

FRANCHISE DISCLOSURE DOCUMENT

The Good Feet Store
America's Arch Support Experts

Good Feet Worldwide, LLC
A Delaware limited liability company
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~~Carlsbad,~~ San Diego, California ~~92008~~ 92130
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The franchise is to operate a Store under the GOOD FEET® name and system that sells GOOD FEET® brand arch supports and related foot products.

The total investment necessary to begin operation of a GOOD FEET® Store is \$~~248,828~~ 255,478 to \$~~587,750~~ 595,000. This includes \$116,978 to \$125,000 that must be paid to the franchisor or affiliate. If you want development rights for GOOD FEET® Stores and sign the Area Development Agreement (a minimum of 1 Store), you must pay the franchisor a development fee equal to \$10,000 multiplied by the number of Stores you commit to develop. The development fee is not credited toward initial franchise fees.

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

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

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

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

Issuance date of this Franchise Disclosure Document: ~~September 28, 2023~~ [Date]

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:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	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 F.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only GOOD FEET® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a GOOD FEET® franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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

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 A.

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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. 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 California than in your own state.
2. **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.
3. **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.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48909
(517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the arbitration sections contained in our Franchise Agreement and Area Development Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration sections. If you acquire a franchise, you acknowledge that we will seek to enforce the arbitration sections as written, and that the terms of the Franchise Agreement and Area Development Agreement will govern our relationship with you, including the specific requirements of the arbitration sections.

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

The Franchisor

The franchisor is Good Feet Worldwide, LLC (“we,” “our,” and “us”), a Delaware limited liability company formed on December 20, 2004. “You” means the person to whom we grant a franchise and, if applicable, development rights. If you are a corporation, limited liability company, or other entity, which we expect will be the case, your owners must sign our “Guaranty and Assumption of Obligations,” meaning that all of our Franchise Agreement’s provisions (Exhibit B) also will apply to your owners. We do business under our corporate name and the trademarks described in Item 13, including “The Good Feet Store®,” “Good Feet Your Arch Support Store®,” and “Good Feet®” (the “Marks”), and no other name. Our current principal business address is ~~5923 Farnsworth Ct., Carlsbad~~ [12636 High Bluff Drive, Suite 200, San Diego](#), California ~~92008~~ [92130](#). Except as provided below, we have no parent companies, predecessors, or affiliates disclosable in this Item. If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

The Franchise: Good Feet Stores

We offer franchises for a Good Feet Store selling GOOD FEET® brand arch supports and related foot products—some of which bear the Marks (the “Products”)—purchased from our affiliate Dr.’s Own, LLC (“DOL”), our affiliate ING Source, LLC (“ING Source”), and other approved vendors. Good Feet Stores operate under a specified system (the “Good Feet System”) and use the Marks as their primary trade identity. (In this disclosure document, we call the Stores in our system “Good Feet Stores”; we use the term “Store” to reference the Good Feet Store you will operate.) The Good Feet System includes a facility design for the Good Feet Store; a system for offering and selling Products; designed décor and signage; confidential operating procedures and methods; and techniques for record-keeping, accounting and reporting, purchasing, sales, promotion, marketing, and advertising, all of which we and our affiliates periodically may change, improve, and further develop. The Good Feet System also requires franchisees to offer customers certain terms, return rights, and privileges we specify (the “Customer Benefits”). Your Store will be located in a specified geographic area (the “Territory”) within a Designated Market Area (“DMA”) (defined by the sources we designate).

If you are renewing your franchise because its initial term is expiring, you will sign our Amendment to Franchise Agreement for Renewing Franchisees (the “Amendment”), attached as Exhibit B-1, when you sign our new form of Franchise Agreement.

We also grant multi-unit development rights to qualified franchisees, who then will have the right to develop a specific number of Good Feet Stores (a minimum of 1) within a defined area over a specific time period or according to a pre-determined development schedule. Those franchisees may open and operate their Good Feet Store franchises directly or through controlled affiliates (in other words, each franchisee’s approved ownership group must own and have voting control of at least 51% of each separate franchisee entity developing the Good Feet Stores permitted for development by the Area Development Agreement). Our current form of Area Development Agreement is Exhibit C (the “ADA”).

Franchisees signing our ADA must sign our then-current form of Franchise Agreement for each Good Feet Store they develop under the ADA. While that form may differ substantially and materially year to year from the first Franchise Agreement they sign for their first Good Feet Store (our current version of Franchise Agreement is disclosed in this disclosure document), for Franchise Agreements signed within 3 years after the ADA's effective date, both the initial franchise fee, and the Continuing Service Fees on each Store's Gross Sales during the Store's initial franchise term, will be capped (as described in Items 5 and 6). Franchisees signing our ADA do not sign their first Franchise Agreement until they find a site for that first Store.

Our Parent and Affiliate

Good Feet Holdings, LLC ("GFH") is our parent company. Its principal business address is the same as ours. We are affiliated with DOL and ING Source by common ownership. GFH also is the parent company of DOL, and DOL is the parent company of ING Source. You will purchase all GOOD FEET® brand arch supports and other proprietary and non-proprietary items (which are included in the definition of "Products") directly from DOL and ING Source. DOL's principal business address is the same as ours. ING Source's principal business address is 1340 14th Ave Court SW, Hickory, North Carolina 28602. Until mid-March 2020, DOL was a California corporation known as Dr.'s Own, Inc. ("DOI"). However, DOI then converted to a Delaware limited liability company under applicable corporate law. Our references to "DOL" in this FDD refer to both DOL and DOI unless the context requires us to distinguish between them. We have no predecessors or other affiliates disclosable in this Item.

Franchising and Other Activities

We began offering franchises for Good Feet Stores in February 2005. We never have operated a Good Feet Store, have no other business activities, and have not offered franchises in another line of business. (However, we did offer a "mobile" Good Feet franchise from approximately May 2014 until December 31, 2015, under which Products were sold from a branded Good Feet® van. We granted 1 "mobile" franchise during this timeframe but no longer offer such franchises. That mobile franchise is no longer in operation.)

DOI granted Good Feet Product dealerships to third parties from 1998 until March 2003. It never offered dealerships or franchises in another business. DOL has not offered franchises in any line of business. DOL has operated one or more Good Feet Stores over the years since February 2003.

The Market and the Competition

Each Good Feet Store will compete in a developed market with other retail stores and businesses selling arch supports, orthotics, specialty shoes, and other related goods. This competition includes shoe stores, drug stores, and sporting goods stores.

Laws and Regulations

You must comply with laws that apply generally to all businesses. You also must be aware that some Products are registered with the United States Food and Drug Administration as Class I medical devices. However, at this time you may not:

- Sell the Products as treatment of medical conditions or with any purported or actual medical diagnosis or prescription;
- Engage in the diagnosis, prescription, or treatment of any medical condition in operating your Store;
- Represent or sell any Product as treatment for any medical condition; or
- Represent that you or the Store's agents or employees are experts or that the Products are custom fit.

You must conduct regular training and communication to ensure that no employee or other agent of yours violates these laws and regulations.

ITEM 2 **BUSINESS EXPERIENCE**

President and Chief Executive Officer: Richard Moore

Mr. Moore has been our President since April 2020 and our Chief Executive Officer since December 2020. He also has been the Owner of LaMoore Consulting, currently located in San Diego, California, since December 2017.

Chief Operating Officer and Chief Legal Officer: Joseph Herlihy

Mr. Herlihy has been our Chief Operating Officer since August 2020 and our Chief Legal Officer since June 2020. He was our Executive Vice President, Franchising from May 2020 to August 2020. Mr. Herlihy was in between positions from November 2019 until May 2020. Mr. Herlihy was Vice President and Deputy General Counsel for PF Taymax HQ, LLC, located in Salem, New Hampshire, from September 2019 until November 2019 and General Counsel and Director of Business Development for Jacksonville Ventures, located in St. Augustine, Florida, from September 2017 until September 2019.

Chief Financial Officer: Khuram Bhatti

Mr. Bhatti has been our Chief Financial Officer since December 2022. He was the Global Chief Financial Officer for the Jenny Craig organization, located in Carlsbad, California, from July 2020 to November 2022 and Vice President of Finance for National Veterinary Associates, located in Agoura Hills, California, from January 2018 until April 2020.

Chief Brand Officer: Douglas Zarkin

Mr. Zarkin has been our Chief Brand Officer since October 2023. Mr. Zarkin was the Chief Marketing Officer of Pearle Vision for Essilor Luxottica, located in New York, New York, from June 2012 to May 2023.

ITEM 3

LITIGATION

Sisk vs. Dr.'s Own, Inc. and Good Feet Worldwide, LLC (United States District Court for the Southern District of California, Case No. 3:19-cv-02079-BEN-MSB). On October 30, 2019, Ms. Sisk, a customer of a franchised Good Feet Store in North Carolina, filed this lawsuit on behalf of herself and a proposed class of plaintiffs against us and DOL. She asserted violations of North Carolina's Unfair and Deceptive Trade Practices Act and California's Unfair Competition Law and sought unspecified actual damages, restitution, injunctive relief, pre- and post-judgment interest, and attorneys' fees and costs. The parties settled the case on December 19, 2019. Under the settlement agreement, Ms. Sisk agreed to dismiss the lawsuit and release all claims against us and DOL. In return, we paid Ms. Sisk \$125,000. ~~This~~The case ~~now is over~~was formally dismissed on January 10, 2020.

Conway v. Planet Fitness Holdings, LLC, Michael Grondahl, Marc Grondahl, Christopher Rondeau, and Richard Moore (Superior Court, Essex County, Massachusetts, Civil Action No. 2013-756). On May 10, 2013, Jayne Conway ("Conway"), the former Chief Financial Officer of Pla-Fit Franchise, filed this lawsuit against Pla-Fit Franchise, Planet Fitness Holdings, LLC, and certain of their owners and officers, including Richard Moore, our current President. When Conway filed this lawsuit, Mr. Moore was Executive Vice President, General Counsel, and Chief Administrative Officer at Planet Fitness. Conway alleged fraud, violations of New Hampshire's Uniform Securities Act, negligent misrepresentation, and breach of the covenant of good faith and fair dealing, all arising from negotiations relating to her separation from and settlement agreement with Planet Fitness. The trial in this case concluded on May 2, 2019, with a verdict for Conway of \$5.36 million. A final judgment was entered on September 24, 2020, for over \$4.9 million plus 1% interest. On June 23, 2022, the appellate court entered a final judgment in favor of Conway. This action does not involve the Good Feet System.

Other than these 2 actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

In re JC USA, Inc. (U.S. Bankruptcy Court, District of Delaware, Case No. 23-10585-JKS, filed May 5, 2023). This case has been consolidated and is being jointly administered with the Chapter 7 cases of Jenny C Holdings, LLC, Jenny C Intermediate, Inc., Jenny C. Acquisition, Inc., Craig Holdings, Inc., and JC Franchising, Inc. (collectively, "Jenny Craig"). Mr. Bhatti, our current Chief Financial Officer, was the former Global Chief Financial Officer of Jenny Craig from July 2020 to November 2022. On May 5, 2023, Jenny Craig, whose principal business address was 5770 Fleet Street, Carlsbad, California 92008, filed for Chapter 7 bankruptcy protection. This case is currently pending. This case does not involve the Good Feet System.

Other than this one action, no bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Good Feet Store. You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement for your Good Feet Store. Our standard initial franchise fee currently is \$25,000. The initial franchise fee is not refundable. Franchisees signing franchise agreements during ~~2022~~2023 paid no initial franchise fee (because initial franchise fees were waived for existing franchisees).

Area Development Agreement. If you sign our ADA, we currently charge a development fee that you must pay in full when you sign the ADA. The development fee equals \$10,000 multiplied by the number of Stores you commit to develop (a minimum of 1). We and you will determine the number of Stores you must develop, and the dates by which you must develop them, before signing the ADA. The development fee is not credited toward the initial franchise fees due under the Franchise Agreements that you or your affiliates sign. The development fee is not refundable under any circumstances. Franchisees signing ADAs during ~~2022~~2023 paid no development fee (because development fees were waived). For Franchise Agreements you sign within 3 years after the ADA's effective date, the initial franchise fee will not exceed \$25,000 (even if our then-standard initial franchise fee for a single Store exceeds \$25,000).

Before your Store opens for business, you must buy from DOL or an approved supplier an adequate opening inventory of certain Products. The cost of these items purchased from us and our affiliates will range from approximately \$91,978 to \$100,000 depending on your Store's size. These payments are not refundable.

We do not charge an initial training fee for the first 2 people (meaning your Managing Owner and one additional person) to attend our 7-day initial brand standard training program. We charge a \$750 initial training fee for each additional attendee (after the first 2 people). This fee is not refundable.

We are a member of the International Franchise Association and participate in the IFA's VetFran Program. We provide a 25% discount on initial franchise fees and initial Product orders to veterans of U.S. Armed Forces who otherwise meet the Program's requirements. To qualify for the discount, the veteran must own at least 51% of the franchise. "Veteran" means a person who receives an honorable discharge, as evidenced by a U.S. Department of Defense Form 214 (DD-214).

ITEM 6

OTHER FEES

Column 1	Column 2	Column 3	Column 4
Type of Fee ¹	Amount	Due Date	Remarks
Advertising Fund	Up to 3% of monthly Gross Sales but currently \$1,500, or 3% of monthly Gross Sales,	Payable on 15th day of each month for Gross	Item 11 discusses the Advertising Fund.

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	whichever is less. If we conduct a Good Feet Convention in 2023<u>2024</u> and you do not attend, then beginning on the 15th day of the month following the Convention, we will increase your Advertising Fund contribution by \$85 per month. We may from time to time offer convention discounts and/or incentives which could reduce these amounts.	Sales during prior month ¹	“Gross Sales” means all of your revenue from operating the Store but excludes taxes collected from customers and paid to taxing authority and is reduced by amount of any refunds or credits (if original amounts were included in Gross Sales).
Continuing Service Fees	Up to 5% of monthly Gross Sales but <u>we</u> currently 0.5 <u>charge franchisees signing new Franchise Agreements 1.0%</u> as of this disclosure document’s issuance date	Payable on 15 th day of each month for Gross Sales during prior month ¹	For Franchise Agreements you sign within 3 years after an ADA’s effective date, the Continuing Service Fees on the Store’s Gross Sales will not exceed 5% during the Store’s initial franchise term (even if, when you sign that Franchise Agreement, our then-standard Continuing Service Fee exceeds 5%). See Note 2.
Commission Payable on Excess Sales of Certain Products	6% of Store’s monthly Gross Sales from selling products not acquired from us or our affiliates to the extent the Store’s monthly Gross Sales from selling those products exceed 20% of Store’s total monthly Gross Sales	On demand	We reserve right to require franchisees to pay this commission (see Item 8); “Gross Sales” is defined above.
Area Advertising Cooperative Program	The greater of \$10,000 per month or 20% of Store’s monthly Gross Sales	Payable on 15 th day of each month	Item 11 discusses Area Cooperatives, though there currently are no advertising cooperatives in the Good Feet System. While we have the right to resolve disputes among Area Cooperative members, the monthly Area Cooperative fee is a minimum of the greater of \$10,000 or 20% of monthly Gross Sales (though members may vote to increase the fixed percentage or delineate a pro-rata contribution rate).

