver by Associate or the Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law and Dispute Resolution.

(a) If Associate is an owner or guarantor of Franchisee, the governing law and dispute resolution provisions of the Franchise Agreement shall apply to this Agreement.

(b) If Associate is not an owner or guarantor of Franchisee, the following terms apply: This instrument shall be governed by and construed under the laws of the State of North Carolina. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such

party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

14. Miscellaneous. Associate is aware that Associate's violation of this Agreement will cause the Franchisor irreparable harm; therefore, Associate acknowledges and agrees that the Franchisor may apply for the issuance of an injunction preventing Associate from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and Associate agrees to pay the Franchisor all the costs it incurs, including without limitation attorneys' fees, if this Agreement is enforced against Associate. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement or otherwise defined herein. Associate understands Franchisor is not Associate's employer.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

**FRANCHISOR:**

**ASSOCIATE**

FLEET FEET, INCORPORATED

\_\_\_\_\_  
[Printed Name]

By: \_\_\_\_\_

\_\_\_\_\_  
[Signed Name]

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

Title: \_\_\_\_\_

**EXHIBIT B-1**  
**LIST OF CURRENT FRANCHISEES**

\*\*\* Indicates a franchisee who has signed a franchise agreement but was not open as of 12/31/2023 or who signed between January 1, 2024 and March 15, 2024

Store Name	Name	Address		City	State	Zip	Phone
TBD ***	Tom Debole	TBD		TBD	AZ	TBD	678-416-0220
Birmingham AL	Jay Middleton	3060 Healthy Way	Suite 100	Birmingham	AL	35243	205.970.6620
Huntsville AL	Suzanne Swift	2722 Carl T Jones Drive SE	Suite B2	Huntsville	AL	35802	256.650.7063
Madison AL	Suzanne Swift	181 Hughes Rd	Suite 17	Madison	AL	35758	256.870.4100
Mobile AL	Marjorie Rockwell	3972 Airport Blvd		Mobile	AL	36608	251.461.6701
Montgomery AL	Hardy Sellers & Quinn Millington	8107 Vaughn Rd		Montgomery	AL	36116	334-356-7271
Tuscaloosa AL	Henry Carpenter	2218 University Blvd	Unit B	Tuscaloosa	AL	35401	205.331.4130
Little Rock AR	Noelle & Sean Coughlan	11525 Cantrell Road	Suite 206	Little Rock	AR	72212	501.221.0017
Oro Valley AZ	Anne Stancil	7607 N. Oracle Road	Suite 121	Oro Valley	AZ	85704	520.219.2323
Tanque Verde AZ	Anne Stancil	7301 E. Tanque Verde Road	Suite 151	Tucson	AZ	85715	520.886.7800
Brentwood CA	Tony & Natalie Vice	6061 Lone Tree Way	Suite H	Brentwood	CA	94513	925.306.0830
Burbank CA	Colin Klein	1516 W. Magnolia Blvd.		Burbank	CA	91506	818.238.9522
Chico CA	Kristina & Paul Smith, Carol Esparza	241 Main Street		Chico	CA	95928	530.345.1000
Encino CA	Colin Klein	16545 Ventura Blvd.		Encino	CA	91436	818.986.8686
Folsom CA	Will Roxburgh	6610 Folsom-Auburn Rd	Suite 9	Folsom	CA	95630	916.965.8326
Fresno CA	Aaron & Andrea Samansky	9447 North Fort Washington Rd	Suite 106	Fresno	CA	93720	559.433.6750
Laguna Niguel CA	Kerri & Vinny Marchionni	32341 Golden Lantern Street		Laguna Niguel	CA	92677	949.481.6491
Menlo Park CA	Jim Gothers & Lisa Taggart	859 Santa Cruz Avenue		Menlo Park	CA	94025	650.325.9432
Modesto CA	Tony & Natalie Vice	1427 Standiford Avenue		Modesto	CA	95350	209.549.9323
Rancho Cucamonga CA	Dave & Eva Armijo	7233 Haven Avenue	Suite A	Rancho Cucamonga	CA	91701	909.477.3338
Redding CA	Deron & Aimee Cutright	1376 Hilltop Drive		Redding	CA	96003	530.226.0600
Roseville CA	Will Roxburgh	1850 Douglas Blvd.	Suite 418	Roseville	CA	95661	916.783.4558
San Diego CA	Kevin & Todd Lachenmyer	5980 Village Way	Suite 108	San Diego	CA	92130	858.793.5335
Santa Rosa CA	Rhonda Roman	720 Third Street		Santa Rosa	CA	95401	707.569.1494
Stockton CA	Tony & Natalie Vice	265 Lincoln Center		Stockton	CA	95207	209.952.1446
Vacaville CA	Carol Gilpin	354 Merchant Street		Vacaville	CA	95688	707.449.9266
Hartford CT	Fernanda & Dave Jacobs	1003 B Farmington Avenue		West Hartford	CT	06107	860.233.8077
Westport CT	Dave & Lynn Wright	633 Post Rd. East		Westport	CT	06880	203.557.3608
Adams Morgan DC	Shawn & Kim Fenty	1841 Columbia Road NW		Washington	DC	20009	202.387.3888
Fort Myers FL	Brian and Janene Urichko	13499 S. Cleveland Ave	Suite 209	Fort Myers	FL	33907	239.985.0041
Inlet Beach FL	Misty & Jeff Ehret	11299 US-98 C-104		Inlet Beach	FL	32461	850-641-0070
Maitland FL	Stacey & Eric Bartos	120 Independence Lane	Suite D	Maitland	FL	32751	407.772.2233
New Smyrna Beach FL	Stacey & Eric Bartos	433 Canal Street		New Smyrna Beach	FL	32168	386.444.6044
SoDo FL	Stacey & Eric Bartos	25 W. Crystal Lake St		Orlando	FL	32806	407.930.6056
Pensacola FL	Marjorie Rockwell	236 W Garden St		Pensacola	FL	32502	251.367.6650

Port St Lucie	Edgar & Carolyn Perkins	11586 SW Village Parkway		Port St Lucie	FL	34987	772.340.3440
Sarasota FL	David & Molly Jackson	711 S. Osprey Avenue	Suite 1	Sarasota	FL	34239	941.894.3338
Stuart FL	Edgar & Carolyn Perkins	2440 NW Federal Hwy		Stuart	FL	34994	772.232.9225
The Villages FL	Matt & Michelle Mang	315 Colony Blvd		The Villages	FL	32162	352.350.6462
Athens GA	Dustin Shinholser	1694 South Lumpkin Street		Athens	GA	30606	706.207.5054
Augusta GA	Michael McCauley	229 Furys Ferry Road	Suite 107	Augusta	GA	30907	706.922.9860
Canton GA	Art Picus	1451 Riverstone Parkway	Suite 100	Canton	GA	30114	770.224.9562
Columbus Uptown GA	John Teeples & Reggie Luther	1200 Broadway		Columbus	GA	31901	706.322.2786
Johns Creek GA	Joe Braley	9700 Medlock Bridge Rd	Suite 124	Johns Creek	GA	30097	678.475.1555
Lawrenceville GA	Joe Braley	145 N Perry Street		Lawrenceville	GA	30046	770.338.2996
Oconee GA ***	Dustin Shinholser	2061 Experiment Station Rd	Suite 403	Watkinsville	GA	30677	706.310.4028
Pooler GA	Mike Nadeau	1702 Pooler Parkway	Unit 103	Pooler	GA	31322	912.988.7927
Savannah GA	Mike Nadeau	3405 Waters Ave.		Savannah	GA	31404	912.355.3527
Davenport IA	Jackie & Phil Young	4257 Elmore Ave		Davenport	IA	52807	563.355.1231
Des Moines IA	Andy & Kathy Roat	521 East Locust Street	Suite 100	Des Moines	IA	50309	515.323.3338
Coeur d Alene ID	Nancy Ulrich & Garth Merrill	511 E. Sherman Ave.		Coeur d'Alene	ID	83814	208.765.7604
Meridian ID	Alex Mimplitz	3573 E Longwing Ln	Suite 105	Meridian	ID	83646	208.888.0359
Nampa ID ***	Alex Mimplitz	1850 Caldwell Blvd	Suite 120	Nampa	ID	83651	208.546.0768
Bloomington IL	Julie Howell	105 Krispy Kreme Drive	Suite 5	Bloomington	IL	61704	309.808.3220
Old Town IL	Dave & Lisa Zimmer	1706 N. Wells Street		Chicago	IL	60614	312.587.3338
Lincoln Square IL	Dave & Lisa Zimmer	4762 N. Lincoln Ave.		Chicago	IL	60625	773.271.3338
South Loop IL	Dave & Lisa Zimmer	150 W. Roosevelt Road		Chicago	IL	60605	312.788.3338
Lakeview IL	Dave & Lisa Zimmer	3359 N. Southport Ave		Chicago	IL	60657	773.281.3338
Decatur IL	Kyle May	1090 West Wood St		Decatur	IL	62522	217.330.9904
Deerfield IL	Dave & Lisa Zimmer	800 Waukegan Rd		Deerfield	IL	60015	847.945.2929
Elmhurst IL	Dave & Lisa Zimmer	124 E Schiller Street		Elmhurst	IL	60126	630.559.3338
Oak Park IL	Dave & Lisa Zimmer	102 N. Marion St		Oak Park	IL	60301	708.383.3338
Rockford IL	Dave & Lisa Zimmer	1643 North Alphine Rd.		Rockford	IL	61107	779.423.1435
Fort Wayne IN	Kevin & Jeanice Croy	5661 Coventry Lane		Fort Wayne	IN	46804	260.432.3270
Fort Wayne North IN	Kevin & Jeanice Croy	1549 W Dupont Rd		Fort Wayne	IN	46825	
Schererville IN	Dave & Hollie Eenigenburg	635 East US Hwy 30		Schererville	IN	46375	219.864.1000
Lexington KY	Amy Varner	4084 Finn Way	Suite 140	Lexington	KY	40517	859.523.4099
Newport KY	Frank & Stacey DeJulius	317 Monmouth Street		Newport	KY	41071	859.491.9500
TBD ***	Robert Evans	TBD		TBD	KY	TBD	270-935-8020
Lafayette LA	Mary Hays	906 Harding Street		Lafayette	LA	70503	337.706.8763
Metairie LA	Edina Pou & Steve Walker	3020 Severn Avenue		Metairie	LA	70002	504.343.6404
Monroe LA	Lesley & Matthew Holleman	1866 Forsythe Ave.		Monroe	LA	71201	318.855.3146

Annapolis MD	Scott & Marty Broerman	2572 Solomons Island Rd.		Annapolis	MD	21401	410.268.6290
Brunswick ME	John Rogers	89 Maine Street		Brunswick	ME	04011	207.721.9299
Portland ME	John Rogers	309 Marginal Way		Portland	ME	04103	297.773.6601
Minneapolis MN	John Long	2312 W 50th Street		Minneapolis	MN	55410	612.920.2606
Chesterfield MO	Eric Johnson	278 THF Blvd.		Chesterfield	MO	63005	855.588.2786
Columbia MO	Nancy Yaeger	10 W Nifong Blvd	Suite 113	Columbia	MO	65203	573.777.6955
Jefferson City MO	Nancy Yaeger	2701 W Edgewood	Suite 104	Jefferson City	MO	65109	573.691.5582
Des Peres MO	Eric Johnson	11731 Manchester Road		Des Peres	MO	63131	855.588.2786
O'Fallon MO	Eric Johnson	4619 State Highway K		O'Fallon	MO	63368	855-588-2786
Springfield MO	Eric Johnson	1254 E Republic Rd		Springfield	MO	65804	417.890.7200
St. Charles MO	Eric Johnson	3813 Mexico Road		St. Charles	MO	63303	855.588.2786
South County MO	Eric Johnson	12494 Tesson Ferry Road		St. Louis	MO	63128	855.588.2786
Flowood MS	Lesley & Matthew Holleman	153 Ridge Way		Flowood	MS	39232	769.235.4786
Jackson MS	Lesley & Matthew Holleman	500 Hwy 51	Suite Z	Ridgeland	MS	39157	601.899.9696
Tupelo MS	Harris Magruder	323 W Main St		Tupelo	MS	38804	662.690.6620
Clemmons NC	Keith & Emily Davis	6339 Jessie Lane		Clemmons	NC	27012	336.293.8860
Greensboro NC	John & Liz Dewey	3731 Lawndale Drive		Greensboro	NC	27455	336.288.7071
Greenville NC	Chris & Kendra Loignon	709 Greenville Blvd SE	Suite 104	Greenville	NC	27858	252.353.3338
Hickory NC	Juliet & Stephen Horan	3022 North Center St.		Hickory	NC	28601	828.304.4786
High Point NC	John & Liz Dewey	2762 Highway 68 North	Unit 111	High Point	NC	27265	336.858.5580
Huntersville NC	Kristin & Mark Harris	16622 Cranlyn Road		Huntersville	NC	28078	704.896.2202
Morrisville NC	Bob & Kathy Morris	3027 Village Market Place		Morrisville	NC	27560	919.377.8497
Raleigh Ridgewood NC	Bob & Kathy Morris	3524 Wade Avenue		Raleigh	NC	27607	919.832.8275
Raleigh Colonnade NC	Bob & Kathy Morris	8511 Colonnade Center Drive		Raleigh	NC	27615	919.977.1516
Raleigh Village District	Bob & Kathy Morris	430 Woodburn Road		Raleigh	NC	27605	919.828.3487
Wilmington NC	Michelle Fogle	1125 Military Cutoff Road		Wilmington	NC	28405	910.239.9410
Wilmington Crossroads NC	Michelle Fogle	3852 Carolina Beach Rd	Unit C	Wilmington	NC	28412	910.769.8540
Winston-Salem NC	Keith & Emily Davis	278 Harvey Street		Winston-Salem	NC	27103	336.722.8477
Lincoln NE	Lori Borer	7701 Pioneers Blvd.	Suite 2	Lincoln	NE	68506	402.904.4648
Omaha NE	Lori Borer	17660 Wright St		Omaha	NE	68130	402.884.8800
Omaha - Aksarben NE	Lori Borer	6750 Mercy Rd	Suite 105	Omaha	NE	68106	402.884.8800
Nashua NH	BJ & Amy Bottomley	4 Coliseum Ave	Suite 2	Nashua	NH	03063	603.598.1500
Hoboken NJ	Shawn Marlovits	604 Washington Street		Hoboken	NJ	07030	201.533.1200
Montclair NJ	John Fabbro	603 Bloomfield Ave.		Montclair	NJ	07042	973.509.9707
Albuquerque NM	Todd Pfeiffer	5901 Wyoming Blvd NE	Suite R	Albuquerque	NM	87109	505.299.8922
Albany NY	Charles & Arlene Woodruff	155 Wolf Road		Albany	NY	12205	518.459.3338
Buffalo NY	Boots & Ellen	2290 Delaware Ave.	Suite	Buffalo	NY	14216	716.332.3501