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Initial Training for New Managers	\$750 for each person attending 75 -day initial brand standard training program	At beginning of training	We may increase this fee and charge up to \$1,400.
Additional Training	\$800 per day for 3 sets of 2-day off-site training sessions. Off-site training means training away from our corporate training center.	At beginning of additional training	We may require franchisees or their managers to attend additional brand standard training programs or seminars at locations we choose at their expense; we reserve right to charge fees for attendance (we may increase this fee and charge up to \$1,500 per day).
Additional Guidance and Assistance	Our then-current per diem fee (currently \$600 per day) and reimbursement of out-of-pocket expenses	Upon invoice	This is for additional or special assistance or training you need or request; we may increase fee if our costs increase (but per diem fee will not exceed \$1,500 per day).
Product Purchases	See Item 8	See Item 8	You must purchase all of your Product requirements from DOL, its affiliates, and other approved vendors.
Supplier Evaluation Fees	Costs of testing (amount of which depends on circumstances, including supplier's location, testing required, and item involved) (up to \$5,000)	As incurred	This covers costs of testing new products or inspecting new suppliers you propose.
Other Advertising and Promotional Materials (not supported by Advertising Fund contribution)	Nominal charges, if any	As incurred	We will give you printed product brochures, displays, and packaging; copyrighted or trademarked sales tools; and other promotional materials, some at no charge and some at a nominal cost.
Transfer (on Franchisee or Store Level)	\$5,000	½ due (and non-refundable) when you request transfer approval; balance due before transfer completed	If you pay us a commission under a finder's fee agreement, we will not charge you this transfer fee.

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer (on Developer or Development Rights Level)	\$5,000 multiplied by the number of Good Feet Stores remaining to be developed under ADA for which a Franchise Agreement has not yet been signed (subject to a \$25,000 cap for the Development Area); this transfer fee is in addition to transfer fees due under Franchise Agreements for each existing Good Feet Store in Development Area that must be transferred)	At closing of transfer	
Insurance Coverage	Premium costs	As incurred	Due if we buy required insurance for you because you do not do so.
Indemnification	All Losses and Expenses ³	As incurred	You must reimburse us if we are held liable for claims from your Store's operation or incur costs defending them.
Preferred Vendor Payments	Will vary under circumstances	As incurred	You must reimburse us for any amounts we pay a "Preferred Vendor" to the GOOD FEET® franchise system if you do not pay that Preferred Vendor the amounts you owe when due or timely dispute the amounts due (we have the right to make this payment in order to protect the franchise system's relationship with the Preferred Vendor).
Reimbursement of Taxes	Will vary under circumstances	As incurred	You must reimburse us for any taxes we must pay a state taxing authority due to your operation or payments you make to us (except for our income taxes).
Reimbursement of Insurance	Will vary under circumstances	As incurred	You must reimburse us for any insurance coverage we obtain for you if you fail to maintain required insurance coverage.
Audits	Cost of inspection or audit if you refuse to provide requested materials or understate Gross Sales (up to \$10,000)	On demand	
Late Fee	\$50	On demand	Due for each late payment (and for each payment not honored by your financial institution).

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	On demand	Due on all overdue amounts more than 7 days late.
Attorneys' Fees and Losses and Expenses ⁴	Will vary under circumstances	As incurred	Prevailing party in legal proceeding is entitled to recover from losing party. Also applies if we or our affiliates incur Losses and Expenses due to your breach of Franchise Agreement or ADA (whether or not formal legal proceeding is brought).
Management Fee	Reimbursement of out-of-pocket expenses, including wages	As incurred	Due if we operate Store after death or disability. Also applicable under ADA.
Renewal Fee	\$5,000 for renewal term	When you sign new Franchise Agreement and meet all renewal conditions	
Computer Systems, Software, Maintenance, and Support	Costs of Service	As incurred	This covers computer system support, development, and software we might currently provide and may provide in the future; we do not now provide these services but may charge you for them if we do.
Reimbursement of Customer Refunds	Will vary under circumstances	As incurred	If we pay customer refund because Store fails to comply with our refund policy and applicable law, we may invoice you or debit your account for the refunded amount.

Notes:

Except for Product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. Except as noted above, all fees currently are uniformly imposed. No fees are refundable.

1. You must authorize us and our affiliates to debit your business checking, credit card, or other account automatically for your purchases of Products and other items and for other amounts due under the Franchise Agreement (the "Electronic Account"). We will debit the Electronic Account on the payment due dates, and funds must be available in the Electronic Account by those dates. You must reimburse any "insufficient funds" charges and related expenses incurred due to your failure to maintain sufficient funds in the Electronic Account. We may require you to change payment methods at any time.

2. The Continuing Service Fee ~~is we~~ currently ~~0.5%~~ charge franchisees signing new Franchise Agreement is 1.0% of Store Gross Sales. We may increase the Continuing Service Fee payable by Good Feet Stores during each calendar year of the initial franchise term as long as we notify franchisees of the proposed increase for the next calendar year no later than October 1 of each year. Except as provided below, no annual increase in the Continuing Service Fee during the initial franchise term will exceed 0.75% of the Gross Sales of Good Feet Stores, subject in all cases to the 5% cap during the initial franchise term referenced in the table.

Despite this per-year percentage cap on the annual increase in the Continuing Service Fee ~~during the initial franchise term~~ described above, we may increase the Continuing Service Fee for a calendar year in an amount that includes the amount of an increase (or increases) from one or more previous years that we could have required but did not require. (For illustration purposes only, we may notify franchisees no later than October 1 in a given calendar year ~~during the initial franchise term~~ that the Continuing Service Fee in the following calendar year will be ~~raised from 0.5% to 2%~~ increased by up to an additional one and one-half percent (1.5%) of their Stores' Gross Sales if we did not increase the Continuing Service Fee for the calendar year during which such notice is given.)

Upon signing the Franchise Agreement, the Continuing Service Fee you must pay on account of your Store's Gross Sales will equal the Continuing Service Fee that we then charge to Good Feet Stores.

3. Losses and Expenses mean all losses; compensatory, incidental, exemplary, consequential, and punitive damages (except for punitive damages waived by the Franchise Agreement); fines, charges, costs, expenses, lost profits, and taxes; attorneys' fees, experts' fees, court costs, settlement amounts, judgments, and other reasonable costs and expenses of defending or countering any claim; compensation for damages to our and/or our affiliates' reputation or goodwill; costs of or resulting from delays, financing, costs of advertising materials, and media time and/or space, and costs of changing, substituting, or replacing the same; and any and all expenses of recalls, refunds, compensation, public notices, and other amounts incurred.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee ¹	\$25,000	Lump sum	When you sign your Franchise Agreement	Us
Exterior Signage ²	\$5,000 - \$25,000	Lump sum	When order is placed	Supplier
Construction Cost (Build-Out to Vanilla/White Box) ³	\$40,000 - \$225,000	Lump sum	As required by supplier	Supplier

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Information System ⁴	\$21,000 - \$28,000	As arranged	As arranged	Supplier or Lessor
Initial Inventory ⁵	\$91,978 - \$100,000	Lump sum	When you attend training	DOL, ING Source, and Other Suppliers
Rent / Security Deposit ⁶	\$2,500 - \$10,000	Lump sum	As required	Lessor, utilities, insurance broker, etc.
Store Décor Package ⁷	\$25,850 <u>\$28,000</u> - \$60,000 <u>\$63,000</u>	Lump sum	As required	Supplier
Store Design / Architecture ⁸	\$1,850 - \$17,500	Lump sum	When order is placed	Supplier
Initial Training ⁹	\$0 - \$750	Lump sum	When training date is scheduled	Us
Travel, Room, and Board while training ¹⁰	\$1,500 - \$3,000	As incurred	Before and during training	Hotels, Restaurants
Miscellaneous (Licenses, permits, etc.) ¹¹	\$750 - \$7,000	Lump sum	As needed	Attorneys, accounting firms, governmental agencies, etc.
Insurance and Bonds ¹²	\$900 - \$1,500	As required	As needed	Insurance and Bonding Companies
Grand Opening Advertising / Market Introduction Program ¹³	\$2,500 <u>\$7,000</u> - \$5,000 <u>\$9,250</u>	Lump sum	As required	Advertising / Marketing Sources
Additional Funds — 3 Months ¹⁴	\$30,000 - \$80,000	As required	As needed	Employees, taxing agencies, rent, etc.
Totals (not including real estate purchase costs)	\$ 248,828 <u>255,478</u> – \$ 587,750 <u>595,000</u>			

*Except for the security deposit and perhaps some utility deposits (which depend on the practices of the landlords and utilities), no expenditure in this table is refundable.

**You will not incur most of these costs if you are renewing your franchise because your Store already is open. However, as a condition of renewal, you must make certain upgrades, modifications, and improvements at your Store location to meet our current standards. Your costs will depend on your Store's current condition. For example, you must buy our currently-required Information System (if not already purchased and installed at your Store), the cost of which ranges (as noted above) from \$21,000 to \$28,000. In addition, you must have our then-current Store Décor Package installed at your Store, the cost of which (as noted above) ranges from ~~\$25,850~~\$28,000 to ~~\$60,000~~\$63,000.

1. Initial Franchise Fee. Our standard initial franchise fee currently is \$25,000.

Development Fee. If you sign our ADA, the development fee equals \$10,000 multiplied by the number of Stores you commit to develop (a minimum of 1). This means that your

estimated initial investment if you commit to develop 1 Good Feet Store currently would be ~~\$258,828~~[265,478](#) to ~~\$597,750~~[605,000](#) (which is the range disclosed in the table above plus the \$10,000 development fee for that 1 Store added to both the low and high ends of the range). That same range effectively applies for each additional Good Feet Store developed under an ADA. There is no maximum number of Good Feet Stores that you must develop under the ADA. If you commit to develop more than 1 Good Feet Store under an ADA, your total estimated initial investment when you sign the ADA would be the range disclosed in the table above plus \$10,000 added to both the low and high ends of the range for each Store you commit to develop (which represents the development fee for each such Store). Other than payment of the development fee, no separate initial investment is required when you sign the ADA.

2. Exterior Signage. This exterior signage goes over your Store's front door. We will supply your sign-maker with approved logos and colors. You also should review your lease, Franchise Agreement, and Operations Manual for specific requirements. These costs assume a Store with 1 exterior sign. There might be additional signage and construction costs for the Store's exterior portions, and you might have the opportunity to place a sign on a pylon or a monument dedicated to the shopping center. Your costs will depend on the quantity and size of exterior signs.
3. Construction Costs. The Store's build-out to white/vanilla box condition includes paint, flooring, and basic lighting. You may negotiate these items as part of your lease to reduce your initial investment. This estimate varies with the size of the Good Feet Store, its location, existing site conditions, the landlord's contribution to leasehold improvements, if any, local code or other requirements, availability of materials and labor, freight and delivery cost, taxes, and other items. These costs assume a Store that is approximately 1,500 to 2,000 square feet in size in an average-cost area.
4. Information System. You must buy the Point-of-Sale ("POS") and Customer Relationship Management ("CRM") Systems we specify. You must buy a separate basic computer system ("PC") (meeting our minimum specifications) for running various other applications. If you are renewing your franchise, you must buy the then-required Information System at least 180 days before the franchise term expires and install it before the renewal term begins.
5. Initial Inventory. You must buy an adequate opening inventory for your Store from DOL and other approved vendors. The initial inventory includes Products, sales aids (including models of the foot and demonstration charts), shoes, socks, accessories, and other foot-related products we specify.
6. Rent / Security Deposit. Security deposits and other prepaid expenses will vary. These figures include a typical Store's estimated first month's rent, with the Store varying in size from approximately 1,500 to 2,000 square feet. Rent will depend on market conditions. Security deposits or prepaid expenses are generally required, as are insurance and utilities arrangements. Generally, each security deposit or prepaid expense amount is determined by the leases you enter and the suppliers of utility, telephone, and insurance services. Security deposits and prepaid expenses are held by the suppliers and sometimes refunded by contract or as required by law. Typically, however, you may obtain a bond

instead of delivering the amount of the required prepaid expenses (like state sales tax and utilities).

7. Store Décor Package. To ensure a consistent Store look and customer experience, you must buy the Good Feet Store Décor Package, including specified graphic displays, furniture, fixtures, wall murals and displays, floor fixtures, seating, sales carts, television, and transaction counter. The cost of the Store Décor Package will depend on the Store's size. If you are renewing your franchise, you must buy the then-required Store Décor Package at least 180 days before the franchise term expires and install it before the renewal term begins.
8. Store Design and Architecture. Our design service will provide a floor plan specific to your Store's location that details how your Store will be laid out, including specific flooring, seating, graphic displays, floor fixtures, and transaction counter. You might need to hire a licensed architect to produce architectural drawings to submit to the local jurisdiction for approval before conducting any construction activities. These costs will depend on the scope and complexity of the construction needed for your site.
9. Initial Training. You and your General Manager must attend the ~~75~~⁷⁵-day brand standard training program at a location we designate. There is no fee for this training for your Managing Owner and one additional person. The fee for each additional attendee (after the first 2 people) is \$750. All successor general managers must attend and complete training. We have the right going forward to increase or decrease our daily fee for initial training and to expand or reduce the number of days of the Initial Brand Standard Training Program.
10. Travel, Room, and Board. The figures are for expenses a franchisee will incur to attend our brand standard training program in ~~Carlsbad~~^{San Diego}, California for ~~75~~⁷⁵ days. The low end of the range is for a franchisee located in California within driving distance, who pays only for a hotel room and meals, while the high end of the range is for 2 people traveling by plane to and from California and includes hotel rooms and meals. The required amount depends on a number of factors, including the distance you must travel and the type of accommodations you choose.
11. Miscellaneous (Licenses, Permits, etc.). Various permits and licenses from health, labor, or fire departments, sales tax bureaus, and other similar state or local governmental agencies are required by governmental regulations as either isolated or recurring expenditures. Those fees are determined by governmental authorities, are paid to them directly, and vary significantly depending on the jurisdiction.
12. Insurance and Bonds. You must buy and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, geographic location, type of policies procured, and other factors. This insurance will be purchased from third parties.
13. Grand Opening Advertising/Market Introduction Program. We recommend that you spend this amount for such a program generally beginning ~~147~~¹⁴⁷ days before, and

extending for 60 days after, your Store opens for business. Your ongoing monthly advertising costs will depend on local media market costs.

14. Additional Funds. This estimates the funds needed to cover your other pre-opening expenses and expenses anticipated during the first 3 months of operation. It includes payroll costs (but not any draw or salary for you), additional rent, utilities, and miscellaneous supplies.

All estimates in this Item 7 for a Good Feet Store are based on costs and expenses that a franchisee could incur to establish a Good Feet Store of approximately 1,500 to 2,000 square feet in an average cost area in a free-standing location, strip mall, or enclosed mall.

We have prepared these estimates based on DOL's experience in establishing and operating Good Feet Stores and our experience in franchising third parties to operate Good Feet Stores selling the Products. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. An estimated initial investment will be incurred for each Store established under an ADA.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Products

Good Feet Stores sell only Products purchased from DOL, ING Source, and other approved suppliers. During the franchise term, you must buy from DOL and its affiliates all of the types of Products that DOL and its affiliates manufacture and/or sell. If DOL and/or its affiliates manufacture and/or sell a particular type of Product, you may purchase that type of Product only from DOL and its affiliates and from no other source. All of your Product purchases from DOL and its affiliates will be made on DOL's and its affiliates' then-current sales terms and conditions, including DOL's and its affiliates' then-current prices. DOL's and its affiliates' current price lists are included in the Operations Manual ("Manual"), which will be made available to you when you sign the Franchise Agreement. DOL and its affiliates have the right throughout the franchise term to revise its sales terms and conditions and price list for future orders effective upon notice to you. You cannot be in default under the Franchise Agreement if you want to place an order (this includes both payment and operational defaults). DOL and its affiliates may refuse to sell you Products if you are in default under the Franchise Agreement. In addition, DOL and its affiliates may refuse to sell you Products if you (or any of your affiliates) owe money to us or them (meaning that payment has not been made by the date due) under any other franchise or other agreement for the operation of another Good Feet Store. If DOL and its affiliates take this action due to your (or any affiliate's) default, you have no right to sell unapproved replacement products at the Store. Your only course of action is to cure, or cause your affiliate to cure, the particular default so that DOL and its affiliates once again will sell you Products.