	Boutillier		400				
Malta NY	Charles & Arlene Woodruff	37 Kindall Way		Malta	NY	12020	518.400.1213
Poughkeepsie NY	Kim Caruso	1895 South Rd.		Poughkeepsie	NY	12601	845.276.3338
Rochester Armory NY	Boots & Ellen Boutillier	155 Culver Road	Suite 110	Rochester	NY	14620	585.697.3338
Victor NY	Boots & Ellen Boutillier	237 High Street Ext		Victor	NY	14564	585.697.3338
Blue Ash OH	Frank & Stacey DeJulius	9525 Kenwood Rd.	Suite 42	Cincinnati	OH	45242	513.793.8383
Fifty West OH	Frank & Stacey DeJulius	7667 Wooster Pike		Cincinnati	OH	45227	513-272-05555
Upper Arlington OH	Jeff Henderson	1344 West Lane Ave		Columbus	OH	43221	614.486.0301
Hamilton Quarter OH	Jeff Henderson	5792 North Hamilton Rd		Columbus	OH	43230	614.289.3350
Glendale OH	Frank & Stacey DeJulius	267 E Sharon Road		Glendale	OH	45246	513.772.7999
Lewis Center OH	Jeff Henderson	1270 E. Powell Road		Lewis Center	OH	43035	614.846.5625
Loveland OH	Frank & Stacey DeJulius	127 W Loveland Avenue		Loveland	OH	45140	513.831.2378
Northfield OH	Jody Herzog	114 E. Aurora Road	Suite 200	Northfield Center	OH	44067	330.908.3234
Oakley OH	Frank & Stacey DeJulius	3235 Madison Road		Oakley	OH	45209	513.321.7555
Pepper Pike OH	Jody Herzog	30679 Pinetree Road		Pepper Pike	OH	44124	216.464.3234
Strongsville OH	Jody Herzog	13500 Pearl Rd		Strongsville	OH	44136	440.783.1605
West Chester OH	Frank & Stacey DeJulius	7661 Voice of America Centre Drive		West Chester	OH	45069	925.306.0830
Westlake OH	Jody Herzog	26149 Detroit Road		Westlake	OH	44145	440.455.1156
Wooster OH	Jeff Henderson & Mike Farris	148 W Liberty St		Wooster	OH	44691	330.262-3000
Yountstown OH	Jody Herzog	1449 Boardman-Canfield Rd		Suite 250	OH	44512	234.287.6122
Toldeo OH	Andria Barlage	3315 W Central Ave		Unit A3-50	OH	43606	419.241.1228
Broken Arrow OK	Lori & Tim Dreiling	303 South Main Street		Broken Arrow	OK	74012	918.492.3338
Kings Pointe OK	Lori & Tim Dreiling	5968 South Yale Ave.		Tulsa	OK	74135	918.492.3338
Blue Dome OK	Lori & Tim Dreiling	418 East 2nd Street		Tulsa	OK	74120	918.492.3338
Portland NW OR	Michael Rothschild	2111 NW Savier Street		Portland	OR	97210	503.525.2122
Mechanicsburg PA	Fred & Shelby Joslyn	6416 Carlisle Pike	Suite 700	Mechanicsburg	PA	17050	717.691.3000
Harrisburg PA	Fred & Shelby Joslyn	4640 High Pointe Blvd		Harrisburg	PA	17111	717.820.2053
West Reading PA	Sorita Averill	705 Penn Ave		West Reading	PA	19611	610.320.9097
TBD ***	Dave Winter	TBD		TBD	PA	TBD	610-804-9661
Columbia Forest Acres SC	Toni Jumper	4525 Forest Drive	F	Columbia	SC	29206	803.708.0026
Greenville SC	Sheila McCullough	635 Augusta St		Greenville	SC	29605	864.235.4800
Columbia Irmo SC	Toni Jumper	945 Lake Murray Blvd.	Suite A & B	Irmo	SC	29063	803.407.1899
Columbia Lexington	Toni Jumper	5594 -D Sunset Blvd		Lexington	SC	29072	573.777.6955
Mount Pleasant SC	Chris & Amy Minkel	881 Houston Northcutt Blvd.		Mount Pleasant	SC	29464	843.606.2546
Myrtle Beach SC	Cathy & Paul Rogers	7931 N Kings Hwy	Suite 120	Myrtle Beach	SC	29572	843.839.3338
Pawleys Island SC	Cathy & Paul Rogers	11326 Ocean Hwy		Pawleys Island	SC	29585	843.979.0245
Summerville SC	Chris & Amy Minkel	117 East Richardson Ave.		Summerville	SC	29483	843.879.9886

Carnes Crossroads SC	Chris & Amy Minkel	2509 North Main St		Summerville	SC	29486	843.867.6206
West Ashley SC	Chris & Amy Minkel	1401 Sam Rittenberg Blvd	Suite 5	Charleston	SC	29407	843.974.399
Bluffton SC***	Michael McNally	TBD		Bluffton	SC	TBD	803-640-8141
North Augusta SC ***	Mike Nadue	TBD		North Augusta	SC	TBD	912-414-5001
Brentwood TN	Christi Beth Adams	330 Franklin Rd	Suite 262B	Brentwood	TN	37027	615.373.1123
Chattanooga TN	Steve Carter	307 Manufacturers Rd	Suite 105	Chattanooga	TN	37405	423.771.7996
Clarksville TN	Sara & Travis Esterby	2141 Wilma Rudolph Blvd	I	Clarksville	TN	37040	931.542.5788
Collierville TN	Eric Flanders	2130 W. Poplar Ave	Suite 103	Collierville	TN	38017	901.761.0078
Franklin TN	Christi Beth Adams	545 Cool Springs Rd	Suite 165	Franklin	TN	37037	615.996.2070
Hendersonville TN	Christi Beth Adams	300 Indian Lake Blvd		Hendersonville	TN	37075	615.373.1123
Jackson TN	Danny Crossett	398 Oil Well Road		Jackson	TN	38305	731.300.4394
Johnson City TN	Phil & Melissa Horner	1735 W State of Franklin Rd		Johnson City	TN	37604	423.230.0002
Kingsport TN	Phil & Melissa Horner	1880 N. Eastman Road	Suite 205	Kingsport	TN	37660	423.230.0002
Knoxville TN	Shahin & Cheryl Hadian	11619 Parkside Drive		Knoxville	TN	37934	865.675.3338
Memphis TN	Eric Flanders	4530 Poplar Ave.	Suite 102	Memphis	TN	38117	901.761.0078
Mount Juliet TN	Krista & Tom Dugosh	630 South Mt. Juliet Rd		Mt. Juliet	TN	37122	615.513.4089
Murfreesboro TN	Krista & Tom Dugosh	544 N Thompson Lane	Suite C	Murfreesboro	TN	37129	615.494.3141
Green Hills TN	Christi Beth Adams	3900 Hillsboro Pike	Suite 18	Nashville	TN	37215	615.988.2196
Corpus Christi TX	Mari Marlow	1412 Airline Road		Corpus Christi	TX	78412	361.225.3338
Georgetown TX	Mark King	4500 Williams Dr	Suite 268	Georgetown	TX	78633	512.240.5647
River Oaks TX	Jim Braden	2012 West Gray Street		Houston	TX	77019	713.487.2111
Greenbriar TX	Jim Braden	4502 Greenbriar Dr		Houston	TX	77005	713.520.6353
Woodway TX	Jim Braden	6590 Woodway Drive		Houston	TX	77057	713.465.0033
Champions TX	Jim Braden	122 Vintage Park Blvd.	Suite B	Houston	TX	77070	281.370.4140
Katy TX	Jim Braden	23501 Cinco Ranch Blvd	Suite J120	Katy	TX	77494	281.394.2392
McAllen TX	Hugo and Diego Gutierrez	2700 W Expy 83	Suite 490	McAllen	TX	78501	956.800.4319
Round Rock TX	Mark King	3750 Gattis School Road	Suite 500	Round Rock	TX	78664	512.218.8786
Sugarland TX	Jim Braden	15890 Southwest Freeway	Suite 600	Sugarland	TX	77478	281.240.2215
The Woodlands TX	Jim Braden	1925 Hughes Landing Blvd.		The Woodlands	TX	77380	936.321.1500
Short Pump VA	Jeff, Jason & Ashley Wells	11651 W. Broad St		Henrico	VA	23233	804.360.4600
Midlothian VA	Jeff, Jason & Ashley Wells	14308 Winterview Pkwy		Midlothian	VA	23113	804.499.3131
Westhampton VA	Jeff, Jason & Ashley Wells	5600 Patterson Ave		Richmond	VA	23226	804.402.0884
Roanoke VA	Matt Thompson	4347 Franklin Road		Roanoke	VA	24018	540.777.1166
Virginia Beach VA	Robin Snaden	4001 Virginia Beach Blvd. Collins Square	Suite 139	Virginia Beach	VA	23452	757.226.9619
Burlington VT	Tim & Dawn Carter	77 Pearl St		Essex Junction	VT	05452	802.872.8662
Bonney Lake WA	Wade & Julie Pannell	19685 State Route 410 E		Bonney	W	98391	253.862.8890

				Lake	A		
Spokane Summit WA	Wade & Julie Pannell	1315 W Summit Pkwy		Spokane	W A	99201	509.328.4786
Spokane North WA	Wade & Julie Pannell	10208 North Division Street	#103	Spokane	W A	99218	509.474.0648
Spokane Valley WA	Wade & Julie Pannell	13910 East Indiana Ave.	Suite D	Spokane Valley	W A	99216	509.309.2174
Tacoma WA	Wade & Julie Pannell	3812 North 26th Street	Unit A	Tacoma	W A	98407	253.272.8890
Tri-Cities WA	Wade & Julie Pannell	620 George Washington Way		Richland	W A	99352	509.995.4292
Vancouver WA	Michael Rothschild	16020 SE Mill Plain Blvd.	Suite 113	Vancouver	W A	98684	360.885.4556
Fox Valley WI	Leah & Jeremy Schapiro	3404 West College Avenue		Appleton	W A	54914	920.830.7867
Madison WI	Jessica & Matt Anderson	8440 Old Sauk Road		Middleton	WI	53562	608.833.9999
Sun Prairie WI	Jessica & Matt Anderson	2828 Prairie Lakes Drive		Sun Prairie	WI	53590	608.834.9999

**EXHIBIT B-2**  
**FRANCHISEES DEPARTED DURING 2023**  
or who have not been in communication within 10 weeks

The name, city, and state, and current business telephone number current business telephone number (or last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2023 is as follows:

O'Bryonville OH	Frank & Stacey DeJulius	Cincinnati	OH	4520 8	330-524-838 4
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The name, city, and state, and current business telephone number (or last known home telephone number) of every franchisee who left the system due to transfer in 2023 is as follows:

<b>Franchisee Name</b>	<b>City</b>	<b>State</b>	<b>Telephone Number</b>
Stephanie & Carrie Blozy	Harford	CT	860-324-5067
Spetnagal *This exiting franchisee sold 5 franchises.	St. Louis	MO	636-346-9617
Krista & Tom Dugosh *This exiting franchisee sold 2 franchises.	Nashville	TN	614-203-7067

We have communicated with all of our franchisees within the ten (10) weeks prior to the date of this disclosure document.