You must at all times provide an adequate inventory and selection of Products to meet potential customer demand and have in your Store's inventory each Product and at least one of

each arch support. You must offer at your Store all Products, services, and Customer Benefits that we designate. You may not offer any products or services not authorized in writing. We have the right to modify, cancel, withdraw, and substitute Products, and to add new arch supports and related foot products to the Products, any time we deem best.

Sourcing Requirements Generally

If we designate a product or service to be purchased or obtained from one or more suppliers, you must source the product or service only from those suppliers; if we specify brands and types of goods or services to be used or sold at your Store, you must purchase for use and resale at the Store only those brands and types of goods or services; and if we identify specifications for goods or services for use or sale at the Store, you must purchase only goods and services meeting those specifications and requirements. Except as noted above under “Products,” we and our affiliates currently are not designated or approved suppliers of any items for your Store (although we and our affiliates have the right to become designated or approved suppliers).

Information System

Because information and communications are critical to operating each Good Feet Store, we will specify and update guidelines for an information system to be installed at the Store (the “Information System”). You must at a minimum acquire, install, and maintain Good Feet’s designated Information System. This will include hardware, equipment components, and software necessary for you to accept and process our gift and loyalty cards and participate in our gift card, customer loyalty, affinity, and similar programs. If you are renewing your franchise, you must buy and install our specified Information System before the renewal term begins (or by another deadline we specify).

Supplier Approval

Besides required purchases from DOL and other affiliates, we periodically may designate other suppliers for Good Feet Stores. We may designate a single supplier for any category or item and a supplier only as to certain categories of items. We may concentrate purchases with one or more suppliers to obtain lower prices, the best advertising support and/or the best services for any group of Good Feet franchises.

For goods and services other than Products obtainable only from DOL and our other affiliates, we will entertain your proposals to approve additional suppliers. If you propose to purchase goods or services from any supplier that we have not previously approved, you first must send us all information, specifications, and samples we request. Upon your request, we will provide our standards and specifications and other approved-supplier criteria to a supplier you propose, but if we determine that these standards, specifications, or criteria contain confidential information, we may require the proposed supplier to execute a confidentiality agreement as a condition of evaluating the supplier. Our representatives have the right, at your expense, to inspect the proposed supplier’s facilities and to take samples from the proposed supplier for evaluation and testing. We have the sole right to decide whether or not to approve any supplier. Due to required review and testing procedures, we normally will review, inspect, and approve or disapprove a suggested supplier within 6 months after the request. Supplier approval may be

conditioned on frequency of delivery, standards of quality and service, including prompt attention to complaints, other criteria, work environment, and concentration of purchases; may be conditioned on the supplier's giving us adequate insurance protection, signing reasonable license, indemnity, and confidentiality agreements, and paying fees to us and our affiliates for the right to do business with our system; and may be temporary or conditional pending our further evaluation of the supplier. We reserve the right to re-inspect a supplier's facilities, products and/or services and to revoke our approval if the supplier no longer meets our then-current criteria.

Good Feet Stores are arch support stores, not shoe stores. The number of shoes and shoe styles is limited to a few shoe lines and styles outlined in the Manual. We have established relationships with shoe manufacturers that will offer you shoes; however, your Store's shoe inventory may not occupy more than 25% of showroom display area at any time. We may require you to buy a portion of your shoe inventory from us (in that regard, we operate as a wholesaler). We may require you to pay us 6% of your Store's monthly Gross Sales from selling Products not acquired from us or our affiliates to the extent your Store's monthly Gross Sales from selling those products exceeds 20% of your Store's monthly Gross Sales from all Product sales.

Negotiations with Approved Suppliers

We may negotiate agreements with suppliers to provide products and services to all Good Feet franchises. Certain agreements may be negotiated with our affiliates, and those affiliates may profit from the agreements. These agreements may provide that revenue be paid to us and our affiliates for services rendered, license fees, or the like and that we and our affiliates may collect monies from these suppliers. We will negotiate these agreements to promote the overall interests of the Good Feet System and our interests as the franchisor. These agreements will not necessarily provide any specific Good Feet Store with the lowest cost products or services available; an individual Good Feet Store will not necessarily benefit proportionately from any supplier arrangement. We are not responsible if a supplier fails to perform its obligations to you.

Except as described in this Item 8, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Store that you currently must buy or lease from us (or an affiliate) or designated suppliers. Because DOL and ING Source are affiliated suppliers, certain officers of ours naturally own an interest in them through minority ownership interest in our common parent company.

The Good Feet Store

You must send us for approval your lease, purchase, or other occupancy agreement for the Store before you sign it. The occupancy agreement must contain the following types of provisions:

(i) requiring that we receive a copy of any written default notice and granting us the right (but not the obligation) to cure any default within 30 business days after the expiration of your cure period;

(ii) evidencing your right to display the Marks according to our standards;

(iii) granting us the right (but not the obligation) (a) to replace you under the occupancy agreement if the Franchise Agreement expires or is terminated for any reason or the occupancy agreement is terminated for any reason and (b) at our election at any time after such replacement, to assign the occupancy agreement for the Store's premises, or sublease the Store's premises in whole or in part, to another bona-fide franchisee or licensee of ours or to an affiliate of ours operating, franchising, or licensing another retail store brand or any bona-fide franchisee or licensee of such affiliate; and

(iv) allowing the Store to be used only for the operation of a Good Feet Store or another retail store brand we approve.

Except for the Store Décor Package (the source of which already is restricted), we must approve any additional signage before you use it. The printed or written copy for all signs displayed inside and outside the Store must be sent to us for approval before use. We may require you to use our designated construction project coordination service in building out your Store.

Advertising and Promotion

Your advertising activities must satisfy our standards. Before you begin using them, copies of all advertising, marketing, or promotional materials or a description of all marketing plans not prepared, licensed, or previously approved by us must be submitted to us for approval by receipted mail. You may not use any item we have not approved or have disapproved. You must use proper copyright and other proprietary notices on all materials.

You may not, except under programs we offer, use the Internet in any sales or marketing capacity, including websites, e-commerce sites, referrals, or any other computer-aided sales or advertising tool. However, you may use the Internet to communicate by e-mail with your existing customers and with others who have given you their e-mail addresses and have not subsequently opted out of receiving communications from you (i.e., you may not send "spam" or other unsolicited commercial e-mail to persons who have not previously purchased Products from you or otherwise authorized such communications).

You may not engage in mail-order marketing except under programs we offer or engage in mail-order marketing outside your Territory.

You must participate in, and comply with the requirements of, our gift card and other customer loyalty, affinity, and similar programs (including our issuing and honoring/redemption procedures and other standards and specifications for gift certificates, coupons, and gift, loyalty, and affinity cards).

In addition, we periodically may enter into agreements or establish arrangements and relationships with local, regional, national, or international companies or organizations under or through which we agree that all Good Feet Stores will offer discounts, incentives, or other products and services to the personnel, customers, or employees of such companies or organizations on commercially-reasonable terms (collectively, "Partnership Programs"). The

terms of these Partnership Programs may include, for example, special fees, pricing structures, and reimbursement arrangements for Products that differ from our then-current recommended or required pricing. Your Store must begin participating in and honoring the terms of all Partnership Programs in effect within the Territory upon notice from us that they are in effect. We will consult with the Good Feet Franchise Advisory Council regarding the terms and structure of these Partnership Programs.

Insurance

You must purchase at your own expense and maintain in effect at all times during the franchise term all insurance we require (including at least \$1 million in general liability insurance), naming us and our affiliates (and certain related parties) as additional insureds, from an “A” or better-rated insurance company registered in the jurisdiction where the Territory is located. We periodically may increase the amounts of coverage required and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. If you do not maintain required insurance, we may (but are not required to) obtain that insurance for you through our agents and insurance companies. You must send us and/or our designated agent certificates of insurance no later than 10 days before the Store opens and all replacement policies upon issuance. Insurance requirements are to protect us and the other named insureds. You should consult with your own insurance agents, brokers, and attorneys to determine what level of insurance protection you need and desire (besides the coverage we require).

Development of Standards

We will develop our standards and specifications in consultation with our affiliates, suppliers, and the Franchisee Advisory Council discussed in Item 11. We will issue standards and specifications for franchises and information on approved suppliers through the Manual and other communications. We will make our approved-supplier criteria available to franchisees and to prospective suppliers of any product or service other than the Products.

Store Upgrades

We periodically may modify the Good Feet System’s standards and specifications, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Store and/or incur higher operating costs. You must implement any changes in mandatory Good Feet System standards and specifications within the time period we reasonably request. However, except for:

- (a) changes in the Information System;
- (b) non-material changes in signage and logo;
- (c) material changes in signage and logo (subject to certain limitations described in the Franchise Agreement);

- (d) changes required by the Store lease or applicable law;
- (e) new Products that we require the Store to offer and sell and associated technology and merchandising displays; and
- (f) general Store upkeep, repair, and maintenance obligations,

for all of which the timing and amounts are not limited during the initial franchise term (except as provided in clause (c) above with respect to material changes in signage and logo), we will not obligate you to make any capital modifications (i) during the first 3 years of the initial franchise term or a renewal franchise term, as applicable, or (ii) during the last 3 years of the initial franchise term or a renewal franchise term, as applicable, unless the proposed capital modifications during those last 3 years (the amounts for which are not limited) are in connection with Store upgrades, remodeling, refurbishing, and similar activities for your acquisition of a renewal franchise.

This means that, besides the rights we reserve above in clauses (a) through (f), we have the right, beginning on the first day of the 4th year of the initial franchise term or a renewal franchise term, as applicable, and continuing through the 7th year after the start of the initial franchise term or renewal franchise term, as applicable (the “Remodeling Window”), and unrelated to your potential acquisition of a renewal franchise, require you substantially to alter the Store’s appearance, layout, and/or design, and/or replace a material portion of its operating assets, in order to meet our then-current requirements and then-current Good Feet System standards and specifications for Good Feet Stores.

Nevertheless, unless the required upgrades, remodeling, refurbishing, and similar activities are related to your acquisition of a renewal franchise (and subject in all cases to the rights we reserve above in clauses (a) through (f)), we will not require you to: (1) remodel or renovate the Store more than once during the Franchise Agreement’s term; (2) spend more than 20% of the initial amount you spent to construct the Store; or (3) perform any remodeling or renovation if the Franchise Agreement has a 5-year term.

Revenues from Sourcing Activities Generally

We did not receive any revenue from selling or leasing products or services to the Good Feet System in ~~2022~~2023. Based on internal records, our affiliate, DOL, received ~~\$26,654,789~~\$33,045,782 from selling Products directly to Good Feet franchisees during ~~2022~~2023. Our affiliate ING Source also sold products or services to our franchisees during ~~2022~~2023. ING Source’s revenue during ~~2022~~2023 from selling products directly to Good Feet Stores was ~~\$1,652,106~~\$2,186,029. We and/or DOL received ~~\$239,252~~\$340,366 from other suppliers during ~~2022~~2023 on account of the purchases our franchisees made from them.

Extent of Your Commitment

We estimate that your required purchases of Products and other goods and services from us or our affiliates, our designees, or approved suppliers, or according to our specifications, will be over 65% to 70% of your total purchases and leases to establish and then operate your Store.

We currently participate (and we will require that our franchisees participate) in a purchasing cooperative program that allows us to reduce our cost and our franchisees' costs by purchasing volume product from shoe and sock vendors. As part of this arrangement, the vendors pay to us or DOL an amount ranging from 2% to 10% of their wholesale sales to Good Feet franchisees. Your participation in this purchasing cooperative will restrict suppliers from whom you can purchase certain products. There currently are no other purchasing or distribution cooperatives in the Good Feet System. However, we may negotiate purchase arrangements with suppliers in the future (including price terms) for some items and services. In doing so, we seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

The ADA does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating a Good Feet Store. You must give us information and materials we request concerning each site at which you propose to operate a Store so we can assess that site. You must comply with the requirements described above at each Good Feet Store you develop under the ADA.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1.1, 4.1, and 4.4 of Franchise Agreement Area Development Agreement Agreement ("ADA")—not applicable	7, 8, 11, and 12
b. Pre-opening purchases/leases	3.2 and 4 of Franchise Agreement ADA—not applicable	5, 7, 8, and 11
c. Site development and other pre-opening requirements	1.2, 3.2, 4, and 5.5 of Franchise Agreement ADA—not applicable	7, 8, and 11
d. Initial and ongoing training	1.7, 3.1, 3.4, 5.10, and 5.11 of Franchise Agreement 8 of Amendment ADA—not applicable	5, 6, 7, and 11

Obligation	Section in Agreement	Disclosure Document Item
e. Opening	1.2 of Franchise Agreement 2.1 of ADA	11 and 12
f. Fees	2.2.I, 3.1, 3.4, 3.7, 5.4, 5.5, 5.7.C, 5.8, 7, 8, 9.2, 9.3, 10, 11.2, 12.2.E, 12.6, and 16.13 of Franchise Agreement 6, 7.1, and 21.4 of ADA 7.I, 12, and 13 of Amendment	5, 6, and 7
g. Compliance with standards and policies/ operating manual	3.3 and 5 of Franchise Agreement ADA—not applicable	8, 11, and 15
h. Trademarks and proprietary information	3.3, 3.10, 3.11, 5.15, 5.16, and 6 of Franchise Agreement Exhibit C of ADA	13 and 14
i. Restrictions on products/services offered	1.3, 1.5, 3.2, and 5 of Franchise Agreement ADA—not applicable	8, 11, 12, and 16
j. Warranty and customer service requirements	5.1 and 5.7 of Franchise Agreement ADA—not applicable	1 and 11
k. Territorial development and sales quotas	5.17 of Franchise Agreement 2.1 of ADA	12
l. Ongoing product/service purchases	1.3, 1.5, 3.2, 5.3, 5.5, 5.6, and 5.14 of Franchise Agreement ADA—not applicable	6 and 8
m. Maintenance, appearance, and remodeling requirements	5.1 and 5.2 of Franchise Agreement 7.D and 11 of Amendment ADA—not applicable	8, 11, and 17
n. Insurance	10 of Franchise Agreement ADA—not applicable	7 and 8
o. Advertising	8 of Franchise Agreement ADA—not applicable	6, 7, 8, and 11
p. Indemnification	9.2 and 9.3 of Franchise Agreement ADA—not applicable	6