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

**EXHIBIT C**  
**FINANCIAL STATEMENTS**



# **Fleet Feet, Incorporated**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022 and for the  
Years Ended December 31, 2023, 2022 and 2021



**Fleet Feet, Incorporated**  
**Contents**  
**December 31, 2023 and 2022**

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## Independent Auditor's Report

Board of Directors  
Fleet Feet, Incorporated  
Carrboro, North Carolina

### **Opinion**

We have audited the accompanying financial statements of Fleet Feet, Incorporated (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, shareholder's equity, and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022, and 2021, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**FORVIS, LLP**

Raleigh, North Carolina  
April 1, 2024

**Fleet Feet, Incorporated**  
**Balance Sheets**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,394,905	\$ 4,843,300
Receivables, net of allowance of \$49,361	2,316,082	2,074,381
Prepaid expenses and other current assets	893,959	261,976
Income tax receivable	96,834	246,495
Total current assets	9,701,780	7,426,152
Property and equipment, net	831,534	828,644
<b>Other Assets</b>		
Goodwill	2,551,235	2,551,235
Intangibles, net	1,015,978	1,015,978
Other	820,181	427,942
Right-of-use asset	316,902	589,824
Deferred income tax, net	94,047	185,152
Due from affiliates	5,500,000	6,900,000
Total assets	<u>\$ 20,831,657</u>	<u>\$ 19,924,927</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Trade accounts payable	\$ 315,330	\$ 270,935
Accrued expenses	883,079	1,589,604
Payables to affiliate	154,886	98,540
Current portion of deferred franchise fees	74,828	57,430
Deferred revenue	100,000	-
Current portion of lease liability	327,062	301,662
Total current liabilities	1,855,185	2,318,171
<b>Long-Term Liabilities</b>		
Lease liability, net of current portion	28,197	355,260
Deferred franchise fees, net of current portion	1,011,878	734,884
Other long-term liabilities	738,468	384,238
Total liabilities	3,633,728	3,792,553
<b>Shareholder's Equity</b>		
Common stock, no par value, 10,000,000 shares shares authorized, 1,000,000 shares issued and outstanding	8,070,933	8,070,933
Retained earnings	9,126,996	8,061,441
Total shareholder's equity	17,197,929	16,132,374
Total liabilities and shareholder's equity	<u>\$ 20,831,657</u>	<u>\$ 19,924,927</u>

See Notes to Financial Statements

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**Fleet Feet, Incorporated**  
**Statements of Income**  
**Years Ended December 31, 2023, 2022 and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenue</b>			
Franchise royalties	\$ 11,640,281	\$ 9,842,376	\$ 8,373,150
Franchise support	89,774	215,340	548,641
Franchise revenue	122,608	99,066	102,915
Vendor management fees	4,424,246	3,921,584	2,925,872
Franchise conference income	-	582,993	-
Marketing fund revenue	1,042,700	800,646	704,373
Total revenue	<u>17,319,609</u>	<u>15,462,005</u>	<u>12,654,951</u>
<b>Operating Expenses</b>			
Employee compensation	9,807,339	10,431,202	6,363,695
General and administrative	4,895,227	4,378,279	2,708,028
Occupancy	401,311	370,763	323,303
Marketing	866,685	1,743,246	1,082,240
Depreciation and amortization	236,342	139,761	46,380
Loss on disposal of property and equipment	6,255	-	-
Total operating expenses	<u>16,213,159</u>	<u>17,063,251</u>	<u>10,523,646</u>
<b>Income (Loss) from Operations</b>	<b>1,106,450</b>	<b>(1,601,246)</b>	<b>2,131,305</b>
<b>Other Income (Expense)</b>			
Interest income	83,202	8,724	3,469
Interest expense	(104)	-	(370)
Miscellaneous income	153,593	150,547	-
Miscellaneous expense	(5,130)	-	(19,056)
Total other income (expense), net	<u>231,561</u>	<u>159,271</u>	<u>(15,957)</u>
<b>Income (Loss) Before Income Tax Expense</b>	<b>1,338,011</b>	<b>(1,441,975)</b>	<b>2,115,348</b>
Provision (benefit) for income taxes	272,456	(393,212)	529,441
<b>Net (Loss) Income</b>	<b><u>\$ 1,065,555</u></b>	<b><u>\$ (1,048,763)</u></b>	<b><u>\$ 1,585,907</u></b>

See Notes to Financial Statements

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**Fleet Feet, Incorporated**  
**Statements of Shareholder's Equity**  
**Years Ended December 31, 2023, 2022 and 2021**

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
<b>Balance, December 31, 2020</b>	\$ 8,070,933	\$ 7,524,297	\$ 15,595,230
Net income	-	1,585,907	1,585,907
<b>Balance, December 31, 2021</b>	8,070,933	9,110,204	17,181,137
Net Loss	-	(1,048,763)	(1,048,763)
<b>Balance, December 31, 2022</b>	8,070,933	8,061,441	16,132,374
Net Income	-	1,065,555	1,065,555
<b>Balance, December 31, 2023</b>	<u>\$ 8,070,933</u>	<u>\$ 9,126,996</u>	<u>\$ 17,197,929</u>

See Notes to Financial Statements

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**Fleet Feet, Incorporated**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023, 2022 and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>			
Net income (loss)	\$ 1,065,555	\$ (1,048,763)	\$ 1,585,907
Adjustments to reconcile net income (loss) to net cash provided (used by) operating activities:			
Bad debt expense	49,361	(9,816)	-
Depreciation and amortization	236,342	139,761	46,380
Loss on disposal of property and equipment	6,255	-	-
Deferred tax expense (benefit)	91,105	(431,361)	147,437
Changes in assets and liabilities:			
Receivables	(291,062)	(57,423)	(951,731)
Prepaid expenses and other current assets	(631,983)	(101,227)	(92,608)
Other assets	(392,239)	(41,186)	(98,584)
Operating lease right-of-use asset	272,922	255,570	239,600
Accounts payable	44,395	(62,564)	307,156
Accrued expenses	(706,525)	69,309	773,743
Payable to affiliate	56,346	51,700	34,519
Operating lease liability	(301,663)	(277,814)	(255,473)
Deferred fees	294,392	4,934	(72,915)
Deferred revenue	100,000	-	-
Income taxes payable (receivable)	149,661	7,925	(229,989)
Other long-term liabilities	354,230	105,837	21,810
Net cash provided (used by) by operating activities	<u>397,092</u>	<u>(1,395,118)</u>	<u>1,455,252</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(245,487)	(322,153)	(488,961)
Receipts from (advances to) affiliates	1,400,000	-	(2,000,000)
Net cash provided (used by) by investing activities	<u>1,154,513</u>	<u>(322,153)</u>	<u>(2,488,961)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>1,551,605</u>	<u>(1,717,271)</u>	<u>(1,033,709)</u>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<u>4,843,300</u>	<u>6,560,571</u>	<u>7,594,280</u>
<b>Cash and Cash Equivalents, End of Period</b>	<u>\$ 6,394,905</u>	<u>\$ 4,843,300</u>	<u>\$ 6,560,571</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Cash (refunded) paid for income taxes	<u>\$ (8,419)</u>	<u>\$ (7,925)</u>	<u>\$ 611,993</u>

See Notes to Financial Statements

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**Fleet Feet, Incorporated**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Note 1. Nature of Activities**

Fleet Feet, Incorporated (the "Company") was incorporated in 2002 pursuant to the laws of the state of North Carolina. The Company is a wholly-owned subsidiary of Onward Outdoor Brands, LLC. Its principal business activity is selling and supporting retail franchises predominantly in the business of selling athletic shoes, apparel, and accessories. At December 31, 2023 and 2022, there were 268 and 257 franchise stores, respectively, including 108 stores at December 31, 2023 and 90 stores at December 31, 2022 owned and operated by subsidiaries of Onward Outdoor Brands, LLC.

**Note 2. Summary of Significant Accounting Policies**

***Basis of Accounting***

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of the financial statements requires management to make estimates and assumptions that affect the 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 years. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the fair value of goodwill and recoverability of other intangible long-lived assets.

***Cash and Cash Equivalents***

Cash and cash equivalents includes cash on deposit at financial institutions and all highly liquid temporary cash investments with original maturities of three months or less. At times, the Company places deposits with financial institutions that are in excess of federally insured amounts. The Company has not experienced any financial loss related to such deposits.

***Receivables***

Accounts receivable are carried at their estimated collectible amounts. The Company provides an allowance for credit losses equal to the estimated losses that are expected to be incurred. The allowance for credit losses is based on management's assessment of the amount which may become uncollectible in the future and is estimated using specific review of customer accounts on a periodic basis, current and forecasted economic conditions that may affect the customer's ability to pay, and historical experience. The allowance for credit losses at December 31, 2023 and 2022 totaled \$49,361 and \$9,816, respectively. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

***Property and Equipment***

All property and equipment acquisitions are recorded at cost when purchased. Property and equipment are capitalized if the life is expected to be greater than one year and the cost exceeds \$1,000. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Equipment	3-5 years
Furniture and fixtures	5-10 years
Leasehold improvements	1-10 years

Leasehold improvements are depreciated over the shorter of the expected lease term or the estimated useful life of the asset. The expected lease term is consistent with the lease term assumed in the accounting for the

**Fleet Feet, Incorporated**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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underlying leases and includes the initial term and any renewal options that are reasonably certain of being exercised.

Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized. The cost of assets retired or sold, together with their related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to operations.

The carrying values of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the recorded value cannot be recovered from the estimated undiscounted future cash flows expected to result from their use and eventual disposition. When the book value of an asset exceeds the associated undiscounted expected future cash flows, it is considered to be impaired and is written down to fair value, which is determined based on either discounted future cash flows or appraised values. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment during 2023, 2022, or 2021.

**Goodwill and Other Intangible Assets**

In March 2021, the FASB issued ASU No. 2021-03, *Intangibles-Goodwill and Other (Topic 350) – Accounting Alternative for Evaluating Triggering Events* (“ASU 2021-03”). ASU 2021-03 simplifies the evaluation of goodwill impairment triggering events by allowing nonpublic entities to only evaluate for triggering events at the end of the reporting period rather than during the reporting period. The Company has adopted this accounting alternative on a prospective basis for the year ended December 31, 2021.

Goodwill represents the excess of the fair value of an acquired entity over the value assigned to the assets acquired less liabilities assumed. The Company evaluates goodwill on an annual basis in the fourth quarter. Such indicators could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, management conducts a quantitative goodwill impairment test. The impairment test involves comparing the fair value of the applicable reporting unit with its carrying value. The Company estimates the fair value of its reporting units using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies’ data. If the carrying amount of a reporting unit exceeds the reporting unit’s fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The Company’s evaluation of goodwill completed during the year resulted in no impairment losses.

Other intangible assets, which include trademarks, franchise agreements and vendor branding agreements resulting from business acquisitions, are recorded based on their estimated value at that date of acquisition. Trademarks are not amortized and are evaluated annually for impairment. The Company did not record any impairment loss related to trademarks in 2023, 2022, or 2021. Franchise and vendor branding agreements are amortized using methods based on the projected future earnings expected from these intangibles which results in an accelerated method of amortization using estimated useful lives of eight and six years, respectively.

Management annually reviews the carrying value of intangible assets to determine whether impairment may exist. The Company considers relevant cash flow and profitability information, including estimated future operating results, trends and other available information, in assessing whether the carrying value of intangible assets being amortized can be recovered. If the Company determines that the carrying value of intangible assets will not be recovered from the undiscounted future cash flows, the Company considers the carrying value of such intangible assets to be impaired and reduces them by a charge to operations in the amount of the impairment. An impairment charge is measured as the excess of the carrying value over the fair value of the intangible assets that

**Fleet Feet, Incorporated**  
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**December 31, 2023 and 2022**

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are being amortized. The Company did not record any impairment loss related to intangibles in 2023, 2022 or 2021.

***Employee Benefit Plans***

The Company sponsors a 401(k) plan in which employees can choose to contribute a portion of their pay up to the maximum amount allowed by IRS regulations. The Company matches 100% of the first 4% of an employee's contribution to the plan. All employees who attain the age of 21 and complete one month of service with the Company are eligible to participate in the plan. Participants are immediately 100% vested in all contributions. In response to the Covid-19 pandemic, from April 2020 through December 2020, the Company suspended employer contributions to the plan. Employer contributions to the Company's 401(k) plan for the years ended December 31, 2023, 2022 and 2021 totaled \$163,924, \$225,597 and \$118,890, respectively.

The Company maintains a nonqualified deferred compensation plan ("NQDC") that allows eligible employees to defer until retirement a portion of their current compensation. Upon retirement or termination, the total of the deferred compensation, the Company's matching contributions and an investment return will be paid to the participants. The investment returns will be determined by the participants' selection of certain investment alternatives within Company-owned insurance contracts. Compensation expense will be increased or decreased based on the investment returns and the Company's contributions to the plan. The NQDC's cash surrender value at December 31, 2023 and 2022 is \$762,886 and \$415,497, respectively, and is recorded in other assets. The NQDC's recorded liability to plan participants at December 31, 2023 and 2022 is \$738,468 and \$384,238, respectively, and is recorded in other long-term liabilities on the balance sheets.

***Revenue Recognition***

The Company recognizes the following revenues:

- Franchise Fee Revenue
  - Franchise fee revenue consists primarily of royalties, advertising revenue and initial fees. Franchise rights are granted through a unit level franchise agreement. The franchise arrangement between the Company as the franchisor and its franchisees as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company to franchisees are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.
  - The transaction price in a standard franchise arrangement consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.
  - The Company recognizes the primary components of the transaction price as follows:
    - Upfront franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the related store opening.
    - The Company is entitled to royalties and advertising fees based on a percentage of the franchisees' gross revenues as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisees' revenues are earned.
  - In accordance with ASC 606, revenues for advertising services are recognized by the Company when related revenue is received by its franchisees based on the application of the sales-based royalty exception within Topic 606. These revenues are presented as advertising revenues from

**Fleet Feet, Incorporated**  
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franchisees and expenses incurred to provide these services are presented as advertising expense in the accompanying statements of income.

- Franchise Support
  - Revenue from franchise support is primarily from providing email and content support services to franchisees. Revenue accrues monthly as services are fulfilled and collectability is reasonably assured.
- Vendor Management Fees
  - The Company accrues income from vendors based on contractual percentages of vendors' monthly shipments to the Company and its franchisees when collectability is reasonably assured.

**Leases**

The Company follows the accounting guidance of ASC Topic 842, which requires lessees to recognize the following for essentially all leases, at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis utilizing the Company's incremental borrowing rate; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Company has elected the accounting policy allowed under ASC 842 to not record a lease liability and right-of-use asset for short-term leases (leases whose lease term is 12 months or less).

**Advertising**

It is the Company's policy to expense advertising costs as incurred. Advertising costs totaled \$533,527, \$661,742 and \$123,669 for the years ended December 31, 2023, 2022, and 2021, respectively.

**Commitments and Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and to operating loss and tax credit carry forwards, if any. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment date. Deferred income tax expense (benefit) represents the change during the years in the deferred tax assets and deferred tax liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than fifty percent likely of being realized. Changes in recognition or measurement are reflected in the years in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in other income/expense. The Company has not recorded any unrecognized tax benefits and does not have any material tax positions that management considers to be uncertain at December 31, 2023, 2022, and 2021.

**Fleet Feet, Incorporated**  
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**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents held at financial institutions in excess of FDIC insurance limits and receivables. Concentration of credit risk with respect to receivables is limited due to the large number of entities comprising the Company's franchisee base. A significant amount of revenue is earned from a related party (see Note 8).

**Recent Accounting Pronouncements**

Effective January 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13, Financial Instrument – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments related to the impairment of financial instruments. This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables. It also applies to off-balance-sheet credit exposures and net investments in leases recognized by a lessor in accordance with Topic 842 on leases.

The implementation of this standard did not have a material effect on the financial statements.

**Note 3. Receivables**

Receivables at December 31 consists of the following:

	<u>2023</u>	<u>2022</u>
Franchisees	\$ 1,086,996	\$ 814,296
Vendors	561,783	464,665
Affiliates	<u>716,664</u>	<u>805,236</u>
	2,365,443	2,084,197
Allowance for credit losses	<u>(49,361)</u>	<u>(9,816)</u>
	<u>\$ 2,316,082</u>	<u>\$ 2,074,381</u>

**Note 4. Property and Equipment**

Property and equipment at December 31 consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 232,584	\$ 200,836
Equipment	962,888	865,513
Leasehold improvements	<u>220,668</u>	<u>127,374</u>
	1,416,140	1,193,723
Accumulated depreciation	<u>(584,606)</u>	<u>(365,079)</u>
	<u>\$ 831,534</u>	<u>\$ 828,644</u>

**Fleet Feet, Incorporated**  
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Depreciation expense totaled \$236,342, \$139,761 and \$46,380 for the years ended December 31, 2023, 2022, and 2021, respectively.

**Note 5. Other Intangible Assets**

Intangible assets at December 31 consist of the following:

	<u>2023</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Franchise agreements	\$ 4,919,013	\$ (4,919,013)	\$ -
Trademarks	1,015,978	-	1,015,978
Vendor branding agreements	268,106	(268,106)	-
	<u>\$ 6,203,097</u>	<u>\$ (5,187,119)</u>	<u>\$ 1,015,978</u>
	<u>2022</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Franchise agreements	\$ 4,919,013	\$ (4,919,013)	\$ -
Trademarks	1,015,978	-	1,015,978
Vendor branding agreements	268,106	(268,106)	-
	<u>\$ 6,203,097</u>	<u>\$ (5,187,119)</u>	<u>\$ 1,015,978</u>

All other intangible assets subject to amortization were fully amortized as of December 31, 2020.

**Note 6. Income Taxes**

The following table summarizes significant components of the provision for income taxes for the periods presented:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current tax provision			
Federal	\$ 60,703	\$ 319	\$ 313,970
State	120,648	37,830	68,034
	<u>181,351</u>	<u>38,149</u>	<u>382,004</u>
Deferred tax provision (benefit)			
Federal	65,548	(296,870)	126,738
State	25,557	(134,491)	20,699
	<u>91,105</u>	<u>(431,361)</u>	<u>147,437</u>
Provision for income taxes	<u>\$ 272,456</u>	<u>\$ (393,212)</u>	<u>\$ 529,441</u>

**Fleet Feet, Incorporated**  
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Income tax expense is reconciled to the amount computed by applying the federal income tax rate to income before taxes as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax computed at statutory rate	\$ 135,918	\$ (302,814)	\$ 444,266
Effect of state income taxes, net of federal benefit	115,502	(96,662)	88,733
Non-deductible expenses	11,955	-	155
Other	<u>9,081</u>	<u>6,264</u>	<u>(3,713)</u>
	<u>\$ 272,456</u>	<u>\$ (393,212)</u>	<u>\$ 529,441</u>

Significant components of deferred taxes at December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Deferral revenue	\$ 199,824	\$ 171,828
Bad debts	12,083	2,386
Loss carryforwards	87,802	409,148
Accrued compensation	62,948	-
Other	<u>-</u>	<u>27,090</u>
Total deferred tax assets	<u>362,657</u>	<u>610,452</u>
Deferred tax liabilities		
Prepaid expenses	(100,626)	(63,688)
Leases	(9,390)	(16,312)
Other	170,444	(284)
Depreciation on fixed assets	(93,911)	(115,453)
Amortization of intangibles	<u>(235,127)</u>	<u>(229,563)</u>
Total deferred tax liabilities	<u>(268,610)</u>	<u>(425,300)</u>
Net deferred tax asset	<u>\$ 94,047</u>	<u>\$ 185,152</u>

The statute of limitations for assessment by the Internal Revenue Service and state tax authorities is generally open for tax years ended December 31, 2020 and forward. There are currently no federal or state audits in progress.

**Note 7. Lease Obligations**

The Company determines if an arrangement is an operating lease or financing lease at commencement. The Company has determined that it has no finance lease arrangements at December 31, 2023. Lease assets and obligations are recognized at the lease commencement date based on the present value of lease payments over the term of the lease. The Company generally uses its incremental borrowing rate, which is based on information available at the lease commencement date, to determine the present value of lease payments.

The Company has an operating lease for office space used by the Company. Operating lease expense is recognized in continuing operations by recording lease expense on a straight-line basis over the term of the lease. In determining lease asset values, the Company considers fixed and variable payment terms, prepayments, incentives, and options to extend, terminate or purchase. Renewal, termination, or purchase

**Fleet Feet, Incorporated**  
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options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised.

The total operating lease cost for the year ended December 31, 2023, 2022, and 2021 was \$399,269, \$302,506 and \$306,867, respectively, including \$98,900, \$4,842 and \$4,360, respectively, in short-term lease cost. In addition, the Company made cash payments for operating leases during years ended December 31, 2023, 2022, and 2021 of \$428,009, \$342,294 and \$328,739, respectively, which are included in cash flows from operating activities in the statements of cash flows.

The Company's weighted average lease term and weighted average discount rate was 1.09 years and 6% at December 31, 2023, respectively. The Company's weighted average lease term and weighted average discount rate was 2.09 years and 6% at December 31, 2022, respectively.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2023:

**Year ending December 31,**

2024	\$ 337,871
2025	<u>28,202</u>
Total minimum future rental payments	366,073
Imputed interest	<u>(10,814)</u>
Present value of lease liability	<u>\$ 355,259</u>

**Note 8. Related Parties**

The Company's parent, Onward Outdoor Brands, LLC, also owns 100% of Fleet Feet Sports Development Company, LLC (retail stores), FFS Digital, LLC (e-commerce website), Running Logistics, LLC (inventory warehousing), J Street 1976, LLC (retail stores), and Marathon Sports, LLC (retail stores).

The Company earned royalty revenue from Fleet Feet Sports Development Company, LLC totaling \$1,560,801, \$1,205,818 and \$926,238 for the years ended December 31, 2023, 2022, and 2021, respectively.

Due from affiliates consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Onward Outdoor Brands, LLC	\$ 5,500,000	\$ 6,900,000

In addition to the due from affiliates on the balance sheets, receivables for ongoing operating transactions (Note 3) from related parties included within receivables, net on the balance sheets were \$716,664 and \$805,236 at December 31, 2023 and 2022, respectively.

Amounts payable to affiliates were \$154,886 and \$98,540 as of December 31, 2023 and 2022.

**Note 9. Subsequent Events**

The Company evaluated the effect subsequent events would have on the financial statements through April 1, 2024, which is the date the financial statements were available to be issued.



**EXHIBIT D**  
SPECIAL CIRCUMSTANCES ADDENDA

## **ADDENDUM FOR SECOND OR SUBSEQUENT LOCATION**

(To Be Signed Only When Franchisee is Opening its Second or Subsequent Location)

This Addendum for Second or Subsequent Location (“Addendum”) is signed as of \_\_\_\_\_ (“Addendum Date”) between FLEET FEET, INCORPORATED, a North Carolina corporation (“Franchisor”), and \_\_\_\_\_ (“Franchisee”).

A. Franchisor and Franchisee entered into a franchise agreement dated \_\_\_\_\_ (“Franchise Agreement”), whereby Franchisor granted and Franchisee accepted a license to operate a FLEET FEET store located at \_\_\_\_\_ (“Franchised Business”).

B. Franchisor and Franchisee desire to amend the Franchise Agreement on the terms outlined below.

NOW THEREFORE, for good and valuable consideration, the parties agree as follows:

1. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisee shall pay an initial franchise fee of Twenty-Two Thousand Five Hundred Dollars (\$22,500), of which Five Thousand Dollars (\$5,000) is due when Franchisee signs the Franchise Agreement, and the other Seventeen Thousand Five Hundred Dollars (\$17,500) is due upon opening the Franchised Business to customers.

2. If at any time during the period that begins on the Addendum Date and ends one (1) year after the Franchised Business is opened for business Franchisee makes a “Full Transfer,” as that term is defined in Section 10.1 of the Franchise Agreement, then Franchisee shall pay Franchisor Twenty-Two Thousand Five Hundred Dollars (\$22,500) at the time of Transfer, in addition to the Transfer Fees Franchisee must pay for the Franchised Business and any other FLEET FEET stores sold by Franchisee.

3. In the event of any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum will supersede and control. In all other respects, the terms of the Franchise Agreement are ratified and confirmed.

IN WITNESS WHEREOF, parties hereto have duly executed this Addendum on the day, month and year first written above.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## QUALIFIED EMPLOYEE ADDENDUM

(To Be Signed Only When Franchisee is a Qualified Employee)

This Addendum for Qualified Employees ("Addendum") is signed as of \_\_\_\_\_ ("Addendum Date") between FLEET FEET, INCORPORATED, a North Carolina corporation ("Franchisor"), and \_\_\_\_\_ ("Franchisee").