Obligation	Section in Agreement	Disclosure Document Item
q. Owner's participation / management / staffing	1.7, 5.10, and 5.11 of Franchise Agreement 8.2 and 14 of ADA 5 of Amendment	11 and 15
r. Records and reports	7.4 and 11 of Franchise Agreement 12 of ADA	Not Applicable
s. Inspections and audits	3.6 and 11 of Franchise Agreement ADA—not applicable	6 and 11
t. Transfer	12 of Franchise Agreement 17 and 18 of ADA	17
u. Renewal	2.2 of Franchise Agreement 7 of Amendment ADA—not applicable	17
v. Post-termination obligations	14 of Franchise Agreement 10 of ADA	17
w. Non-competition covenants	15 of Franchise Agreement 15 and Exhibit C of ADA	15 and 17
x. Dispute resolution	16.3 through 16.10 of Franchise Agreement 9.4.4, 15.5, 21, 22, 23, 25, and 27 of ADA	17
y. Customer loyalty and affinity program participation	5.1 of Franchise Agreement ADA—not applicable	8 and 11
z. Consumer Data and Customer Lists	3.11 of Franchise Agreement ADA—not applicable	11 and 14
aa. Owner's Guaranty	1.6 and Exhibit B of Franchise Agreement ADA—not applicable	15

ITEM 10

FINANCING

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

ITEM 11

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

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

Before you open the Store, we, DOL, and/or our other affiliates (as applicable) will:

1. Grant you a franchise to open and operate a Good Feet Store using the Good Feet System and the Marks and identify the Territory. (Section 1.1 of Franchise Agreement)
2. Approve your Store's lease. (Section 4.4 of Franchise Agreement)
3. Sell you an initial inventory of Products. (Sections 3.2 and 4.3 of Franchise Agreement)
4. As discussed below under the heading Training, provide the Initial Brand Standard Training Program. (Section 3.1 of Franchise Agreement)
5. Give you our specifications for the building, equipment, furnishings, decor, layout, and signs of a Good Feet Store. (Sections 3.2 and 4.2 of Franchise Agreement)
6. Make available a copy of our Manual to use during the franchise term. (Section 3.3 of Franchise Agreement)
7. Consult with you about the type of grand-opening advertising or market-introduction program that might be most suitable for the Store's market and the recommended expenditures for that program. (Section 8.4.A of Franchise Agreement)
8. If you sign an ADA for Good Feet Stores, designate a specific number of Stores that you (and your approved affiliates) must open at approved locations within your development area. (Section 2.1 of ADA) We do not own locations for lease to franchisees. Under the ADA, we first must accept each new site you propose for each new Good Feet Store. Our then-current standards for sites will apply.
9. If you sign an ADA for Good Feet Stores, provide various real estate and project-site services for the development of Good Feet Stores in the Development Area, including market analysis, mapping, demographic studies, and site investigation, review, and selection. We will provide recommendations or assistance in hiring outside service providers and vendors to perform the services and provide the goods necessary to complete a Store's site selection, construction, and development, including real-estate brokers, design professionals, engineers, architects, and general contractors. (Section 4.1 of ADA)

10. If you sign an ADA for Good Feet Stores, visit the Development Area as often as we deem necessary to review potential Store sites. Using local commercial real-estate brokers and leveraging relationships that we might have with landlords in the Development Area, we may recommend potential Store sites or sources for your consideration. Selection and recommendation of a Store's site will be based on our then-current criteria for Good Feet Store sites, including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, co-tenancy, ingress and egress, size, and other physical and commercial characteristics. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials we reasonably request to which we would otherwise not have access. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within 30 days after we receive all requested information and materials. You may not proceed with a site that we have not accepted. We will not unreasonably withhold our acceptance of a site if, in our experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for Good Feet Stores. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a Good Feet Store. (Section 4.1 of ADA)

During your operation of the Store, we, DOL, and/or our other affiliates (as applicable) will:

1. License you various advertising and promotional materials on an unlimited basis if you timely pay your Advertising Fund contribution and give you other printed product brochures, displays, sales tools copyrighted or trademarked by us or DOL, and promotional material, some at no charge and some at a nominal cost. (Section 8.3 of Franchise Agreement)
2. Provide the Initial Brand Standard Training Program to newly-hired general managers and additional individuals associated with you throughout the franchise term. (Section 3.1 of Franchise Agreement)
3. Provide additional brand standard training programs or seminars at our principal offices or other locations. (Section 3.4 of Franchise Agreement)
4. Issue and modify standards, specifications, and operating procedures for the Store, including modifying the Manual. Changes to the Manual will be effective upon notice to you. You must operate the Store according to the Good Feet System and all mandatory systems, procedures, policies, methods, and requirements. (Sections 3.3 and 5.14 of Franchise Agreement) The Manual's current table of contents appears at Exhibit G. The Manual contains 159 pages.
5. Inspect the Store as often as we deem necessary; make our staff available for consultation and guidance in operating and managing the Store; make available to you all changes, improvements, and additions to the Good Feet System to the same extent we make them

available to other franchisees; and give you all supplements and modifications to the Manual. (Sections 3.5 and 3.6 of Franchise Agreement)

6. At your request, and subject to personnel availability, provide additional guidance and assistance to you. (Section 3.7 of Franchise Agreement)
7. Let you use our Confidential Information. (Section 5.16 of Franchise Agreement)
8. Let you use the Marks. (Section 6 of Franchise Agreement)
9. Continue to sell you Products. (Section 5.3 of Franchise Agreement)
10. Form and maintain, if we so desire, a Franchisee Advisory Council (“FAC”), the purpose of which is to advise and guide us on various aspects of the Good Feet System and its development and to perform other functions we specify. Any FAC will be governed by bylaws it adopts, although we have the right to modify them. Franchisees participate in the FAC at their own expense. A FAC will not have any decision-making authority. Our current FAC is identified in Item 20. (Section 3.8 of Franchise Agreement)
11. Establish one or more websites to advertise, market, and promote Good Feet Stores, the Products and/or the Good Feet franchise opportunity (a “Franchise System Website”) (see below). (Section 3.10 of Franchise Agreement)
12. Regulate and establish your minimum, maximum, or other prices for the resale of the Products to the extent the law allows (including in Partnership Programs). (Section 5.9 of Franchise Agreement)
13. Maintain and administer an Advertising Fund. (Section 8.2 of Franchise Agreement)

Constructing and Opening the Good Feet Store

You must select your Store’s site, which we may approve or disapprove. If you selected and we approved the Store’s premises before signing the Franchise Agreement, it will be listed on Exhibit A to the Franchise Agreement. If not, you must propose a site in the Territory. You must send us for review your Store’s lease, purchase, or other occupancy agreement before you sign it. The occupancy agreement must contain certain required provisions ([described in Item 8 above](#)). You must find the location and have it ready to open within 120 days after signing the Franchise Agreement. Otherwise, we may terminate the Franchise Agreement. If you sign an ADA with us, we will determine or approve the location of future Stores (and their related territories) using our then-current standards for sites (and territories) (see discussion above).

We expect most Good Feet Stores to be located in strip malls or free-standing locations and to be between 1,500 and 2,000 square feet in size, although Good Feet Stores may be smaller or larger depending on real-estate availability and the nature of your Territory’s population. You also may locate your Good Feet Store in an enclosed shopping mall. All new Good Feet Stores must be constructed and developed using our design and layout specifications and the Store Décor Package. After securing rights to the premises, you must employ a design service we approve to prepare and send us for approval a site survey and any modifications to our basic

plans and specifications (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs, and decorating) required to develop the Store at the premises (the “Plans”). We may disapprove or condition approval of the Plans as we deem appropriate.

Based on approved Plans, you or your construction project management service must (i) obtain all required zoning changes and building, utility, health, sanitation, sign, and other permits and licenses, (ii) purchase or lease and install the Store Décor Package and all equipment, fixtures, furniture, and signs required in the Plans or the Manual, (iii) decorate the Store according to the Plans and all applicable ordinances, building codes, and permit requirements, (iv) obtain all customary contractors’ sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services, and (v) otherwise complete development and have the Store ready to open within 120 days after the Franchise Agreement’s effective date (but, if earlier, by the deadline specified in an ADA). You also must develop the Store in compliance with applicable laws. (Section 4.2 of Franchise Agreement) As discussed in Items 5, 7, and 8 above, you must purchase much of the Store’s initial Product inventory only from DOL.

Advertising

Advertising Fund

We currently administer an Advertising Fund for Good Feet Stores and the Products and require you to contribute to the Fund on a monthly or other basis. (Section 8.2 of Franchise Agreement) We may cause the Advertising Fund to be formed as or operated through a separate entity, and this entity will have all of our rights described here. All franchisees in the system must contribute up to 3% of their monthly Gross Sales to the Advertising Fund. Currently, franchisees pay \$1,500 per month or 3% of monthly Gross Sales, whichever is less. If we hold the Good Feet Convention in ~~2023~~[2024](#) and you do not attend, then beginning on the 15th day of the month following the Convention, we will increase your Advertising Fund contribution for your Store by \$85 per month. Instead of requiring you to pay these fixed-dollar amounts, we may increase your monthly Advertising Fund contribution to up to 3% of your monthly Gross Sales after giving you 30 days’ advance notice. We may from time to time offer convention discounts and/or incentives which could reduce these amounts. We and our affiliates must contribute to the Advertising Fund on the same terms as franchisees on account of Good Feet Stores we and they own and operate.

We direct all marketing and advertising programs the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and the geographic, market, and media placement and allocation of the marketing and advertising. The Advertising Fund may pay the costs of a media advertising program, maintaining an advertising and referral service, and preparing and producing video, audio, and written advertising materials; developing, maintaining, and implementing an electronic commerce website and/or related strategies; administering local, regional, multi-regional, and national advertising programs, including purchasing direct mail and other media advertising; employing advertising, public relations, and media buying agencies to assist in these activities; supporting public relations, market research, and other advertising and marketing activities; and reimbursing us or our affiliates for expenditures we or our affiliates make for advertising and marketing to be used by the

Advertising Fund. All advertising, marketing, and other programs and materials that the Advertising Fund finances may include references to our offer and sale of franchises, although the Advertising Fund will not be used to fund any materials or programs that are solely to solicit new franchise sales. Advertising, marketing, and programs, including a media advertising program, may be placed through our affiliates, and those affiliates may charge the Advertising Fund for their then-current standard commissions, fees, and other charges. The Advertising Fund may give you marketing, advertising, and promotional formats and sample materials at no charge or sell you multiple copies at its direct cost of producing them, plus related customization, shipping, handling, and storage charges.

The Advertising Fund is accounted for separately from our other monies and is not used for any of our general operating expenses, except for costs, salaries, travel expenses, administrative costs, and overhead we incur in activities reasonably related to administering the Advertising Fund and its marketing programs (including conducting market research, preparing advertising and marketing materials, general production costs, and accounting for Advertising Fund contributions and expenses). We may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from others (paying reasonable interest), and invest any surplus for future use. Any unspent money in a fiscal year may be rolled over and spent in the following year. We may collect for deposit into the Advertising Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. All interest earned on monies contributed to the Advertising Fund will be used to pay costs before the Advertising Fund's other assets are spent. We may have an independent firm prepare an annual, unaudited statement of Advertising Fund collections and costs and give you a copy upon written request. We also will give you an informal accounting of the Advertising Fund's collections and costs upon written request. We may have the Advertising Fund audited annually, at the Fund's expense, by an independent certified public accountant.

During the ~~2022~~2023 fiscal year, ~~51~~61% of the Advertising Fund's spending was on broadcast and video production, 2023% was on branding and creative development, 6111% was on digital marketing services, and 235% was on other items (like search engine optimization, graphics creation, in-store marketing, franchisee marketing support, creative asset licenses, and general marketing related and administrative expenses).

Any Advertising Fund is to maximize recognition of the Marks and Products and patronage of all Good Feet Stores. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising, benefiting all Good Feet Stores, we have no obligation to ensure that Advertising Fund expenditures in or affecting any geographic areas will be proportionate or equivalent to Advertising Fund contributions by franchisees operating in those geographic areas or that any franchised Good Feet Store will benefit directly or in proportion to its Advertising Fund contributions from Advertising Fund materials or advertising placement. (In other words, we have no obligation to spend any specific amount in your market area.) We have the right to run advertising and marketing in any media (whether national, regional, or local).

We may use collection agents and institute legal proceedings to collect Advertising Fund contributions at the Advertising Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. We assume no other direct or indirect

liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.

We may at any time defer or reduce a franchisee's Advertising Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Advertising Fund. If we ever terminate the Advertising Fund completely, we will distribute all unspent monies to franchisees, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding 12-month period.

Advertising Cooperatives

There currently are no franchisee advertising councils, although our current FAC disclosed in Item 20 has a marketing committee. There currently are no local or regional advertising cooperatives. However, if the DMA in which your Store is located encompasses Good Feet Stores operated by at least 2 franchisees (including you and your Stores(s)), you must participate in a cooperative advertising association organized and approved by us (an "Area Cooperative") with the other franchisees to advertise and promote Good Feet Stores located in the DMA. (Section 8.5 of Franchise Agreement) Each Area Cooperative is governed in a form and manner and under the agreements, bylaws, and other documents, and begins operating on a date, we determine, including under the Good Feet Advertising Cooperative Membership Agreement (the "Cooperative Membership Agreement"). The Cooperative Membership Agreement is available for review upon request. The Area Cooperative's members in the DMA will include all Good Feet Stores operating in that DMA (unless one or more Good Feet Stores in the DMA are not obligated by their franchise agreements to participate in the Area Cooperative and they choose not to participate). If an Area Cooperative has been established as of your Franchise Agreement's effective date for the DMA in which your Store is located, your Store automatically will become a member of that Area Cooperative when you sign your Franchise Agreement (although the contributions below will not begin until the Store begins operating). Our affiliate-owned Stores need not participate in Area Cooperatives but may elect to do so.

If an Area Cooperative is or has been established in the DMA, you must (a) join, participate in, and actively support the Area Cooperative in compliance with its governing documents, and (b) contribute to the Area Cooperative each month not less than \$10,000 or 20% of the monthly Gross Sales of your Stores in the DMA, whichever is greater (to be paid monthly to us on or before the 15th day of each month). The Area Cooperative's members may vote to increase the contribution amount or change it from a fixed percentage contribution rate to a pro-rata contribution rate. This contribution is in place of your required local advertising expenditures described below (but in addition to any required Advertising Fund contributions described above).

If the Area Cooperative's members cannot agree on any aspect of the Area Cooperative's formation, administration, or operation, such as the annual marketing activities plan and proposed budget, and the disagreement continues for 30 days after written notice to us that a disagreement exists, we have the authority to resolve the matter. Our decision will be final and binding on all Area Cooperative members.

You must send us and the Area Cooperative any reports we require, including information to confirm your compliance with your minimum contribution obligations. The Area Cooperative will operate only for the purpose of advertising and promoting Good Feet Stores located in the DMA. The Area Cooperative and its members may not use any advertising or promotional plans or materials without our prior written consent. We also may change, dissolve, or merge an Area Cooperative or any franchisee advertising council.

Programs and Store-Level Advertising (Sections 8.1, 8.3, and 8.4 of Franchise Agreement)

We will grant you a license during the franchise term to use various television and radio commercials and infomercials relating to the Products (“Programs”). The license will be unlimited so long as you are in compliance with your contractual obligations, including paying your monthly Advertising Fund contribution. If you are in default, we need not license you any advertising materials or Programs. DOL retains all ownership right, title, and interest in the Programs, including all copyright ownership. Neither you nor anyone under your control or on your behalf may produce or broadcast, by television or radio, any program that is substantially similar or identical to the Programs. The Programs may not be copied, edited, modified, or altered in any manner. We will arrange for all Programs, except loop tapes, to be delivered directly to the cable television, broadcast television, radio stations and/or other media outlets you select. No loop tape may be distributed to any other party and must be returned to us when the franchise ends.