A. Franchisor and Franchisee entered into a franchise agreement dated \_\_\_\_\_ ("Franchise Agreement"), whereby Franchisor granted and Franchisee accepted a license to operate a FLEET FEET store located at \_\_\_\_\_ ("Franchised Business").

B. Franchisor and Franchisee desire to amend the Franchise Agreement on the terms outlined below.

NOW THEREFORE, for good and valuable consideration, the parties agree as follows:

1. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisee shall pay an initial franchise fee of Thirty-Five Thousand Dollars (\$35,000), of which Ten Thousand (\$10,000) is due when Franchisee signs the Franchise Agreement, and the other Twenty-Five Thousand (\$25,000) is due upon opening the Franchised Business to customers.

2. Franchisee certifies that Franchisee (or one of the individuals owning at least fifty percent (50%) of Franchisee) has been employed full-time in a FLEET FEET store for at least 36 months as an employee working at least 130 hours per month.

3. If at any time during the period that begins on the Addendum Date and ends one (1) year after the Franchised Business is opened for business Franchisee makes a "Full Transfer," as that term is defined in Section 10.1 of the Franchise Agreement, then Franchisee shall pay Franchisor Ten Thousand Dollars (\$10,000) at the time of Transfer, in addition to the Transfer Fees Franchisee must pay for the Franchised Business and any other FLEET FEET stores sold by Franchisee.

4. In the event of any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum will supersede and control. In all other respects, the terms of the Franchise Agreement are ratified and confirmed.

IN WITNESS WHEREOF, parties hereto have duly executed this Addendum on the day, month and year first written above.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## **VETFRAN ADDENDUM**

(To Be Signed Only When Franchisee is a Qualified Veteran Receiving Franchisor's VetFran Discount)

This Addendum for Qualified Veterans ("Addendum") is signed as of \_\_\_\_\_ ("Addendum Date") between FLEET FEET, INCORPORATED, a North Carolina corporation ("Franchisor"), and \_\_\_\_\_ ("Franchisee").

A. Franchisor and Franchisee entered into a franchise agreement dated \_\_\_\_\_ ("Franchise Agreement"), whereby Franchisor granted and Franchisee accepted a license to operate a FLEET FEET store located at \_\_\_\_\_ ("Franchised Business").

B. Franchisor and Franchisee desire to amend the Franchise Agreement on the terms outlined below.

NOW THEREFORE, for good and valuable consideration, the parties agree as follows:

1. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisee shall pay an initial franchise fee of Thirty-Five Thousand Dollars (\$35,000), of which Ten Thousand (\$10,000) is due when Franchisee signs the Franchise Agreement, and the other Twenty-Five Thousand (\$25,000) is due upon opening the Franchised Business to customers.

2. Franchisee certifies that Franchisee (or one of the individuals owning at least fifty percent (50%) of Franchisee) is a veteran of the U.S. Military and has received an honorable discharge as evidenced by the U.S. Department of Defense.

3. If at any time during the period that begins on the Addendum Date and ends one (1) year after the Franchised Business is opened for business Franchisee makes a "Full Transfer," as that term is defined in Section 10.1 of the Franchise Agreement, then Franchisee shall pay Franchisor Ten Thousand Dollars (\$10,000) at the time of Transfer, in addition to the Transfer Fees Franchisee must pay for the Franchised Business and any other FLEET FEET stores sold by Franchisee.

4. In the event of any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum will supersede and control. In all other respects, the terms of the Franchise Agreement are ratified and confirmed.

IN WITNESS WHEREOF, parties hereto have duly executed this Addendum on the day, month and year first written above.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**EXHIBIT E**  
STATE SPECIFIC ADDENDUM TO  
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

If any one of the following riders to the Franchise Agreement for Specific States (“Riders”) is checked below, then that Rider shall be incorporated into the Franchise Agreement entered into by FLEET FEET, INCORPORATED and the undersigned Franchisee. To the extent any terms of a Rider conflict with the terms of the Franchise Agreement, the terms of the Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider

- California
- Illinois
- Maryland
- Minnesota
- New York
- North Dakota
- Ohio
- Rhode Island
- Virginia
- Washington
- Indiana, Michigan,  
South Dakota, and Wisconsin

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## **CALIFORNIA APPENDIX FOR OFFERINGS OF FLEET FEET FRANCHISES IN CALIFORNIA**

If your franchise is located in California, the following will apply:

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.

1. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [HTTP://WWW.DFPI.CA.GOV](http://www.dfpi.ca.gov).

2. No person or franchise broker listed in Item 3 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. Item 17 Additional Paragraphs:

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

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

C. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

D. The franchise agreement requires litigation to occur in Raleigh, North Carolina with the costs being borne by each party, unless the disputed provision in the franchise agreement provides for payment by the losing party of the prevailing party's attorneys' fees and costs of litigation. This provision may not be enforceable under California law.

E. The franchise agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.

4. 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.S, and Code of Civil Procedures 1281) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

5. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR IS A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN TRUE, COMPLETE AND NOT MISLEADING.

6. No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

The undersigned agree that the following is added to the Franchise Agreement dated \_\_\_\_\_.

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## ILLINOIS

### Addendum to the Disclosure Document:

1. The following language is added to the Risk Factors on the cover page of the Disclosure Document:

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND IN THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHTS CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

2. Item 17 of the Disclosure Document is amended to include the following:

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement.

Conditions under which franchisor can be terminated and rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

Item 23 of the Disclosure Document is amended to provide for the franchisee with a 14 day pre-sale disclosure period instead of the 10 day pre-sale disclosure period referenced on the receipt page.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act ("Act") or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

3. The following is added to the Disclosure Document:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

### **Addendum to the Franchise Agreement:**

Notwithstanding anything in the Agreement to the contrary, Section 13.1 of the Agreement is amended to add the following:

This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Latham Act, 15 U.S.C. Section 1051 et seq.) or other federal law.

Notwithstanding anything in the Agreement to the contrary, Article 13 is revised to add the following:

The parties agree that any action brought by either party against the other shall be brought in the State of Illinois.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act ("Act") or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

The following is added to the Franchise Agreement:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

Each provision of this Addendum to the Disclosure Document and Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## MARYLAND

### Disclosure Document Addendum:

1. Item 17 is revised to provide that, a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Item 17(c) (renewal) and 17(m) (transfer) are revised to provide that the requirement to sign a general release as a condition of renewal or consent to an assignment, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 is revised to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. The Disclosure Document is revised to provide:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

### Franchise Agreement Addendum:

1. Section 11.1(a) of the Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but we intend to enforce it to the extent enforceable.

2. Article 13 of the Agreement is revised to include the following language:

“Notwithstanding the provisions of this Agreement to the contrary, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

“All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

3. The representations made in Article 14 of the Franchise Agreement requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Section 15.14 of the Agreement is revised to include the following language:

“All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

5. The Franchise Agreement is revised to provide that the requirement to sign a general release as a condition of renewal or consent to an assignment, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

6. The Franchise Agreement is revised to include the following language:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

7. The following provisions are hereby deleted from the Franchise Agreement:

- a. This language from Section 4.1: You expressly acknowledge and agree that our acceptance of a site for the Franchised Business is not and shall not be construed as a guarantee or assurance that the Franchised Business will be profitable. You hereby acknowledge and agree that our acceptance of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Both you and we acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our acceptance of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from our criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond our control.

- b. This language from Section 6.1(f): or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and compliant with all representations made to you. If you fail to so notify us, you will be deemed to have waived all claims relating to our arising from our obligations to provide pre-opening and opening assistance.
- c. This language from Section 14.1: We make no express or implied warranties or representations that you will achieve any degree of success in the development or operation of the Franchised Business and that success in the development and operation of the Franchised Business depends ultimately on your efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, your financial condition and competition.
- d. This language from Section 14.6: You acknowledge that you have conducted an independent investigation of the business venture contemplated by this agreement and recognize that it involves business risk and that the success of the venture is largely dependent upon your business abilities. You have not received from us or our affiliates any representation or guarantees of potential sales, expenses, income, profit or loss other than as contained in the Franchise Disclosure Document that you received for this franchise agreement. We expressly disclaim the making of such representations outside of the Franchise Disclosure Document. You have not received from us or our affiliates or anyone acting on their behalf any representations other than those contained in the Franchise Disclosure Document that you received with this Agreement as inducements to enter into this Agreement.
- e. This language from Section 14.11: You acknowledge that you have read this agreement and the FLEET FEET Franchise Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our standards of quality and service and the uniformity of those standards at all FLEET FEET retail stores and thereby to protect and preserve the goodwill of the marks and the System.
- f. This language from Section 14.12: You acknowledge that we have advised you to seek independent counsel to review this franchise offering and to advise you in connection with it.
- g. This language from Section 14.13: You acknowledge that, in all your dealings with our owners, officers, directors, employees, and representatives, these individuals act only in their representative capacity and not in an individual capacity. You acknowledge that this Agreement and all business dealings between you and these individuals as a result of this Agreement are solely between you and us. Notwithstanding the foregoing, if we engage any broker, that broker will be solely liable for its conduct with you except that we will remain liable for the broker's conduct solely to the extent of our own criminal, intentional, or grossly negligent conduct in engaging the broker.

8. Each provision of this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## MINNESOTA

### Addendum to Disclosure Document:

1. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. We will comply with the Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 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 Agreement.

3. Item 13 is revised to include the following language:

“To the extent required by the Minnesota Franchises Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks.”

4. Items 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchises act as a condition to renewal or assignment.

5. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, or Section 80C17, Subd. 5, provided that the foregoing shall not bar the voluntary settlement of disputes.

6. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional and procedural requirements of Minnesota Statutes, Chapter 80C and Minn. Rule 2860.440J are met independently without reference to this Addendum.

7. No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

8. Pursuant to Minnesota Statutes Section 604.113, there is a \$30 cap on service charges issued due to insufficient funds in accounts and dishonored checks.

### **Addendum to Franchise Agreement:**

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. We will comply with Minn. Stat. sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specific 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 Agreement.

3. The Franchise Agreement is revised to include the following:

“To the extent required by the Minnesota Franchises Act, we will protect your right to use the trademarks, service marks, trade names, logo types or other commercial symbols, or indemnify you from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the name.”

4. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. We are prohibited by Minnesota Rule 2860.4400J from requiring you to waive your rights to a jury trial, requiring you to consent to injunctive relief, waiving the obligation to post bond, and any provision in the franchise agreement requiring such a waiver is hereby deleted.

6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

7. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

8. No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

9. We will comply with Minnesota Statutes Section 604.113, which creates a \$30 cap on service charges issued due to insufficient funds in accounts and dishonored checks.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

2. The following is to be added at the end of Item 3:

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

6. No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

FRANCHISOR:

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## **NORTH DAKOTA**

### **Addendum to Disclosure Document:**

Item 17 of the Disclosure Document is revised to provide that:

17.c: Section 51-19-09 of the North Dakota Franchise Investment Law prohibits a franchisee to assent to a general release. To the extent any such general release is purported to be required by us, it is void with respect to all franchisees governed under the laws of North Dakota.

17.r: Covenants not to compete are generally considered unenforceable in the State of North Dakota and may be subject to Section 9-08-06 of the North Dakota Century Code.

17.u: The site of litigation will be a location mutually agreed upon by the parties.

17.v: The North Dakota Securities Commissioner prohibits us from requiring you to consent to the jurisdiction of courts located outside of North Dakota. To the extent any such release is purported to be required by us, it is void with respect to all franchisees governed under the laws of North Dakota.

17.w: North Dakota law applies to your agreements with us.

The Disclosure Document is revised to provide that:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

### **Addendum to Franchise Agreement:**

Franchise Agreement Sections 5.7 and 11.6 are revised to provide:

Covenants not to compete are generally considered unenforceable in the State of North Dakota and may be subject to Section 9-08-06 of the North Dakota Century Code.

Franchise Agreement Article 13 is revised to provide:

The site of litigation will be a location mutually agreed upon by the parties. The North Dakota Securities Commissioner prohibits us from requiring you to consent to the jurisdiction of courts located outside of North Dakota. To the extent any such release is purported to be required by us, it is void with respect to all franchisees governed under the laws of North Dakota.

Article 13 of the Franchise Agreement is revised to provide:

This Agreement will be construed according to the laws of North Dakota to the extent required by North Dakota law. The Statute of Limitations on claims will be determined based upon North Dakota law.

The Franchise Agreement is revised to provide:

The North Dakota Securities Commissioner prohibits us from requiring you to sign a general release upon renewal of your franchise. To the extent any such release is purported to be required by us, it is void with respect to all franchisees governed under the laws of North Dakota.

Section 13.3 of the Franchise Agreement is revised to provide:

The North Dakota Securities Commissioner prohibits us from requiring you to consent to a waiver of consequential, exemplary and punitive damages. To the extent any such a waiver is purported to be required by us, it is void with respect to all franchisees governed under the laws of North Dakota.

Sections 13.3 of the Franchise Agreement are revised to provide:

The North Dakota Securities Commissioner prohibits us from requiring you to consent to a waiver of your right to a jury trial. To the extent any such a waiver is purported to be required by us, it is void with respect to all franchisees governed under the laws of North Dakota.

The Franchise Agreement is revised to provide that:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**OHIO**

**FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR  
LOCATIONS IN OHIO**

Notice of cancellation

\_\_\_\_\_  
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to FLEET FEET, INCORPORATED, Franchise Administration Department, P.O. Box 1269, Carrboro, NC 27510, not later than midnight of \_\_\_\_\_.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date)

FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR  
LOCATIONS IN OHIO

Notice of cancellation

\_\_\_\_\_  
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to FLEET FEET, INCORPORATED, Franchise Administration Department, P.O. Box 1269, Carrboro, NC 27510, not later than midnight of \_\_\_\_\_.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date)

## **RHODE ISLAND**

### **Addendum to the Disclosure Document:**

Item 17 of the Disclosure Document is revised to provide that:

17.v: Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

17.w: Rhode Island law applies to the extent required by Rhode Island law.

The Disclosure Document is revised to provide that:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

### **Addendum to the Franchise Agreement:**

Section 13.1 of the Franchise Agreement is revised to provide:

This Agreement will be construed according to the laws of Rhode Island to the extent required by Rhode Island law.

The Franchise Agreement is revised to provide that:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**VIRGINIA**

**Addendum to the Disclosure Document:**

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Disclosure Document and Franchise Agreement are revised to provide that:

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## WASHINGTON

### WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, AND RIDER TO THE FRANCHISE AGREEMENT, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee

of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**INDIANA, MICHIGAN, SOUTH DAKOTA, AND WISCONSIN ADDENDUM TO THE  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

The undersigned agree that the following is added to the Disclosure Document and the Franchise Agreement dated \_\_\_\_\_.

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_



**EXHIBIT F**  
**FEDERAL AND STATE REGULATORY AUTHORITIES**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

**FEDERAL TRADE COMMISSION**  
Franchise Rule Coordinator  
Federal Trade Commission Division of  
Marketing Practices  
Pennsylvania Avenue at Sixth Street, N.W.,  
Room 238  
Washington, D.C. 20580  
Telephone: (202) 326-2970

**CALIFORNIA:**  
Commissioner of Financial Protection &  
Innovation  
Department of Financial Protection and  
Innovation  
320 West 4th St., Ste. 750  
Los Angeles, California 90013  
Telephone: (213) 576-7500 or  
Toll Free Telephone: (866) 275-2677

**HAWAII:**  
Commissioner of Securities  
of the State of Hawaii  
Department of Commerce and  
Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
Telephone: (808) 586-2722

**ILLINOIS (Registered Agent):**

Tanya Solov, Director of Securities  
Office of the Secretary of State  
Securities Department  
69 West Washington Street, Suite 1220  
Chicago, IL 60602  
Telephone: (312) 793-3884

**ILLINOIS (Regulatory Authority):**  
Kwame Raoul  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
Telephone: (217) 782-4465

**INDIANA:**  
Chris Naylor, Securities Commissioner  
Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
Telephone: (317) 232-6681

**MARYLAND (Registered Agent):**  
Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
Telephone: (410) 576-6360

**MARYLAND (Regulatory Authority):**  
Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020  
Telephone: (410) 576-6360

**MICHIGAN (Regulatory Authority):**  
Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
525 W. Ottawa Street  
Lansing, MI 48909  
Telephone: (517) 373-1152

**MICHIGAN (Registered Agent):**  
Linda Cena, Securities Director  
Office of Financial & Insurance Regulation  
525 West Allegan

1st Floor Constitution Hall  
Lansing, MI 48909  
Telephone: (517) 241-6345

MINNESOTA:  
Minnesota Dept. of Commerce  
Securities-Franchise Registration  
85 7th Place East, Suite 280  
Saint Paul, MN 55101-2198  
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory  
Authority)  
New York State Department of Law  
Investor Protection Bureau  
28 Liberty St., 21st Floor  
New York, NY 10005  
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process)  
Secretary of State  
99 Washington Avenue  
Albany, NY 12231

NORTH DAKOTA:  
North Dakota Securities Department  
Fifth Floor State Capitol, Dept. 414  
600 East Boulevard  
Bismarck, ND 58505-0510  
Telephone: (701) 328-2910

RHODE ISLAND:  
Division of Securities  
1511 Pontiac Ave  
John O. Pastore Complex, Bld 69-1  
Cranston, RI 02920  
Telephone: (401) 462-9500  
SOUTH DAKOTA:

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

VIRGINIA (Registered Agent):  
Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9733

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

WASHINGTON:  
Address for Service of Process:  
Department of Financial Institutions  
Securities Division  
150 Israel Road, SW  
Tumwater, WA 98501  
Telephone: (360) 902-8760

Mailing Address:  
Department of Financial Institutions  
Securities Division  
PO Box 41200  
Olympia, WA 98504-1200

WISCONSIN:  
Franchise Office  
Wisconsin Securities Commission  
P.O. Box 1768  
Madison, WI 53701  
Telephone: (608) 266-3364

**EXHIBIT G**  
**SAMPLE GENERAL RELEASE**  
(Current Form; Subject to Change)

FOR AND IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant to fully and mutually release the other as follows:

1. The Franchisee and its successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, officers, directors, principals, employees and affiliated parties (collectively, the "Franchisee Parties") do hereby release and forever discharge Franchisor, its, successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, officers, directors, principals, employees and affiliated parties (collectively, the "Franchisor Parties") from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties' obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Franchisor Parties.

2. Franchisee, on your own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The parties hereby covenant and agree that each shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Each party understands and acknowledges that each other party's business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, each party further agrees that in addition to any other rights or remedies that any other party may possess at law, any aggrieved party shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by any other party hereto.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of North Carolina.

9. This Release may be executed in two copies, each of which shall be deemed an original.

10. IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON

FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR."

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

11. If the Franchised Business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

12. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

13. All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## EXHIBIT H

### ADDENDUM TO RENEWAL FRANCHISE AGREEMENT

(to be signed by a renewing franchisee concurrently with the Franchise Agreement)  
(Current Form; Subject to Change)

THIS ADDENDUM (“Addendum”) to the Franchise Agreement dated as of the Effective Date (“Agreement”) between FLEET FEET, INCORPORATED (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. Franchisor has previously accepted the site for the Franchised Business as required pursuant to the Franchise Agreement. The Accepted Location is: \_\_\_\_\_.

2. Franchisor has previously accepted the lease for the Accepted Location as required pursuant to the Franchise Agreement and therefore waives the requirement for lease review and acceptance; provided, however, that if Franchisee enters into a new lease for the Accepted Location during the term of the Agreement, all lease review and acceptance requirements shall remain applicable.

3. Franchisor and Franchisee acknowledge that the Franchised Business has commenced operations as required pursuant to the Franchise Agreement.

4. Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor’s obligation) to (1) assist Franchisee in choosing the Accepted Location and determining fulfillment of the requisite criteria for the Accepted Location, such determination based on information provided by Franchisee (including those obligations set forth in the Franchise Agreement; and (2) to provide opening support services listed in the Franchise Agreement.

5. The Section of the Franchise Agreement pertaining to a Grand Opening is deleted.

6. The Section of the Franchise Agreement granting Franchisee a renewal right and renewal term is hereby deleted.

7. Franchisee will complete the remodeling and renovations of the Franchised Business, at Franchisee’s expense, listed on Exhibit A to this addendum no later than 60 days following the Effective Date of the Addendum or at such different time as set forth in Exhibit A.

8. Franchisee, for itself, and its respective heirs, successors, assigns, agents and representatives, hereby fully and forever unconditionally releases and discharges the Franchisor, and its predecessors, parents, affiliates, subsidiaries, successors, assigns, agents, representatives, employees, owners, officers, and directors (collectively referred to as "Franchisor Parties") from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with the Franchisor or the Franchisor Parties, however characterized or described, from the beginning of time until the date of this Addendum.

9. Franchisee agrees not to, and to use its best efforts to cause its current and former shareholders, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Franchisor Affiliates or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the FLEET FEET brand, the FLEET FEET system, or any other service-marked or trademarked concept of Franchisor, or which would subject the FLEET FEET brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date first set forth above.

**FRANCHISOR:**

**FRANCHISEE:**

FLEET FEET, INCORPORATED

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit A

[To be inserted as applicable]

**EXHIBIT I**  
**AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER**  
(Current Form; Subject to Change)

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER (“Agreement”) is made among FLEET FEET, INCORPORATED (“Franchisor”), \_\_\_\_\_ (“Seller”), and \_\_\_\_\_ (“Buyer”), and, if any, the undersigned Guarantors, effective as of the Effective Date.

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated \_\_\_\_\_ (“Seller Franchise Agreement”), governing the operation of the FLEET FEET business located at \_\_\_\_\_ (“Franchised Business”);

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated \_\_\_\_\_ (as amended, “Buyer Franchise Agreement”);

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated \_\_\_\_\_ (“Purchase Agreement”), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Franchised Business (“Interests”) and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Business (collectively, “Transfer”); and

D. Seller and the guarantors of the obligations of Seller (“Seller Guarantors”) have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

E. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Effective Date. The Effective Date will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer. Nevertheless, if the Closing does not occur, the Transfer shall not occur and the Seller Franchise Agreement shall remain in full force and effect.

2. Proposed Transfer. Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the “Purchase Agreement,” a copy of which has been provided to Franchisor by Seller and Buyer. Seller and Buyer

represent and warrant that the form of Purchase Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

3. Conditional Consent; Release of Guaranty. The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after Closing; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("Closing"):

a. Franchise Agreement. The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Franchised Location will thereafter be governed by the Buyer Franchise Agreement;

b. Payment of Amounts Due. Seller will pay all amounts due and owing to Franchisor through the date of Closing; including but not limited to royalty and advertising fees in the amount of \$ \_\_\_\_\_;

c. Transfer Fee. Seller shall pay a transfer fee of \$ \_\_\_\_\_ as provided in the Seller Franchise Agreement;

d. Gift Card Liability. The outstanding gift card liability of the Franchised Location is currently estimated to be \$ \_\_\_\_\_. Upon Closing, one of the following shall occur as selected by Franchisor and initialed by Buyer and Seller below:

\_\_\_\_\_ Seller shall pay to Franchisor the value of outstanding gift card liability as of the date of the Closing; or

\_\_\_\_\_ Buyer shall assume the outstanding gift card liability as a term of the Asset Purchase Agreement.

e. Financial Statements. Seller will provide Franchisor with all required monthly financial statements for the Franchised Location through the date of Closing;

f. Training. Buyer or Buyer's designated representative(s) shall have satisfactorily completed the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

g. Right to Possession. Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the

Franchised Business by way of lease assignment (with all required landlord consents) or otherwise;

h. Site Selection Assistance. Buyer acknowledges and agrees that Franchisor has satisfied any and all obligations under the Buyer Franchise Agreement with respect to site selection and development assistance;

i. Remodeling. Seller and Buyer shall ensure that all of the items reflected on the Pre-Sale Inspection which is attached hereto have been completed;

j. Purchase Agreement. The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

k. Buyer Loans. Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Franchised Location; and

l. Location Possession. Prior to Closing and changing possession of the Franchised Business, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. Waiver of Right of First Refusal. Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. Release of Franchisor. Seller, the Seller Guarantors and Buyer, and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, area directors and agents and their respective employees, shareholders, members, officers, directors, successors, assigns, guarantors and other representatives ("Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of this Agreement, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein.

If the Franchised Location is located in California or if either Buyer or Seller is a resident of California, the following shall apply:

Section 1542 Acknowledgment. It is the intention of Seller and Buyer in executing this Agreement that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by Seller and/or Buyer. Each of Seller and Buyer recognizes that he, she or it may have some claim, demand or cause of action against the Released Parties of which he, she, or it is totally unaware and unsuspecting, which he, she or it is giving up by executing this Agreement. It is the intention of each of Seller and Buyer in executing this instrument that it will deprive him, her or it of such claim, demand or cause of action and prevent him, her or it from asserting it against the Released Parties. In furtherance of this intention, Seller and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Each of Seller and Buyer acknowledges and represents that he, she, or it has consulted with legal counsel before executing this Agreement and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

6. Termination of Seller Franchise Agreement and Guaranties. Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

- a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or
- b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement).