Advertising agencies must be approved to represent franchisees and agree to sign covenants not to compete with us and/or franchisees for the term of their representation of any Good Feet franchise (as consultant/agent) and for 6 months after the relationship ends (for any reason). Agencies may not represent, consult with, or become employees of any direct competitor during the agreement term and for 6 months afterward. The agency must have a clean business record with Better Business Bureau, credit agencies, and media outlets and not have any late or non-payment history with any media outlets. Agencies must agree to use the creative materials we provide and/or approve and may not air or run unauthorized, unapproved advertising. You will pay stations directly, in advance, and pay agencies commissions only. You may advertise only in the DMA in which the Territory is located.

You must conduct a grand-opening advertising or market-introduction program for the Store within the timeframe we specify, typically beginning ~~14~~⁷ days before, and extending for 60 days after, your Store opens for business. We will consult with you about the type of program that might be most suitable for the Store’s market and the recommended expenditures for that program. We must pre-approve your proposed program before its planned rollout date.

In addition to your monthly Advertising Fund contribution (currently \$1,500 per month or 3% of monthly Gross Sales, whichever is less):

- you must spend each month at least \$10,000 or 20% of the Store’s monthly Gross Sales, whichever is greater, to advertise in your DMA. However, if you believe that the Store should not be required to spend this minimum monthly amount, you may request our approval of an alternative amount. We will use reasonable efforts to respond to your request within 60 days. We will base our decision on factors such as market saturation,

competition, and the then-current status of your compliance with the Minimum Performance Criteria. Our approval of any single request does not obligate us to approve a subsequent request for the same purpose. If you and/or your Affiliates own and operate multiple Good Feet Stores in the same DMA, the advertising spending for those Good Feet Stores is not separated among the Stores, and the Good Feet Stores spend a total amount for advertising that would satisfy the obligations for all of the Good Feet Stores in the aggregate, you will be deemed to be in compliance with this requirement.

- you must send us for approval before use all sales promotion materials and advertising you plan to use (which we will approve or disapprove within approximately 30 days).
- you must use the ® and © registration marks or designation where applicable.
- you agree to make available for use by other parties in the Good Feet System all advertising, marketing, and other promotional materials you develop. We require all other franchisees to share developed advertising, marketing, and other promotional concepts in the same manner.

You may create (or have created) for your Store print, radio, and TV advertising other than infomercials for the Products. Any advertising agency you hire to create advertising must meet the criteria outlined above. All programs and advertising created by you or your advertising agencies will be deemed works made-for-hire for us and our sole property. You must take all action (or cause your advertising agency to take all action) necessary to confirm our ownership of all copyrights in the programs and advertising. For example, you must make sure that your contracts with advertising and other agencies state that we will, without any required payment, own all materials they create related to the Good Feet System and that those materials are deemed to be works made-for-hire for us. You are not entitled to any compensation for those materials.

In addition to the Programs that we make available to compliant franchisees, we will give you printed product brochures, displays, packaging, and sales tools, some at no charge and some at a nominal cost. These may not be duplicated, changed, or altered in any way. No other manuals, sales training aids, product literature, or any other document not provided or approved by us may be used in selling Products. When these materials are changed or updated, you must use the new materials immediately. You must participate in our gift card program.

Franchise System Website

At our option, we may establish one or more Franchise System Websites. (Section 3.10 of Franchise Agreement) If we do, we may give you a linked local website on the Franchise System Website that references your Store. You must give us the information necessary to develop, update, and modify your linked local website. This information must be accurate and not misleading and not infringe any other party's rights. We will own all intellectual property and other rights in the Franchise System Website, your linked local website, and all information they contain.

We will maintain the Franchise System Website (including basic content on your linked local website). You must notify us whenever any information on your linked local website

changes or is inaccurate. At your request, we will update or add information we approve to your linked local website. System standards may regulate the Franchise System Website. If you are not complying with the Franchise Agreement or any Good Feet System standards, we may temporarily remove your linked local website from the Franchise System Website until you are in full compliance. You may not, without our approval, develop, maintain, or authorize any other Website that mentions or describes you or your Store or displays the Marks. (Section 3.10 of Franchise Agreement)

Training Programs (Sections 3.1, 3.4, 3.7, 5.10, and 5.11 of Franchise Agreement)

Before the Store begins operating, your Managing Owner and the Store's general manager must attend and complete to our satisfaction our Initial Brand Standard Training Program. We provide this training program to your first 2 attendees at no additional charge. [We charge \\$750 for each additional attendee.](#)

The Initial Brand Standard Training Program will take place at our principal offices in California or at an alternate place we designate. We also will provide the Initial Brand Standard Training Program to your newly-hired general managers (and any replacement Managing Owners) throughout the franchise term. All related expenses are your responsibility. No person may be a Store's general manager or serve as Managing Owner unless he or she has completed the Initial Brand Standard Training Program to our satisfaction. The Store must be under the direct, "on premises" supervision of your Managing Owner or a trained employee acting as a full-time general manager.

Our brand standard training program for Good Feet Store franchisees will be 5 business days of classroom training and 2 days of on-the-job training at a Good Feet Store. We contemplate conducting brand standard training programs on a regular basis and at least once per month. Our current classroom training is outlined below. We plan to continue expanding our brand standard training program, so the training you receive may be considerably more extensive and require more days.

Our training is conducted under the supervision of Sandy Porretta. Ms. Porretta has been affiliated with the Good Feet System since 1997 and also operated a Good Feet Store for several years. Due to her store ownership and involvement in franchise support for over 20 years, she has hands-on management experience in all the areas covered in our brand standard training program, reflected on the chart below. We use our Manual and other training aids during training.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On- The-Job Training	Column 4 Location
Welcome & Facility Tour	3½	0	Carlsbad, San Diego, California

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On- The-Job Training	Column 4 Location
Foot Anatomy/Dynamics Biomechanics Presenting without Diagnosing			
Good Feet Product Line	3½	0	Carlsbad, <u>San Diego,</u> California
Presenting the 3 Step System Closing the Sale Overcoming Objections – Complaint Resolutions Advanced Sales Techniques	3½ <u>5</u>	0	Carlsbad, <u>San Diego,</u> California
Lifestyle Activity Sheet The Good Feet Fitting Process Harris Mat/Scanner Brannock Device The Ideal Foot Biomechanical Balancing Youth Supports EnduraStep Training Shoe Fitting	3½ <u>5</u>	0 <u>5</u>	Carlsbad, <u>San Diego,</u> California
Good Feet Customer Service Standards Follow-up calls/E-mails Returns, Exchanges, Refunds	3½	0	Carlsbad, <u>San Diego,</u> California

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On- The-Job Training	Column 4 Location
Outside Sales/Marketing Partnerships Events/Trade Shows Foot Checks			
Business & Systems Operating – Internet Technology Internet, Wi-Fi, Hardware Specs Transactional / POS System Hardware, Software, Merchants Service Provider—Gift Card Services Consumer Financing Inventory Control End of Month downloads and transactions Periodic Reporting Processes	3½	0	Carlsbad, <u>San Diego,</u> California
Media & Marketing	3½	0	Carlsbad, <u>San Diego,</u> California
Ordering/Purchasing Initial Inventory Good Feet Franchise Website Retail Shoe Inventory and	3½	0	San Marcos, <u>Diego,</u> California

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On- The-Job Training	Column 4 Location
Accessory Product Sales Vendor Relationships			
Review Gold Star Review	3½	0	San Diego, California
Store Management Ups & Rotations	3½	0	San Diego, California
In-Store Shadowing	0	14	San Diego, California

We have the right to terminate the Franchise Agreement if the individuals required to attend and complete the Initial Brand Standard Training Program fail to do so.

We may require that previously trained and experienced franchisees (or, if entities, their Managing Owners) and/or their managers attend and successfully complete (to our satisfaction) additional brand standard training programs or seminars conducted at our principal offices or other locations we choose. “To our satisfaction” means that we believe that the training attendees understand our brand standards and operational requirements for Good Feet Stores and will be able to implement those brand standards and follow required operating procedures at your Store. You (or your Managing Owner) and/or your employee(s) must attend these programs or seminars at your expense. Additional brand standard training programs and/or seminars will not exceed one per year unless presented as part of the Annual Convention.

If we determine that additional guidance and assistance is required due to the Store’s failure to operate according to the Good Feet System, we may require that you (or your Managing Owner) and/or your managers and employees undergo a retraining program or we may provide other remedial assistance.

Information System

Because information and communications are critical for each Good Feet Store, we will specify and update guidelines for the Information System. (Section 5.5 of Franchise Agreement) You must, at your own cost and within the time period we specify, acquire all hardware, software, and peripherals, install all communications lines and wiring, contract for all required support and maintenance, and meet all other requirements for the franchise. The Manual or other communications will state whether items must be purchased from a specific supplier, whether specific brands of hardware, software, peripherals, or other items must be acquired, or whether the items can be sourced from approved suppliers. We may, as often as we deem appropriate

(including on a continuous unlimited basis), independently access the Information System and retrieve all information relating to the Store's operation.

We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing the Software License Agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through or other shrink-wrapped license agreement), that we and our affiliates prescribe to regulate your use of, and our, our affiliates', and your respective rights and responsibilities with respect to, the software or technology.

Information System for a Good Feet Store. We currently require a standard business-class internet service and associated hardware, phone service and associated hardware, a basic computer system, POS cash register and inventory-management system, and CRM system, the primary purposes of which are to have internet access to place orders for Products through DOL's website, to communicate with us, and to manage your Store and customer relations. The required hardware, software, and components, which we put together through purchasing programs, are as follows:

PRODUCT	FUNCTION
• Hardware Platforms - o PC w/ Microsoft Windows 10 (minimum)	o Windows platform used for back-office management and Point-of-sale
• Application Software - o Point of Sale (POS) System - o Customer Relation Management (CRM) System	- Record sales, track inventory, ensure pricing consistency, offer special promotions/coupons, and pinpoint their impact. Includes data management and analysis software which updates inventory, scans bar codes, processes credit card transactions, records customer information, and prints detailed sales receipts. Satisfies customer display requirements according to state-specific laws. In addition, this software can be scheduled to upload the franchisee's inventory and sales data to us for automated comparative analytics. - Manage customer data and customer interaction, manage marketing and customer support, enhance customer engagement, and create repeat business.
<u>Minimum Hardware Requirements</u> - o PC with Intel i3 CPU or higher (1 required, 2 may be recommended) - o Windows version 10 or higher - o User Memory: 4GB DDR3 SDRAM - o Hard Drive: 500GB 3.5 inch 7.200 RPM	<u>Minimum Software Requirements</u> - o Salesforce, Slalom, Dynamics, Verkada, Acuity - o RICS or Other Windows or Apple POS system

PRODUCT	FUNCTION
- o Integrated Intel Graphics Card - o Display Monitor: 22" or larger (1 required, 2 may be recommended) - o UPS (Universal Power Supply) - o 825VA Battery Back-Up System - o Laser reports printer - o iPad or iPad Pro (1 required, 2 may be recommended) - o High-Speed Internet using Fiber-Optic or Cable preferred (minimum 25 Mbps down / 5 Mbps up) - o Multi-Band High-Speed WiFi Router and WiFi Access Points and Access Points Controller (Linksys, Netgear, TP-Link, D-Link, Uniquiti, or other) - o Business-class Firewall (NetSurion or other) - o Cash drawer (HP Heavy Duty or other) (1 minimum, 2 may be recommended) - o Pole Displays (Partner Tech or other) (1 minimum, 2 may be recommended) - o Receipt printer (Star or other) (1 minimum, 2 may be recommended) - o Barcode scanner (Honeywell or other) (1 minimum, 2 may be recommended) - o Label Printer (Zebra or other) (1 minimum) - o Credit card terminal (1 minimum, 2 may be recommended) - o Network Rack, Enclosure, and cable management systems (Tripp Lite or other) - o Cables and connectors for all equipment (varies)	- o Microsoft Office 2019 or Office 365 (for office mgmt) ➤ Excel (spreadsheet) ➤ Word (word processor) ➤ Outlook (email connector) ➤ PowerPoint (presentation graphics) - o Norton Internet Security (virus security) or Other Industry Standard Anti-Virus solution - o Free Adobe Acrobat (pdf) Reader

None of this hardware or software is our proprietary property. It belongs to the component manufacturers and software creators. As described in Item 7, we estimate the computer system's cost to be \$21,000 to \$28,000. The third parties whose products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product. The cost of a contract covering basic maintenance, repairs, and upgrades depends on its term and coverage but could be approximately \$1,700 to \$2,200 per year.

You must comply with our reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, employers, gender, photographs, e-mail addresses, dates of birth, demographic or related information, device and network data, location information, credit-card information, and order histories of customers (“Consumer Data”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. You must comply with all applicable laws governing the use, protection, and disclosure of Consumer Data. If there is a suspected or actual breach of security or unauthorized access involving Consumer Data, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Consumer Data was compromised or disclosed.

ITEM 12 **TERRITORY**

Franchise Agreement

You will operate the Store at a specific location that we first must approve within the exclusive Territory described in the Franchise Agreement. You may not relocate the Store without our approval. Whether or not we will allow relocation depends on the circumstances at the time and what is in the Store’s and our system’s best interests. Before signing the Franchise Agreement, we and you will determine your exclusive Territory. The Territory’s size and description will depend on area demographics, including population, number of homes in the Territory, and general media markets. There is no required minimum or maximum size. We consider demographic figures obtained from then-current third-party market studies and evaluations that we believe provide reliable market information. We currently rely on the Nielsen DMA statistics published annually, although we may consider different sources as well. If you sign an ADA with us, we will determine the Territory for future Stores using our then-current standards. The Territory will be described by streets, roads, and highways, zip codes, city and county lines and/or natural boundaries. During the franchise term, we will not establish or operate, or franchise or license a third party to establish or operate, a Good Feet Store the physical premises of which is located in your exclusive Territory as long as you honor the Franchise Agreement’s terms.

Except for this exclusivity, we (and our affiliates) reserve all rights not expressly granted to you under the Franchise Agreement, including all rights in and to the Marks, the Good Feet System, Products, Good Feet Stores, and their associated goodwill. Our reserved rights include:

- operating and granting others the right to operate a Good Feet Store the physical premises of which is located outside the Territory, and any other type of business under the Marks or any other marks in any geographical location outside the Territory, on any terms and conditions we deem appropriate; and
- offering, selling, licensing, marketing, delivering, or otherwise distributing Products or other items to customers or potential customers located within and outside the Territory, whether such Products or other items are identified by the Marks or other trademarks or service marks, through any distribution channels we deem best (including mail order and

the Internet), wherever such distribution channels are located or operating (including within the Territory), except not through Good Feet Stores (other than your Store) the physical premises of which is located within the Territory.

We need not compensate you if we engage in these activities.

Despite these rights, if we or our affiliates intend to sell through distribution channels located or operating within the franchised territories of one or more Good Feet franchisees (other than through their franchised Good Feet Stores) any Products bearing the “Good Feet®” Mark or a name including the “Good Feet®” Mark, we and, if applicable, our affiliates will in good faith consult with the then duly-elected Good Feet FAC, before engaging in such sales, to: (i) consider the impact of such sales on the Good Feet Stores operating in the applicable franchised territories; and (ii) discuss both the potential participation in that business by the Good Feet franchisees whose Good Feet Stores operate in such territories and the potential receipt by the participating/impacted franchisees of a percentage of the sales of such Good Feet®-branded Products made in their franchised territories.