7. Acknowledgment. Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final

decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

8. Additional Documents. Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

9. Miscellaneous Provisions. This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of North Carolina. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and executed and/or sent via email, e-signature software, or other electronic means, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

10. Non-Disparagement. In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former shareholders, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the FLEET FEET brand, the FLEET FEET system, or any other service-marked or trademarked concept of Franchisor, or which would subject the FLEET FEET brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

THUS signed by the parties shown below and made effective as of the Effective Date.

**FRANCHISOR:**

FLEET FEET, INCORPORATED

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**SELLER:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**SELLER GUARANTORS:**

\_\_\_\_\_

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

\_\_\_\_\_

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

**BUYER:**

\_\_\_\_\_

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## PRE-SALE INSPECTION

**EXHIBIT J**  
**ACH/EFT TRANSFER AGREEMENT**



**AUTHORIZATION AGREEMENT FOR DIRECT DEPOSIT AND / OR WITHDRAWAL**

I hereby authorize Fleet Feet Sports, LLC and any of its subsidiaries (hereinafter called COMPANY) to keep my  Checking  Savings account and financial institution information below on file to be used to initiate recurring or one time deposits or withdrawals into or out of said account, as per my instructions.

FINANCIAL INSTITUTION	
CITY	STATE
BANK TRANSIT / ABA NUMBER	ACCOUNT NUMBER

This authority is to remain in full force and effect until COMPANY has received written notification from me of its termination in such time and in such manner as to afford COMPANY a reasonable opportunity to act on it.

PRINTED NAME	
SIGNATURE	DATE
STORE LOCATION	

**\*\* A copy of a *voided check* must accompany this authorization form.**

**NACHA RULES REQUIRE THIS FORM MUST BE KEPT AT COMPANY FOR 2 YEARS AFTER TERMINATION OR REVOCATION.**

**EXHIBIT K**  
**FULFILLMENT SERVICE PROVIDER AGREEMENT**

THIS FULFILLMENT SERVICE PROVIDER AGREEMENT (“Agreement”) is made and entered into effective as of \_\_\_\_\_ by and between FFS DIGITAL LLC, a North Carolina limited liability company (“FFS DIGITAL”), FLEET FEET, INCORPORATED, a North Carolina corporation (“FFI”), and \_\_\_\_\_ (“FRANCHISEE”, and together with FFI and FFS DIGITAL, the “Parties”, and each, a “Party”). Capitalized terms that are not defined herein shall have the meaning set forth in the Franchise Agreement (as defined below).

WITNESSETH:

A. WHEREAS, FFI is the franchisor of the FLEET FEET franchise system and is the owner of the various FLEET FEET trade names, trade dress, trademarks and service marks in existence now or that may come into existence in the future (collectively the “Marks”);

B. WHEREAS, FFS DIGITAL is an affiliate of FFI and pursuant to a license agreement with FFI has been granted the right to operate an e-commerce retail store utilizing the Marks and offering athletic footwear, apparel, and accessories (“Online Store”);

C. WHEREAS, Franchisee is a franchisee of FFI and pursuant to a franchise agreement (“Franchise Agreement,” subject to Section 12.02 below) operates one or more brick and mortar retail stores selling specialty running and fitness merchandise, training programs, and services under the Marks pursuant to a license in the Franchise Agreement;

D. WHEREAS, Franchisee has been appointed by FFS DIGITAL to act as a fulfillment provider for FFS Digital’s Online Store (“Fulfillment Provider”) to assist with the fulfillment of orders by FLEET FEET customers (“Customers”);

E. WHEREAS, Franchisee, FFS DIGITAL, and FFI desire to enter into this Agreement to govern the services, terms and conditions of Franchisee’s participation as a Fulfillment Provider for FFS DIGITAL;

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties and for a valuable consideration, it is agreed as follows:

1. APPOINTMENT AS MARKETING AND/OR FULFILLMENT SERVICE PROVIDER.

1.01 Appointment. Franchisee agrees to be a non-exclusive independent fulfillment service provider for the Online Store.

1.02 Status as Independent Contractor. Nothing in this Agreement creates any agency, joint venture, partnership or other form of joint enterprise, employment or fiduciary relationship between the Parties or an employee/employer relationship. Franchisee is an independent contractor under this Agreement. No Party has any express or implied right or authority to assume or create any obligations on behalf of or in the name of any other Party or to bind any other Party to any contract, agreement or undertaking with any third party.

1.03 No Right to Appoint a Subcontractor. Franchisee shall not without the prior written consent of FFS DIGITAL appoint any subcontractor or other person or entity to perform Franchisee's services or obligations hereunder.

## 2. FEES.

2.01 Fees. For performance of Franchisee's obligations, FFS DIGITAL shall pay to Franchisee certain fees ("Sales Payments") in the E-Commerce Fees Schedule attached hereto as Exhibit A and incorporated herein by reference ("Fee Schedule"). Franchisee and FFS DIGITAL agree that the Fee Schedule may include additional terms relating to the payments contemplated herein, and to the extent those terms contradict or are inconsistent with the terms of this Agreement, the terms of the Fee Schedule shall control. FFS DIGITAL, at FFS DIGITAL's sole discretion and with 5 days' prior written notice to Franchisee, may modify any portion of the Fee Schedule.

2.02 No Guarantee. Franchisee and FFS DIGITAL agree and acknowledge that there is no guarantee of success of the Online Store and that Franchisee is guaranteed no amounts under this Agreement.

## 3. FRANCHISEE'S RESPONSIBILITIES.

3.01 Non-Exclusive Appointment. FFS DIGITAL hereby appoints Franchisee, and Franchisee accepts the appointment, to act as a non-exclusive, independent service provider for the Online Store and to provide the services described herein for the Online Store during the Term. Franchisee will provide or coordinate such order processing, packaging and shipping and fulfillment services ("Fulfillment Services") on behalf of FFS DIGITAL in connection with the online and other sales of approved athletic footwear, apparel, and accessories ("Products") by FFS DIGITAL to Customers or stores which FFS DIGITAL designates Franchisee to service in accordance with the performance standards and procedures for the Fulfillment Services as adopted from time to time by FFS DIGITAL ("Standards and Procedures"). By accepting this appointment, Franchisee agrees to conform to all quality Standards and Procedures established from time to time by FFS DIGITAL for its fulfillment service providers, which Standards and Procedures are subject to change by FFS DIGITAL upon written notice to Franchisee.

FRANCHISEE agrees and acknowledges that FFS DIGITAL reserves the right to outsource its fulfillment service needs to other suppliers, including but not limited to other franchisees of FFI, an affiliate, or other independent suppliers that service the same localities as Franchisee. Additionally, FFS DIGITAL may in its sole discretion sell and distribute the Products over the Internet to any person on its own behalf.

3.02 Return Policy. FFS DIGITAL shall establish a national return policy for the Online Store and provide such to Franchisee ("Return Policy"). As a condition for receiving fees under this Agreement, Franchisee agrees to participate in the Return Policy as may be amended from time to time by FFS DIGITAL in its sole discretion.

3.03 Privacy Policy. FFS DIGITAL shall establish a privacy policy for the Online Store and provide such to Franchisee ("Privacy Policy"). Franchisee shall adopt the Privacy Policy or, if Franchisee has an existing privacy policy, to the extent the requirements of Franchisee's existing privacy policy do not meet the requirements of the Privacy Policy, Franchisee shall undertake such amendments as necessary to cause the privacy policy to meet the requirements of the Privacy Policy.

3.04 Customer Support. Franchisee shall promptly inform FFS DIGITAL of any customer inquiries, complaints or other customer support related issues with the Online Store and shall address or assist in resolving such customer support related issues in accordance with the Standards and Procedures.

#### 4. FFS DIGITAL'S RESPONSIBILITIES.

4.01 FFS DIGITAL Obligations. During the Term, FFS DIGITAL shall provide information and support to Franchisee that may be reasonably requested regarding the performance of Franchisee's services pursuant to this Agreement.

4.02 Online Store. During the Term, FFS DIGITAL shall provide an Online Store that will house an online catalog of products typically offered in a FLEET FEET store and such catalog will be regularly updated and maintained. The Online Store will include a shopping cart function that will handle checkout, payment processing and sales tax administration. FFS Digital is not obligated to but may provide other services including phone or email customer service support at its sole discretion, and may modify or quit providing these services at any time, without incurring any liability to Franchisee. FFS DIGITAL will also be responsible for the cost of all shipping and handling required for the fulfillment of any Customer Sales Transactions (as defined below).

4.03 Collection Risks. Notwithstanding anything contained herein to the contrary, FFS DIGITAL acknowledges that Franchisee will not be required to make any collection efforts on behalf of FFS DIGITAL and will share no risk with respect to any failure of FFS DIGITAL to collect monies owed on any Customer Sales Transactions.

4.04 Taxes. Franchisee will have no responsibility for payment or collection of any sales tax or other tax directly attributed to the sales transacted between FFS DIGITAL and Customers for the sale and purchase of Products through the Online Store (“Customer Sales Transactions”). FFS DIGITAL will be responsible for the collection and payment of all taxes associated and directly attributable with Customer Sales Transactions and agrees to complete the preparation and filing of all sales tax documentation and comply with all sales tax laws.

4.05 Other Services. FFS DIGITAL agrees to offer Franchisee such other business services as it determines in its sole discretion to be appropriate from time to time to assist Franchisee in the fulfillment of the Online Store. Such other services shall be provided by FFS DIGITAL upon such terms and at such fees, if applicable, as may be determined by FFS DIGITAL. Franchisee agrees to participate in such additional services or programs, provided that if such services or programs require payment of additional fees by Franchisee, participation shall be in Franchisee’s reasonable discretion.

5. FLEET FEET INTELLECTUAL PROPERTY. Should Franchisee develop or create any trademarks or other intellectual property in the performance of its services hereunder (“Developed IP”), Franchisee acknowledges that FFI shall be the sole and exclusive owner of all right, title and interest in and to the Developed IP and the goodwill associated therewith, and such Developed IP is hereby deemed a “work made for hire” for FFI. To the extent that any of the Developed IP does not constitute “work made for hire,” Franchisee hereby irrevocably assigns, and shall cause its owners, directors, officers, managers and employees to irrevocably assign to FFI, in each case without additional consideration, all right, title and interest throughout the world in and to the Developed IP, including the goodwill associated therewith.

6. TERM. Unless terminated sooner as provided for herein, the term of this Agreement commences on the effective date hereof and continues until December 31 of the year in which this Agreement was signed (“Initial Term”). Upon expiration of the Initial Term and expiration of each subsequent Renewal Term (as defined below), this Agreement shall thereafter automatically renew for successive one (1) year terms (each, a “Renewal Term”, and each Renewal Term with the Initial Term, the “Term”) unless Franchisee provides FFS DIGITAL with notification of termination at least sixty (60) days prior to expiration of the then-current term. At any time, FFS DIGITAL reserves the right, upon five (5) days written notice, to terminate this Agreement for any reason. In addition, this Agreement shall immediately co-terminate with the expiration, termination, or non-renewal of Franchisee’s Franchise Agreement. Further, FFS DIGITAL reserves the right to terminate this Agreement upon written notice and thirty (30) days opportunity to cure for any breach of this Agreement by Franchisee, including, without limitation, failure by Franchisee to follow the Standards and Procedures.

7. LIMITATION OF LIABILITY. EXCEPT WITH RESPECT TO THE INDEMNIFICATION RIGHTS IN SECTION 9 BELOW, IN NO EVENT SHALL EITHER

PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR ANTITRUST DAMAGES OR LOSSES OF ANY KIND THAT MAY BE SUFFERED BY THE OTHER PARTY WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT. SUCH PROHIBITED DAMAGES INCLUDE, BUT ARE NOT LIMITED TO COMPENSATION, REIMBURSEMENT OR DAMAGES ON ACCOUNT OF PRESENT OR PROSPECTIVE PROFITS, LOSS OR DAMAGE TO REPUTATION OR GOOD WILL, EXPENDITURES, INVESTMENT OR COMMITMENTS, WHETHER MADE IN THE ESTABLISHMENT, DEVELOPMENT OR MAINTENANCE OF BUSINESS REPUTATION OR GOODWILL, OR FOR ANY OTHER REASON WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, THE CLAIMS OF ANY THIRD PARTY. THE PARTIES ACKNOWLEDGE THAT ANY LIMITATION OF LIABILITY WILL IN NO WAY AFFECT EITHER PARTY'S RIGHT TO SEEK APPROPRIATE RELIEF AT LAW ARISING DIRECTLY FROM ANY DEATH, PERSONAL INJURY OR PROPERTY DAMAGE WHICH IS DIRECTLY CONNECTED TO THE OTHER'S NEGLIGENCE, WILLFUL MISCONDUCT OR STRICT LIABILITY IN TORT WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT. IN NO EVENT SHALL FFS DIGITAL OR FFI BE LIABLE TO FRANCHISEE FOR ANY CLAIMS, LIABILITIES, DAMAGES OR LOSSES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE ONLINE STORE IN AN AMOUNT IN EXCESS OF THE AMOUNTS PAID TO FFS DIGITAL HEREUNDER.

8. TITLE TO INVENTORY. Title to the Products will remain with Franchisee until shipment of the Products by Franchisee. Upon shipment, title to the Products shall be transferred to FFS DIGITAL. Products shall be shipped in accordance with the Standards and Procedures then in effect. Except in the course of carrying out its Fulfillment Services hereunder, Franchisee will not transfer, assign, exchange, lease, encumber, pledge, create a security interest in or otherwise dispose of the Products and will not subject the Products to attachment, levy or seizure by or on behalf of any creditor of Franchisee.

9. INDEMNITY. Franchisee agrees to indemnify, defend and hold harmless FFS DIGITAL, FFI and their affiliates, agents, directors, officers, shareholders, managers, members, servants and employees against all liability (statutory or otherwise), damages, losses, and expenses, including without limitation, attorneys' fees and disbursements, directly resulting from any acts, errors, omissions or conduct of Franchisee or its principals, affiliates, officers, agents, and employees in connection with its performance of any obligation of Franchisee under this Agreement or any breach by Franchisee of any of the terms of this Agreement.

10. ASSIGNMENT. The transfer provisions in the Franchise Agreement shall govern the transfer of this Agreement and any purported transfer not compliant with the terms thereof governing transfers shall be null and void.

11. CONFIDENTIALITY. The Parties agree that the terms and provisions contained in this Agreement are confidential and the financial terms and provisions hereof shall not be disclosed by Franchisee to any third party except (i) to the extent

necessary to comply with law or valid order of a court of competent jurisdiction, in which event the party so complying shall so notify the other party as promptly as practicable (and, if possible, prior to making any disclosure) or (ii) as part of a Party's normal reporting or review procedure to its Board of Directors, members, auditors, lenders, attorneys or taxing authorities and such persons or entities, as the case may be, agree to be bound by the provisions of this Section 11 or (iii) in order to enforce and/or implement a Party's rights pursuant to this Agreement. Furthermore, from time to time during the Term, FFS DIGITAL may disclose or make available to Franchisee information about its business affairs and services, confidential information and materials comprising or relating to intellectual property, trade secrets, customer information, third-party confidential information and other sensitive or proprietary information related to the Online Store, whether orally or in written, electronic or other form or media, and, whether or not marked, designated or otherwise identified as "confidential" (collectively, "Confidential Information"). Franchisee shall: (a) protect and safeguard the confidentiality of the Confidential Information with at least the same degree of care as Franchisee would protect its own Confidential Information but using no less than a reasonable standard of care, (b) not use the Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (c) not disclose any such Confidential Information to any person. Franchisee shall be responsible for any breach of this Section 11 caused by any of its owners, officers, directors, managers, agents, or employees.

## 12. MISCELLANEOUS.

12.01 Applicable Law; Dispute Resolution; Equitable Remedies. This Agreement shall be governed by the laws of the State of North Carolina without regarding to any conflicts of law. Any disputes arising under this Agreement shall be resolved in accordance with the dispute resolution provisions set forth in the Franchise Agreement.

12.02 Entire Agreement. This Agreement, and the Exhibits and Schedules attached hereto (which, to the extent not already incorporated herein by reference, hereby are incorporated herein by reference), contains all of the promises, agreements, conditions, inducements and understandings between Franchisee, FFS DIGITAL and FFI concerning the subject matter hereof and there are no promises, agreements, conditions, understandings, inducements, warranties or representations, written, express or implied, between them other than as expressly set forth herein. All prior agreements between the parties, if any, are merged into this Agreement and are superseded hereby and are of no further force and effect. Nothing herein shall be deemed to be an amendment or modification of the Franchise Agreement, which Franchise Agreement shall remain in full force and effect. In the event Franchisee has signed multiple Franchise Agreements, the most recently executed Franchise Agreement shall, for the purposes of this Agreement only, be deemed the Franchise Agreement, as defined above.

12.03 Counterparts. This Agreement may be executed in counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same Agreement. Electronically scanned or electronic signatures shall have the same effect as original signatures.

12.04 Amendment. Except as otherwise provided for herein, no covenant, agreement, term or condition of this Agreement shall be changed, modified, altered, or terminated except by a written amendment executed by all parties hereto stating clearly that it is an amendment hereof. Oral statements of the parties, correspondence between the parties, sales materials, and presentations and/or any other communications between the parties to the contrary shall have no effect on the covenants, agreements, terms or conditions of this Agreement unless set forth in a written amendment hereto and signed by both parties.

12.05 Waiver. Failure to enforce any right under this Agreement upon the occurrence of a default shall not constitute a waiver thereof and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to the then existing default or any subsequent default hereof.

12.06 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

12.07 Notices. Notices shall be effective only if in writing, given to or served upon the party sought to be notified in the manner set forth in this Section 12.07, to the individuals and at the addresses hereunder set forth unless changed in writing:

For FFI:  
FLEET FEET, INCORPORATED  
Attn: Chief Executive Officer  
310 E. Main Street, Suite 200  
Carrboro, North Carolina 27510

For FFS DIGITAL:  
FFS DIGITAL, LLC  
Attn: Vice President, Digital Operations  
310 E. Main Street, Suite 200  
Carrboro, North Carolina 27510

For Franchisee: The notice address set forth in the Franchise Agreement.

All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), email (with confirmation of transmission), or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving party, and (b) if the party giving the Notice has complied with the requirements of this Section 12.07.

12.08 Surviving Provisions. Any provision of this Agreement, the performance of which requires that it be in effect after the termination of this Agreement, shall



Exhibit A  
E-Commerce Fees Schedule

Fees payable to Franchisee by FFS DIGITAL:

1. The following definitions apply to this E-Commerce Fees Schedule:
  - (a) “Curbside Pickup Program” is defined as the program whereby Customers receive their orders by picking them up at the curbside of Franchisee’s store.
  - (b) “Manufacturer’s Suggested Retail Price” is defined as the price a Product’s vendor recommends it be sold for in retail stores.
  - (c) “Net Selling Price” is defined as the revenue actually received by FFS DIGITAL that is generated from the sale of a Product less adjustments made for sales tax, shipping and handling, returns, exchanges and discounts.
  
2. Except as provided in Section 3 below, the fees that are payable to Franchisee by FFS DIGITAL are as follows:
  - (a) For Products sold to Customers which utilize Franchisee’s Inventory, that are shipped to Customers, and are sold for 90% or more of Manufacturer’s Suggested Retail Price after all discounts are applied:
    - i. Manufacturer’s wholesale price; and
    - ii. 7% of the Net Selling Price.
  - (b) For Products sold to Customers which utilize Franchisee’s Inventory, shipped to Customers, and are sold for less than 90% of Manufacturer’s Suggested Retail Price after all discounts are applied:
    - i. 60% of the Net Selling Price.
  
3. The total fees payable to Franchisee by FFS DIGITAL for Products sold to Customers which utilize Franchisee’s Inventory and are picked up at the Franchisee’s store, whether through the Curbside Pickup Program or through in-store pickup, are as follows:
  - (a) For Products sold for 90% or more of Manufacturer’s Suggested Retail Price after all discounts are applied:
    - i. Manufacturer’s wholesale price; and
    - ii. 24% of the Net Selling Price.

- (b) For Products sold for less than 90% of Manufacturer's Suggested Retail Price after all discounts are applied:
  - i. 77% of the Net Selling Price.
- 4. FFS DIGITAL shall pay any balance due to the Franchisee for transactions completed in a month by the 5th business day of the subsequent month.
- 5. FFS DIGITAL maintains sole discretion over the inventory mix and price structure of products featured for purchase on [www.fleetfeet.com](http://www.fleetfeet.com).

**EXHIBIT L**  
**FORM OF FRANCHISE COMPLIANCE CERTIFICATION**

**THE FOLLOWING IS NOT FOR USE FRANCHISEES IN CALIFORNIA, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN AND IS VOID IN THOSE STATES.**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”), Franchise Agreement and each Addendum (if any), and related agreement (i.e., personal guaranty) attached to them?

Yes or No? \_\_\_\_\_

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?\*

Yes or No? \_\_\_\_\_

\* This does not include changes to any agreement mutually agreed upon.

3. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

Yes or No? \_\_\_\_\_

4. Do you understand all of the information contained in the FDD, Franchise Agreement and each Addendum (if any), and related agreement provided to you?

Yes or No? \_\_\_\_\_

If No, what parts of the FDD, Franchise Agreement, Addendum (if any), and/or related agreements do you not understand?

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5. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No? \_\_\_\_\_

6. Have you discussed the benefits and risks of purchasing a *FLEET FEET* franchise with an attorney, accountant or other professional advisor?

Yes or No? \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes or No? \_\_\_\_\_

7. Do you understand that the success or failure of your *FLEET FEET* franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? \_\_\_\_\_

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a *FLEET FEET* franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a *FLEET FEET* franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a *FLEET FEET* franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

11. If you have answered "Yes" to any one of questions 8-10, please provide a full explanation of each "Yes" answer in the following blank lines.

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. .  
. . .

12. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the *FLEET FEET* franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes or No? \_\_\_\_\_

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

13. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? \_\_\_\_\_

14. You signed the Franchise Agreement, and Addendum (if any) and related agreements on \_\_\_\_\_, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE APPLICANT:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

## State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	April 5, 2024
Hawaii	Not Registered
Illinois	April 4, 2024
Indiana	April 9, 2024
Maryland	April 5, 2024
Michigan	April 22, 2024
Minnesota	April 22, 2024
New York	April 25, 2024
North Dakota	May 6, 2024
Rhode Island	April 30, 2024
South Dakota	April 4, 2024
Virginia	April 4, 2024
Washington	April 10, 2024
Wisconsin	April 4, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT M  
RECEIPT**

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FLEET FEET, INCORPORATED offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If FLEET FEET, INCORPORATED does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit F.

The name, principal business address and telephone number of each franchise seller offering the franchise:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
JOHN MOLOZNIK 310 E. Main Street, Ste. 200 Carrboro, NC 27510 (919) 942-3102		

Issuance Date: April 3, 2024, as amended September 19, 2024

FLEET FEET authorizes the state agencies identified on Exhibit F as its registered agent authorized to receive service of process. Our North Carolina registered agent is Ritchie W. Taylor and the registered agent address is 3605 Glenwood Avenue, Ste. 500, Raleigh, NC 27612.

I have received a disclosure document dated April 3, 2024, as amended September 19, 2024, that included the following:

- Exhibit A – FLEET FEET FRANCHISE AGREEMENT with attached Site Selection Addendum with Lease Rider; Continuing Personal Guaranty; Internet, Social Media, and Telephone Assignment; Nondisclosure and Noncompetition Agreement; Nondisclosure and Non-Solicitation Agreement
- Exhibit B-1 – Store Directory/Listing of Current Franchisees
- Exhibit B-2 – Listing of Certain Past Franchisees
- Exhibit C – Financial Statements
- Exhibit D – Special Circumstances Addenda
- Exhibit E – State Specific Addendum to Franchise Agreement and Franchise Disclosure Document
- Exhibit F – Federal and State Regulatory Authorities and Agents for Service of Process
- Exhibit G – Sample General Release Agreement
- Exhibit H – First Addendum to Renewal Franchise Agreement
- Exhibit I – Agreement and Conditional Consent to Transfer
- Exhibit J –ACH/EFT Transfer Agreement
- Exhibit K – Fulfillment Service Provider Agreement
- Exhibit L – Form of Franchise Compliance Certification
- Exhibit M – Receipt

Date	Signature	Printed Name
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Please sign this copy of the receipt, date your signature, and return it to FLEET FEET, INCORPORATED, Franchise Administration Department, P.O. Box 1269, Carrboro, NC 27510.

**RECEIPT**

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FLEET FEET, INCORPORATED offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If FLEET FEET, INCORPORATED does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit F.

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<hr/> Date	<hr/> Signature	<hr/> Printed Name
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Please sign this copy of the receipt, date your signature, and return it to FLEET FEET, INCORPORATED,  
Franchise Administration Department, P.O. Box 1269, Carrboro, NC 27510

<b>Summary report:</b> <b>Litera Compare for Word 11.2.0.54 Document comparison done on</b> <b>9/19/2024 4:30:57 PM</b>	
<b>Style name:</b> Black and White	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> v4 - 2024 FDD - Fleet Feet.docx	
<b>Modified filename:</b> v5 - 2024 FDD - Fleet Feet (1).docx	
<b>Changes:</b>	
Add	37
Delete	34
<i>Move From</i>	0
<i>Move To</i>	0
Table Insert	2
Table Delete	0
<i>Table moves to</i>	0
<i>Table moves from</i>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>73</b>