For the avoidance of doubt, however, the limitation in the preceding paragraph will not apply if you fail to participate in and honor the terms of all Partnership Programs (defined in Item 8) in effect within the Territory upon notice from us that they are in effect. In that event, we, our affiliates, and other franchisees may without restriction, through Good Feet Stores or otherwise, offer the discounts, incentives, or other products and services associated with the Partnership Program to the participants of such Partnership Program that are located within your Territory. We, our affiliates, and other franchisees have no obligation under such circumstances to pay you, or otherwise to account to you for, any portion of the revenue that we or they derive from selling Products or services through the Partnership Programs.

As of this disclosure document’s issuance date, we and our affiliates (1) had not sold Products through alternative distribution channels to customers located in franchised territories (although we have the right to do so), and (2) do not operate, franchise, or have plans to operate or franchise a business under a different trademark that sells goods or services similar to those you will offer (although, again, we have the right to do so). ING Source sells through other distribution channels the same products that it sells to Good Feet Store franchisees, although those products do not currently bear the “Good Feet®” Mark.

You have the right to sell Products only by retail sale through your Store at its premises, at trade shows and home shows within your Territory, and through Partnership Programs whose participants are located within your Territory. You have no right to sell, market, or otherwise distribute the Products through any other trade or distribution channel, including at wholesale, by on-line computer sales (for example, the Internet) or other computer sales methods, by direct-response sales methods, by mail-order marketing, for re-distribution through third parties, or by specialty sales on the premises of third parties (other than under Partnership Programs in effect within your Territory). You may not sell Products outside the Territory or to any other franchisee, licensed dealer (whether or not of Products), retailer, or military or governmental entity without our prior written consent. We must approve in advance your participation in trade shows, home shows, business-to-business partnerships (other than Partnership Programs), or any other off-premises promotion.

All Good Feet Stores (whether owned, licensed, or franchised by us or our affiliates or otherwise) may solicit and service at their Good Feet Stores customers from any geographic location, and otherwise advertise and offer the Products and services of their respective Stores to any customers, except as otherwise described in the Franchise Agreement and this disclosure document.

You may advertise only in the DMA in which your Territory is located. You may not use the Internet in any sales or marketing capacity, including websites, e-commerce sites, referrals, or any other computer-aided sales or advertising tool, except under programs we offer. You may not engage in (a) mail-order marketing except through programs we offer, (b) mail-order marketing outside your Territory, or (c) off-premises advertising that advertises any price for Products other than our suggested retail price.

Minimum Performance Criteria Under the Franchise Agreement

You must meet or exceed certain annual Minimum Performance Criteria. If you fail to do so for 2 consecutive years, we may (1) terminate your Franchise Agreement, or (2) reduce the size of your Territory.

Minimum Performance Criteria During Initial Franchise Term:

Date by Which You Must Meet or Exceed Minimum Performance Criteria	Minimum Performance Criteria: Minimum annual Gross Sales (80% of which must be from your sale at retail of Products—defined in Item 1—you purchased at wholesale from DOL) during the immediately preceding 12 months
The 1 st annual anniversary of the date on which your Store opens for business	\$1.40 per TV household in your Territory
The 2 nd annual anniversary of the date on which your Store opens for business	\$1.75 per TV household in your Territory
The 3 rd annual anniversary of the date on which your Store opens for business	\$2.00 per TV household in your Territory
The 4 th annual anniversary of the date on which your Store opens for business	\$2.40 per TV household in your Territory
The 5 th annual anniversary of the date on which your Store opens for business	\$2.40 per TV household in your Territory

We and you will, based upon the performance in Years 1-5 and such other factors as may be reasonable under the circumstances, work together in good faith to determine and set reasonable Minimum Performance Criteria for Years 6 through 10. However, if we and you cannot reach a mutually-acceptable set of Minimum Performance Criteria for Years 6 through 10 despite good faith efforts, then we may unilaterally establish the Minimum Performance Criteria for those years. If you disagree with such Minimum Performance Criteria, you have the right to terminate the Franchise Agreement upon 30 days' prior written notice to us.

Your Minimum Performance Criteria during each year of the renewal franchise term will be the then-current Minimum Performance Criteria being offered to new franchisees as of the date of renewal but no less than \$2.40 per TV household in your Territory.

In order to determine “TV households,” we currently rely on the Nielsen DMA statistics referenced above. We may consider different sources as well. The number of TV households in your Territory may increase or decrease annually, and your Minimum Performance Criteria may be adjusted accordingly. We will review the performance criteria annually and discuss them with you.

If you and your affiliates own and operate multiple Good Feet Stores in the same DMA, then so long as the Gross Sales of all those Good Feet Stores in the DMA in the aggregate equal an amount that would satisfy the then-applicable Minimum Performance Criteria, you will be deemed to be in compliance with your Minimum Performance Criteria obligations. In determining your compliance, the applicable Minimum Performance Criteria specified in the most recent franchise agreement that you or your affiliate signed for a Good Feet Store to be developed and operated in the same DMA will control and be the Minimum Performance Criteria that all Good Feet Stores in the DMA in the aggregate must satisfy.

Except as discussed above, continuation of your location exclusivity in the Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Territory except as part of the franchise renewal process.

Except as discussed below under “Area Development Agreement,” you have no options, rights of first refusal, or similar rights to acquire additional franchises in your Territory or contiguous territories.

Area Development Agreement

You have the right (if you qualify) to develop and operate a number of Good Feet Stores within a specified development area (the “Development Area”). We and you will identify the Development Area in the ADA before signing it. The Development Area typically is a city or cities, a county or counties, or other political subdivisions. We base the Development Area’s size primarily on the number of Good Feet Stores you agree to develop, demographics, and anticipated site availability. We and you will negotiate the number of Stores you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the development schedule in the ADA before signing it. You may not develop or operate Good Feet Stores outside the Development Area. We will determine or approve the location of future Stores (and their related territories) using our then-current standards for sites (and territories). We may terminate the ADA if you do not satisfy your development obligations when required.

However, if you have satisfied at least 80% of your development schedule, you are not then in default under your ADA beyond applicable grace periods, and the Good Feet Stores that you and your affiliates operate in the Development Area also are not then in default under their respective franchise agreements (beyond applicable cure periods), we will—upon your request and after we receive from you all of the information and materials we deem reasonably necessary

to evaluate your request—consider in good faith a modification, or in appropriate circumstances the termination, of the remaining portion of your development commitments in the Development Area. You first must establish to our reasonable satisfaction that changes in the Development Area’s population since the ADA’s effective date, the evolution of customer trade areas, the placement of your Good Feet Stores in the Development Area since the ADA’s effective date, and related factors support a change in the remaining number of Good Feet Stores to be developed because either the existing Good Feet Stores adequately support the consumer demand in the Development Area for Good Feet Store products or the development of additional Good Feet Stores in the Development Area would materially and adversely impact the overall sales and profitability of your existing Good Feet Stores.

While the ADA is in effect and you are in compliance with the development schedule, your Development Area under the ADA will be exclusive, and we and our affiliates will not operate or license or franchise third parties to operate a Good Feet Store physically located within the Development Area. The only exception is for “Excluded Businesses,” which are the Good Feet Stores (if any) owned by others that already are located in your Development Area when you sign the ADA (and, in effect, carved out from the Development Area). While we will not during the ADA’s term establish a new Good Feet Store located in the Development Area unless it is owned by you or your affiliate, an Excluded Business that pre-dates your ADA may be relocated to another location in the Development Area as long as (a) the new location is in close proximity to and in the same trade area as the previous location, (b) the new location meets the criteria of our then-current site review process, and (c) we notify you no less than 10 days before our final approval of the new location and give you an opportunity to share with us any information you deem relevant before we make a final site-approval decision. If an Excluded Business is relocated to another location in the Development Area and we and you mutually agree that the relocation will impair your ability to meet your development schedule, we will discuss with you whether an amendment to your development schedule and/or Development Area is appropriate.

~~Beside~~Besides your exclusive Good Feet Store development rights, there are no other restrictions on us (or our affiliates) within the Development Area. We reserve all rights not expressly granted to you, including all rights in the Marks, the Good Feet System, Products, Good Feet Stores, and their associated goodwill. Our reserved rights include, directly and indirectly:

(i) operating and granting others the right to operate a Good Feet Store the physical premises of which is located outside the Development Area, and any other type of business under the Marks or any other marks in any geographical location outside the Development Area, on any terms and conditions we deem appropriate; and

(ii) offering, selling, licensing, marketing, delivering, or otherwise distributing Products or other items to customers or potential customers located within and outside the Development Area, whether such Products or other items are identified by the Marks or other trademarks or service marks, through any distribution channels we deem best (including mail order and the Internet), wherever such distribution channels are located or operating (including within the Development Area), except not through Good Feet Stores (other than your Good Feet Stores) the physical premises of which is located within the Development Area.

Despite these reserved rights, if we or our affiliates intend to sell through distribution channels located or operating within the development areas of one or more Good Feet franchisees (other than through their franchised Good Feet Stores) any Products bearing the “Good Feet®” Mark or a name including the “Good Feet®” Mark, we and, if applicable, our affiliates will consult with the then duly-elected Good Feet FAC, before engaging in such sales, to: (a) consider the impact of such sales on the Good Feet Stores operating in the applicable development areas; and (b) discuss both the potential participation in that business by the Good Feet franchisees whose Good Feet Stores operate in such development areas and the potential receipt by the participating/impacted franchisees of a percentage of the sales of such Good Feet®-branded Products made in their development areas.

If you materially breach the ADA (and, if applicable, fail to cure any breach that is curable), we have the right to exercise certain remedies other than terminating the ADA, including reducing the Development Area’s size and removing your territorial protection.

Except as described above, continuation of your exclusivity in the Development Area does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Development Area.

Except as described in this sub-item, you have no options, rights of first refusal, or similar rights to acquire additional franchises in your Development Area or contiguous territories.

ITEM 13 **TRADEMARKS**

You may use certain Marks in operating the Store. The principal Marks are described below. DOL currently owns all Marks and has licensed us to use them and to sublicense them to our franchisees in operating Good Feet franchises (see agreement described below). All Marks (other than the second to last Mark, which is registered on the Supplemental Register) are registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”).

MARK	REGISTRA-TION NUMBER	DATE REGIS-TERED	AFFIDAVITS OF USE AND INCONTESTA-BILITY FILED?	REGISTRATION RENEWED?
“The Good Feet Store®”	2,751,905	08/19/2003	Yes	Yes
“Good Feet®”	2,751,902 2,852,411	08/19/2003 06/15/2004	Yes Yes	Yes Yes

MARK	REGISTRATION NUMBER	DATE REGISTERED	AFFIDAVITS OF USE AND INCONTESTABILITY FILED?	REGISTRATION RENEWED?
AMERICA'S ARCH SUPPORT EXPERTS®	5,693,833	03/05/2019	Not Due	Not Due
COMMITTED TO IMPROVING THE QUALITY OF PEOPLE'S LIVES – TWO FEET AT A TIME	Serial No. 97815873	Pending (application filed February 28, 2023)	Not Applicable	Not Applicable

The Marks generally cover the following goods and services (depending on the Mark): foot orthotics, orthotic foot cushions, and arch supports; retail store services and mail order services for shoe supports, shoe cushions, and foot orthotics; distributorships in the field of shoe supports, shoe cushions, and foot orthotics; heel cushions, cushion inserts, heel cups, and insoles for shoes or boots; and franchising, namely, offering technical assistance in the establishment and/or operation of retail stores featuring shoe supports, shoe cushions, insoles, and foot orthotics.

DOL does not yet have a federal registration for the Mark “COMMITTED TO IMPROVING THE QUALITY OF PEOPLE’S LIVES – TWO FEET AT A TIME.” [\(for which it filed based on actual use\)](#). Therefore, this Mark does not have many legal benefits and rights as a federally-registered trademark. If our or DOL’s right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

DOL [has filed or](#) will file all required affidavits for the registered Marks when due and intends to renew when due all registered Marks that remain important to the GOOD FEET brand.

Under our license agreement with DOL dated December 29, 2004, DOL has licensed us to use the Marks and related intellectual property and to sublicense them to franchisees to use in operating Good Feet franchises. The license agreement’s initial term is 20 years with 3 successive renewal terms of 10 years each as long as we are not in default of our obligations. DOL may not terminate the license agreement unless we are in default and fail to cure the default within not less than 30 days. If DOL’s license to us expires or is terminated, your rights under your Franchise Agreement will not be affected. You will have the right to operate your Store during the remaining franchise term, and during the term of any permitted renewal franchise agreement, as long as you comply with all of your obligations. No other agreement limits our right to use or sublicense the Marks.

You must follow our rules when you use the Marks, including giving proper notices of trademark registration and obtaining fictitious or assumed name registrations required by law.

You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols; in selling any unauthorized services or products; or as part of any unauthorized website.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

Your unauthorized use of the Marks will breach the Franchise Agreement and infringe our and DOL's rights. Your use of the Marks, and any goodwill established by that use, will be our and DOL's exclusive property. You may not contest the validity, or our and DOL's ownership, of the Marks.

You must immediately notify us in writing of any apparent infringement or challenge to your use of, or any claim by any person of any rights in, the Marks or our other intellectual property of which you become aware. You must not directly or indirectly communicate with any person other than us and DOL, and our counsel, regarding any infringement, challenge, or claim. We and our affiliates have the right to take the action we deem best (including no action) and control any litigation, USPTO proceeding, or other administrative proceeding arising from the infringement, challenge, or claim. You must sign any and all documents and take any other action that, in our counsel's opinion, is necessary or advisable to protect and maintain our and DOL's interests in any litigation or administrative proceeding or otherwise to protect and maintain our interests in the Marks and other intellectual property.

We and DOL need not protect your right to use the Marks or protect you against claims of infringement or unfair competition arising from your use of the Marks. The Franchise Agreement does not require us or DOL to take action against reported infringers, to participate in your defense, or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark, even if the proceeding is resolved unfavorably to you.

If we determine that it is advisable for us and/or you to modify or discontinue using any Mark, and/or to use one or more additional or substitute Marks, then upon notice from us, you must at your own expense immediately make such changes to the Marks and their use at the Store. We need not reimburse you for these costs.

The ADA does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Although DOL has patents for certain Products, no patent or patent application will be material to your Store's operation. You must maintain the patent marking on all Products as required by applicable patent marking laws, including retaining patent marking stickers and visible patent marks on Products and all related advertising and promotional materials.

We and DOL claim copyrights in the Manual (which contains our trade secrets), printed product brochures, displays, packaging, sales tools, and other advertising and promotional materials used in operating the Store. On March 8, 2004, a copyright registration issued for the Good Feet Operations Manual (Registration No. TX 5-949-383). DOL also has copyright registrations with the United States Copyright Office for certain Programs:

<u>TELEVISION/AUDIO VISUAL</u>	<u>REGISTRATION NO.</u>	<u>ISSUED</u>
GOOD FEET CHALLENGE	PA 1-932-344	3/06/15
GOOD FEET CHALLENGE SHORT FORM ADS	PA 1-927-872	2/03/15
Ava :30	PA 2-029-354	4/19/16
BETH Traveling Woman	PA 2-029-355	4/19/16
David :30	PA 2-029-356	4/19/16
Terry :30	PA 2-029-357	4/19/16
BETH 30 Years	PA 2-029-358	4/19/16
Lisa :30	PA 2-029-359	4/19/16
Maria :30	PA 2-029-360	4/19/16
Christen :30	PA 2-029-361	4/19/16
Taylor :30	PA 2-029-362	4/19/16
Val :30	PA 2-029-363	4/19/16
Joy :15	PA 2-064-002	11/9/16
Teresa :15	PA 2-064-003	11/9/16
Sabrina :30	PA 2-064-015	11/9/16
Adolfo :30	PA 2-063-998	11/9/16
Mike :30	PA 2-063-997	11/9/16
Joy – Shoelaces :30	PA 2-064-001	11/9/16
Teresa – All These Products :30	PA 2-063-996	11/9/16
Teresa – Plantar Fasciitis :30	PA 2-063-995	11/9/16
Keith :30	PA 2-063-878	11/9/16
Dale :30	PA 2-063-882	11/9/16
Randy :30	PA 2-063-871	11/9/16
Joy – They’re Worth It :30	PA 2-063-999	11/9/16

DOL intends to renew these copyrights if they still are important for the Good Feet System. You may use these items only as we specify while operating your Store (and must stop using them if we so direct you). You have no other rights under the Franchise Agreement with respect to a copyrighted item if we require you to modify or discontinue using the subject matter covered by the copyright. You may not duplicate the Manual.

DOL retains all ownership right, title, and interest in the Programs, including all copyright ownership. Neither you nor any persons under your control or on your behalf may

produce or broadcast, by television or radio, any program that is substantially similar or identical to the Programs. The Programs may not be copied, edited, modified, or altered in any manner.

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. Our license agreement with DOL described in Item 13 gives us the right to use the copyrighted materials and Confidential Information. No other agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our and DOL's copyrights that could materially affect your use of copyrighted materials in any state.

We and DOL need not protect or defend copyrights, although we intend to do so if in the Good Feet System's best interests. We and DOL may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We and DOL need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Any addition, modification, adaptation, improvement, refinement, discovery, invention, or innovation that you or your owners or employees make with the Products or a Good Feet Store, the Good Feet System, the Manual, the Confidential Information discussed below, the Programs, and any advertising, marketing, or other materials (an "Improvement") will be our and DOL's sole and exclusive property, will be part of the Good Feet System, will be deemed works made-for-hire for us, and will be deemed to be assigned to us. You and your owners and employees must sign any documents we request and take other action without compensation to perfect or protect our intellectual property rights in any Improvement.

The term "Confidential Information" includes site selection criteria; training and operations materials and manuals; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Good Feet Stores; marketing and advertising programs for Good Feet Stores; knowledge of specifications for and suppliers of Products; any computer software or similar technology that is proprietary to us; knowledge of the operating results and financial performance of Good Feet Stores other than your Store; and graphic designs and related intellectual property. Confidential Information is our trade secret. You may not use Confidential Information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

Subject to any applicable state or federal laws, you must give us as we request all customer lists for the Store. We are the sole owner of the customer lists; you may not distribute the customer lists to any third party without our prior written consent. We and our affiliates may use and provide access to such customer lists for any business purpose we and they deem necessary or appropriate (to the extent allowed by applicable law). However, we (a) will notify Good Feet franchisees in advance of our intended use of the customer lists and (b) will not (nor allow our affiliates or others to) use any customer lists to compete with you or for any purpose that would materially harm you.

The ADA does not grant you rights to use any intellectual property. These rights arise only under Franchise Agreements you sign with us.

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

Under the Franchise Agreement, you must designate one of your individual owners holding at least 5% of your ownership interests to serve as your “Managing Owner.” We must pre-approve the proposed Managing Owner or any replacement Managing Owner. The Managing Owner is responsible overall for managing your Store. The Managing Owner will communicate with us directly regarding Store-related matters and must have sufficient authority to make business decisions for you and the Store. The Managing Owner’s decisions will be final and will bind you. The Managing Owner must attend and complete to our satisfaction our Initial Brand Standard Training Program. “To our satisfaction” means that we believe that the training attendees understand our brand standards and operational requirements for Good Feet Stores and will be able to implement those brand standards and follow required operating procedures at your Store. If you propose to change the Managing Owner, you must appoint a new individual for that role within 30 days after the former Managing Owner’s last day. The replacement Managing Owner must attend and satisfactorily complete our Initial Brand Standard Training Program within the timeframe we specify.

Under the ADA, you also must designate 1 individual (whom we must approve) to be your “Managing Owner.” The Managing Owner must actively direct your business affairs under the ADA and have authority to accept all official notices from us and, when signing on your behalf, to bind you legally with respect to all contracts and commercial documents. Your Managing Owner must complete our franchise training program to our satisfaction. You must notify us and receive our approval of any proposed change in the Managing Owner.

If you have development rights, the Managing Owner under the ADA may be the same Managing Owner under individual Franchise Agreements.

Each Store must be under the direct, “on premises” supervision of a trained individual acting as full-time general manager (who need not be your Managing Owner) who has completed our Initial Brand Standard Training Program. Otherwise, we do not impose any limitations on whom you may hire as a general manager. You need not give your general manager any equity interest. All employees having access to our Confidential Information must sign a confidentiality and non-competition agreement. We may regulate the form of agreement you use solely to ensure that you adequately protect Confidential Information and the competitiveness of Good Feet Stores. We may be a third-party beneficiary of your confidentiality or similar agreement with independent enforcement rights.

Your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This “Guaranty and Assumption of Obligations” appears at the end of our Franchise Agreement. No “Guaranty and Assumption of Obligations” appears in the ADA. However, certain active owners (as opposed to

“silent investors”) must sign a Personal Covenant Regarding Confidentiality and Non-Competition.

A spouse of any of your owners need not sign the Guaranty and Assumption of Obligations unless he or she also is an owner.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your Store may only sell Products purchased from DOL, our affiliates, and other approved suppliers. We have the right to change, modify, or withdraw Products at any time. There are no limits on our right to do so. Your Store must offer all products, services, and Customer Benefits we periodically require and may not offer any products or services we do not authorize for the Good Feet System. You must sell all Products according to the sales procedures we prescribe. We consider your franchise's sale of shoes to be an ancillary part, and not the primary focus, of its operation. The number of shoes and shoe styles is limited. Your shoe inventory may not occupy more than 25% of your Store's showroom display area at any time. We may, to the extent allowed by applicable law, regulate your minimum, maximum, or other prices for the resale of Products (including as part of Partnership Programs). (Item 1 describes restrictions on your claims regarding the Products.)

Your Store must begin participating in and honoring the terms of all Partnership Programs in effect within the Territory upon notice from us that they are in effect.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	2.1 of Franchise Agreement and 6 of Amendment for Renewing Franchisees	Term begins when we sign Franchise Agreement and expires, at your option, either 5 years or 10 years from the date on which you open the Store for business. (The applicable term length will be noted in an exhibit to the Franchise Agreement.)
b. Renewal or extension of the term	2.2 of Franchise Agreement and 7 of Amendment for Renewing Franchisees	Unlimited successive renewal terms of either 5 years or 10 years, at your option, if you meet the conditions in (c) below.
c. Requirements for	2.2 of Franchise	Written notice at least 180 days before end of then-applicable

Provision	Section in franchise or other agreement	Summary
franchisee to renew or extend	Agreement and 7 of Amendment for Renewing Franchisees	term; substantial compliance with material terms of then-applicable franchise agreement; unless you relocate the Store, you upgrade, remodel, and redecorate Store premises to conform to then-current brand standards of Good Feet System; you maintain possession of Store's premises or, at our reasonable request (but subject to certain conditions), you relocate Store to a new site we approve; you execute then-current franchise agreement and related agreements and guarantees we then require; you sign mutual release (if state franchise law allows), except for monies then due from you and your then-current indemnification obligations; your Managing Owner and Store managers attend and complete any new or updated training programs; and pay renewal fee. Terms of our new franchise agreement that you sign for renewal franchise may differ materially from any and all of those contained in your expiring Franchise Agreement, including a reduced Territory and increased fees.
d. Termination by franchisee	Not Applicable	Franchisees may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	We may not terminate your franchise agreement without cause.
f. Termination by franchisor with cause	13 of Franchise Agreement	We may terminate your franchise rights only if you or your owners commit one of several violations. Termination of the ADA does not impact any then-effective franchise agreements.
g. "Cause" defined – curable defaults	13.2(C) of Franchise Agreement	5 days to discharge levy of execution; 7 days to stop using or reselling at Store any unapproved products or services; 10 days to cure monetary defaults, use of confusingly similar Marks, and failure to comply with applicable law or to maintain required bond, license, or permit; final judgment not satisfied for 30 days; and 30 days to cure operational defaults not identified in (h) below. Termination of the ADA does not impact any then-effective franchise agreements.
h. "Cause" defined – non-curable defaults	5.7, 5.8, 5.17, 6.1, 13.1, and 13.2(A) and (B) of Franchise Agreement	Failure to complete training; Store does not open for business by deadline; unauthorized use of Marks; unauthorized use or disclosure of Confidential Information; abandonment or surrender of control of Store; danger to public health or safety; failure to operate Store for more than 5 consecutive days; failure to meet Minimum Performance Criteria for 2 consecutive years; repeated defaults (even if cured); insolvency; commit crime or offense; termination of agreement material to Store's operation, including the lease or other occupancy agreement for the Store's premises; understating

Provision	Section in franchise or other agreement	Summary
		Gross Sales by 5% or more in 3 or more reports during any 24-month period; seizure or foreclosure of Store; information you gave us during application process was materially false, misleading, incomplete, or inaccurate; violate in-term covenant not to compete; dishonest, unethical, immoral, or similar conduct; and 2 or more other franchise agreements between you (or your affiliate) and us for Good Feet Stores in the same DMA in which Store is located are terminated by us for good cause or by you (or your affiliate) without good cause; <u>and failure to cure within the applicable cure period any default under the lease or other occupancy agreement for the Store's premises of which the landlord has notified you, and we then undertake to cure your default.</u> Termination of the ADA does not impact any then-effective franchise agreements.
i. Franchisee's obligations on termination / non-renewal	14 of Franchise Agreement	Obligations include paying outstanding amounts and breach of contract damages; complete de-identification; changing or assigning telephone and other numbers; and returning Confidential Information; <u>and not interfering with our right (at our election) to assume the lease for the Store's premises</u> (also see (r) below).
j. Assignment of contract by franchisor	12.1 of Franchise Agreement	No restriction on our right to assign; we may assign without your approval.
k. "Transfer" by franchisee – defined	12.2 of Franchise Agreement	Includes transfer of Franchise Agreement, sale of Store's assets, and ownership change in you.
l. Franchisor approval of transfer by franchisee	12.2 of Franchise Agreement	No transfer without our prior written consent.
m. Conditions for franchisor approval of transfer	12.2 of Franchise Agreement	New franchisee qualifies; you are substantially complying with all your obligations under Franchise Agreement and any other agreement with us; if transfer is of Franchise Agreement, substantial portion of Store's assets, or controlling ownership interest in you, transferee must assume outstanding obligations under Franchise Agreement and sign our then-current form of Franchise Agreement (term of which will expire on original expiration date); owners of franchisee entity sign guaranty; you sign release (if state franchise law allows); transfer fee paid; we approve material terms of transfer; you subordinate amounts due to you; and you and transferee open an escrow to effect our approval (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's	12.5 of Franchise Agreement	We may match any offer for your Store or an ownership interest in you (unless the proposed transfer is to an existing owner of yours, a family member of an existing owner or yours, or an entity that you or your owners wholly own).

Provision	Section in franchise or other agreement	Summary
business		
o. Franchisor's option to purchase franchisee's business	Not Applicable	We do not have this right.
p. Death or disability of franchisee	12.6 of Franchise Agreement	Assignment of franchise to approved party within 90 days (if your surviving spouse or heirs do not take over within 30 days); we may manage Store during transfer process.
q. Non-competition covenants during the term of the franchise	15.2 of Franchise Agreement	No ownership interest in, or performing services for, competitive business anywhere ("competitive business" means any business that derives more than 10% of its revenue from selling goods the same as or similar to Products); no diverting Store's business. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise terminates or expires	15.3 of Franchise Agreement	For 24 months, no direct or indirect ownership in, or performing services for, competing business within Territory or 3-mile radius from any other Good Feet Store then in existence or for any entity granting franchises or licenses or establishing joint ventures for the operation of competing businesses. Non-competition provisions are subject to state law.
s. Modification of the agreement	16.13 of Franchise Agreement	No modifications generally, but we may change Manual and standards, specifications, and operating procedures of Good Feet System.
t. Integration / merger clause	16.17 of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	16.3 and 16.4 of Franchise Agreement	With limited exceptions, we and you must mediate and arbitrate all disputes in Carlsbad San Diego, California (or, if different, in the city of the Good Feet franchisor's then-current headquarters). The provision above is subject to state law (except to the extent preempted by federal law).
v. Choice of forum	16.6 of Franchise Agreement	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we (or then-current franchisor) have our principal business address when the action is commenced (it currently is in Carlsbad San Diego, California) (subject to applicable state law).
w. Choice of law	16.5 of Franchise Agreement	Except for federal law, governing law is law of state in which your Store is located (subject to state law).

Area Development Agreement

Provision	Section in area development or other agreement	Summary
a. Length of the franchise term	3 of ADA	Development rights expire on earlier of last date specified in development schedule or date when you have open and in operation all Good Feet Stores required by development schedule.
b. Renewal or extension of the term	16.2 of ADA	You have no right to renew development right after ADA expires. However, you will have right-of-first-refusal to develop Good Feet Stores in Development Area if you fully complied with original development schedule and all developed Good Feet Stores remain open and operating, no Franchise Agreements signed under the ADA have been terminated, and you and your affiliates are in substantial compliance with all Franchise Agreements signed under the ADA.
c. Requirements for franchisee to renew or extend	16.2 of ADA	If the right-of-first-refusal described in (b) above is available, we will notify you of the option to enter into a development agreement (and/or franchise agreement, as appropriate) with us on the then-current terms (including fees) we are then offering to new franchisees, including any terms proposed to us by a third party. You will have 60 days after receiving our notice and proposed terms to sign the development agreement and/or franchise agreement. If you fail to do so and we enter into an agreement on the same or substantially similar terms with a third party, your right-of-first-refusal no longer be in effect.
d. Termination by franchisee	Not Applicable	ADA does not contain this provision. You may terminate only on grounds available under applicable law.
e. Termination by franchisor without cause	Not Applicable	We may not terminate your ADA without cause.
f. Termination by franchisor with cause	9 of ADA	We may terminate your development rights only if you or your owners commit one of several violations, including failure 3 separate times to cure to our satisfaction a noticed default related to any Franchise Agreement (these 3 separate occasions need not relate to the same Franchise Agreement). Termination of the ADA does not impact any then-effective franchise agreements. If we have the right to terminate the ADA in a given case, we may, without waiving any of our rights, exercise alternative remedies, including reducing the Development Area's size, modifying the development schedule (in terms of timing and/or number of Good Feet Stores to be opened), requiring you to sign our then-current form of general release (if state law allows), requiring you to sign our then-current form of ADA to replace your Agreement (which may contain materially different terms and conditions), and/or remove your territorial protection.
g. "Cause" defined	9.1, 9.2, and 9.3 of	7 days to cure conduct potentially having material adverse

Provision	Section in area development or other agreement	Summary
– curable defaults	ADA	effect of goodwill of Marks and Good Feet System; 30 days to cure defaults not identified in (h) below; 30 days to discharge bankruptcy or similar proceeding filed against you; 30 days to dismiss foreclosure action or liquidation petition; and 60 to 270 days (depending on circumstances) to cure development defaults. Termination of the ADA does not impact any then-effective franchise agreements. If one of your owners commits a default under an agreement with us or our affiliate that triggers a default under the ADA, the default under the ADA may be cured by the defaulting owner relinquishing his or her ownership interest in you within no less than 30 days following notice of the default.
h. “Cause” defined – non-curable defaults	9.1 of ADA	Insolvency; bankruptcy; appointment of receiver for your property; bank accounts or property is attached; execution levied against your property; violation of non-competition obligations; and failure 3 separate times to cure to our satisfaction a noticed default related to any Franchise Agreement (these 3 separate occasions need not relate to the same Franchise Agreement). Termination of the ADA does not impact any then-effective franchise agreements.
i. Franchisee’s obligations on termination / non-renewal	16.1 of ADA	Your development rights cease (also see (r) below).
j. Assignment of contract by franchisor	17 of ADA	No restriction on our right to assign; we may assign without your approval.
k. “Transfer” by franchisee – defined	18 of ADA	Includes transfer of ADA and ownership change in you.
l. Franchisor approval of transfer by franchisee	18 of ADA	No transfer without our prior written consent.
m. Conditions for franchisor approval of transfer	18 of ADA	New developer qualifies; you are substantially complying with all your obligations under ADA and any other agreement with us; if transfer is of ADA or controlling ownership interest in you, transferee must assume your outstanding obligations under ADA and sign our then-current form of ADA (term of which will expire on original expiration date) and other documents required from new developers; you and your owners sign release (if state franchise law allows); transfer fee paid; we confirm that material terms of transfer will not materially

Provision	Section in area development or other agreement	Summary
		and adversely affect the transferee's development of Good Feet Stores; you subordinate amounts due to you; you and transferee open an escrow to effect our approval; and new developer or your owners (if the transfer involves a change in your controlling ownership interest) acquire ownership or control of all Good Feet Stores in the Development Area then owned or controlled by you or your ownership group (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	18.4 of ADA	We may match any offer for your development rights or an ownership interest in you (unless the proposed transfer is to an existing owner of yours, a family member of an existing owner or yours, or an entity that you or your owners wholly own).
o. Franchisor's option to purchase franchisee's business	Not Applicable	We do not have this right.
p. Death or disability of franchisee	18.5 of ADA	Assignment of development rights to approved party within 90 days (if your surviving spouse or heirs do not take over within 30 days); we may manage Stores in Development Area during transfer process.
q. Non-competition covenants during the term of the franchise	15.1 of ADA	No ownership interest in, or performing services for, competitive business anywhere ("competitive business" means any business that derives more than 10% of its revenue from selling goods the same as or similar to Products); no diverting business. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise terminates or expires	15.2 of ADA	For 24 months, no direct or indirect ownership in, or performing services for, competing business within Development Area, or within 3 miles of any other Good Feet Store then in existence, or for any entity granting franchises or licenses for the operation of competing businesses. Non-competition provisions are subject to state law.
s. Modification of the agreement	32 of ADA	No modifications generally.
t. Integration / merger clause	29 of ADA	Only the terms of the ADA are binding (subject to state law). Any representations or promises outside of the disclosure document and ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation	21.1 and 21.2 of ADA	With limited exceptions, we and you must mediate and arbitrate all disputes in Carlsbad San Diego, California (or, if different, in the city of the Good Feet franchisor's then-current headquarters). The provision above is subject to state law (except to the extent

Provision	Section in area development or other agreement	Summary
		preempted by federal law).
v. Choice of forum	23 of ADA	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we (or then-current franchisor) have our principal business address when the action is commenced (it currently is in Carlsbad San Diego , California) (subject to applicable state law).
w. Choice of law	22 of ADA	Except for federal law, governing law generally is law of state in which the Development Area is located (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joe Herlihy, Good Feet Worldwide, LLC, ~~5923 Farnsworth Court, Carlsbad~~[12636 High Bluff Drive, Suite 200, San Diego](#), California ~~92008~~, (747) 212-3412, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of December 31 in each year. Company-owned Stores are operated by our affiliate DOL.

Table No. 1

Systemwide Outlet Summary
For years ~~2020~~2021 to ~~2022~~2023

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	126	132	+6
<u>Franchised</u>	2021	132	151	+19
	2022	151	175	+24
Company-Owned	2020 <u>2023</u>	14 <u>175</u>	13 <u>210</u>	-1 <u>+35</u>
<u>Company-Owned</u>	2021	13	16	+3
	2022	16	26	+10
Total Outlets	2020 <u>2023</u>	140 <u>26</u>	145 <u>27</u>	+5 <u>+1</u>
<u>Total Outlets</u>	2021	145	167	+21
	2022	167	201	+34
	<u>2023</u>	<u>201</u>	<u>237</u>	<u>+36</u>

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2020~~2021 to ~~2022~~2023

Column 1	Column 2	Column 3
State	Year	Number of Transfers
<u>California</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
Arkansas	2020 <u>2023</u>	1
<u>Connecticut</u>	2021	0
	2022	0 <u>1</u>
	<u>2023</u>	<u>0</u>
<u>Florida</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
Indiana	2020 <u>2023</u>	1
<u>Illinois</u>	2021	0
	2022	0
North Carolina	2020 <u>2023</u>	4 <u>1</u>
<u>Iowa</u>	2021	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
	2022	0
Totals	2020 <u>2023</u>	6 <u>1</u>
<u>Kansas</u>	2021	0
	2022	0
	<u>2023</u>	<u>2</u>
<u>Missouri</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>3</u>
<u>Nebraska</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>1</u>
<u>Ohio</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>2</u>
<u>Oklahoma</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>2</u>
<u>Pennsylvania</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>2</u>
<u>Texas</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>7</u>
<u>Wisconsin</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>3</u>
<u>Totals</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>1</u>
	<u>2023</u>	<u>22</u>

[Table 3 begins on next page]

Table No. 3

Status of Franchised Outlets
For years ~~2020~~2021 to ~~2022~~2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Rene wals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2020 2021	4	0	0	0	0	0	4
	2021 2022	4	0	0	0	0	0	4
	2022 2023	4	0	0	0	0	0	4
Arkansas	2020	2	0	0	0	0	0	2
<u>Arkansas</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	2020 2023	10 <u>2</u>	1	0	0	0	10 <u>0</u>	10 <u>3</u>
<u>California</u>	2021	10	3	0	1	0	0	12
	2022	12	2	0	0	1	0	13
Colorado	2020 2023	6 <u>13</u>	0 <u>3</u>	0	0	0	0 <u>1</u>	6 <u>15</u>
<u>Colorado</u>	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Connecticut	2020 2023	2 <u>6</u>	0	0	10 <u>0</u>	0	0	16 <u>6</u>
<u>Connecticut</u>	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	1	1
Florida	2020 2023	8 <u>1</u>	6 <u>0</u>	0	20 <u>0</u>	0	0	12 <u>1</u>
<u>Florida</u>	2021	12	3	0	1	0	1	13
	2022	13	1	0	0	0	0	14
Georgia	2020 2023	3 <u>14</u>	1	0	0	0	0	4 <u>15</u>
<u>Georgia</u>	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Hawaii	2020 2023	0 <u>6</u>	0 <u>5</u>	0	0	0	0	0 <u>11</u>
<u>Hawaii</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Rene wals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Idaho-	2020 <u>2023</u>	1	0	0	0	0	0	1
<u>Idaho</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois-	2020 <u>2023</u>	21	0	0	0	0	0	21
<u>Illinois</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Indiana-	2020 <u>2023</u>	42	0	0	0	0	0	42
<u>Indiana</u>	2021	4	0	0	0	0	1	3
	2022	3	1	0	0	0	0	4
Iowa-	2020 <u>2023</u>	24	0	0	0	0	0	24
<u>Iowa</u>	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Kansas-	2020 <u>2023</u>	23	0	0	0	0	0	23
<u>Kansas</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Louisiana-	2020 <u>2023</u>	52	0	0	0	0	20	32
<u>Louisiana</u>	2021	3	1	0	1	0	0	3
	2022	3	2	0	0	0	0	5
Maryland-	2020 <u>2023</u>	15	0	0	0	0	0	15
<u>Maryland</u>	2021	1	3	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Massachusetts-	2020 <u>2023</u>	04	21	0	0	0	0	25
<u>Massachusetts</u>	2021	2	0	0	0	0	0	2
	2022	2	3	0	0	0	0	5
Michigan-	2020 <u>2023</u>	25	0	0	0	0	0	25
<u>Michigan</u>	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Minnesota-	2020	43	02	0	0	0	0	45

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Rene wals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2023							
Minnesota	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Mississippi	2020 2023	15 15	0 1	0	0	0	0 1	15 15
Mississippi	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020 2023	2 1	1 0	0	0	0	0	3 1
Missouri	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Nebraska	2020 2023	1 4	0	0	0	0	0	1 4
Nebraska	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nevada	2020 2023	3 2	0	0	0	0	0	3 2
Nevada	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
New Hampshire	2020 2023	0 3	0	0	0	0	0	0 3
New Hampshire	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
New Mexico	2020 2023	1 2	0	0	0	0	0	1 2
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020 2023	3 1	0	0	0	0	0	3 1
New York	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
North Carolina	2020 2023	6 3	0 3	0	0	0	1 0	5 6
North Carolina	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
North Dakota	2020 2023	1 7	0 3	0	0	0	0	1 10

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Rene wals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
North Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020 2023	4 <u>1</u>	0	0	0	0	0	4 <u>1</u>
Ohio	2021	4	0	0	0	0	0	4
	2022	4	3	0	0	0	0	7
Oklahoma	2020 2023	2 <u>7</u>	0 <u>1</u>	0	0	0	0	2 <u>8</u>
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Oregon	2020 2023	5 <u>2</u>	0 <u>1</u>	0	0	0	0	5 <u>3</u>
Oregon	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Pennsylvania	2020 2023	2 <u>5</u>	0	0	0	0	0	2 <u>5</u>
Pennsylvania	2021	2	2	0	0	0	0	4
	2022	4	1	0	0	0	0	5
South Carolina	2020 2023	1 <u>5</u>	1 <u>4</u>	0	0	0	0	2 <u>9</u>
Rhode Island	2021	2 <u>0</u>	0	0	0	0	0	2 <u>0</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022 2023	2 <u>0</u>	1	0	0	0	0	3 <u>1</u>
South Dakota Carolina	2020 2021	0 <u>2</u>	0	0	0	0	0	0 <u>2</u>
	2022	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2023	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
South Dakota	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020 2023	4 <u>1</u>	0	0	0	0	0	4 <u>1</u>
Tennessee	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Texas	2020 2023	1 <u>6</u> <u>4</u>	1 <u>2</u>	0	0	0	1 <u>0</u>	1 <u>6</u> <u>6</u>
Texas	2021	16	2	0	0	0	0	18

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Rene wals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2022	18	1	0	0	0	0	19
Utah	2020 <u>2023</u>	3 <u>19</u>	0 <u>5</u>	0	0	0	0	3 <u>24</u>
<u>Utah</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Virginia	2020 <u>2023</u>	4 <u>3</u>	1 <u>0</u>	0	0	0	0	5 <u>3</u>
<u>Virginia</u>	2021	5	2	0	0	0	0	7
	2022	7	2	0	0	0	0	9
Washington	2020 <u>2023</u>	6 <u>9</u>	0	0	0	0	0	6 <u>9</u>
<u>Washington</u>	2021	6	1	0	0	0	0	7
	2022	7	1	0	0	0	0	8
Wisconsin	2020 <u>2023</u>	3 <u>8</u>	0	0	0	0	0	3 <u>8</u>
<u>Wisconsin</u>	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Totals	2020 <u>2023</u>	126 <u>4</u>	14 <u>3</u>	0	3 <u>0</u>	0	5 <u>0</u>	132 <u>7</u>
<u>Totals</u>	2021	132	24	0	3	0	2	151
	2022	151	26	0	0	1	1	175
	<u>2023</u>	<u>175</u>	<u>37</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>210</u>

Table No. 4

Status of Company-Owned Outlets
For years ~~2020~~2021 to ~~2022~~2023

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Alabama	2020	0	1	0	0	0	1
Alabama	2021	1	1	0	0	0	2
	2022	2	3	0	0	0	5
Arizona	2020 2023	15	0	0	0	0	15
Arizona	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
California	2020 2023	81	20	0	10	0	91
California	2021	9	1	0	1	0	9
	2022	9	4	1	0	0	14
Florida	2020	4	0	0	0	4	0
	2021 2023	014	0	0	0	0	014
	2022	0	0	0	0	0	0
Indiana	2020	0	0	0	0	0	0
Indiana	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Kentucky	2020 2023	01	10	0	0	0	1
Kentucky	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
Tennessee	2020 2023	12	01	0	0	0	13
Tennessee	2021	1	1	0	0	0	2
	2022	2	1	0	0	0	3
Totals	2020 2023	143	40	0	10	40	133
Totals	2021	13	4	0	1	0	16
	2022	16	9	1	0	0	26
	<u>2023</u>	<u>26</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27</u>

Table No. 5

Projected Openings As Of December 31, ~~2022~~2023

State	Franchise Agreements Signed But Stores Not Opened	Projected New Franchised Stores In The Next Fiscal Year	Projected New Company-Owned Stores In the Next Fiscal Year
<u>Alaska</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Arkansas</u>	<u>0</u>	<u>1</u>	<u>0</u>
Arizona	0	1	0
California	0 <u>1</u>	2	4 <u>1</u>
Florida <u>Connecticut</u>	0	2	0
<u>Delaware</u>	<u>0</u>	<u>1</u>	<u>0</u>
Georgia <u>Florida</u>	0 <u>1</u>	5	0
<u>Georgia</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Illinois</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>Iowa</u>	<u>1</u>	<u>1</u>	<u>0</u>
Kentucky	0	0 <u>1</u>	1 <u>0</u>
Maryland	0 <u>1</u>	2	0
<u>Massachusetts</u>	<u>0</u>	<u>1</u>	<u>0</u>
Michigan	0	2	0
New Jersey <u>Missouri</u>	0	1 <u>2</u>	0
New York <u>Nevada</u>	0	4 <u>1</u>	0
North Carolina <u>New Jersey</u>	0 <u>1</u>	3	0
Ohio <u>New York</u>	0	2	0
<u>Ohio</u>	<u>0</u>	<u>1</u>	<u>0</u>
Pennsylvania	0	4	0
Rhode Island <u>Texas</u>	0	1 <u>3</u>	0
Texas <u>Virginia</u>	0	4 <u>2</u>	0
<u>West Virginia</u>	0	1	0
Totals <u>Wisconsin</u>	0	3 <u>4</u>	5 <u>0</u>
<u>Totals</u>	<u>5</u>	<u>43</u>	<u>1</u>

Exhibit F is a list of the names, addresses, and telephone numbers of all operating GOOD FEET® Stores (both franchised and affiliate-owned) as of December 31, ~~2022~~2023. Exhibit F

also contains the names, city and state, and current business telephone numbers (or, if unknown, the last known home telephone numbers) of the franchisees whose franchises were transferred, terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement, during the ~~2022~~2023 calendar year or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Our franchisees have signed confidentiality clauses during the last 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the GOOD FEET® system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

TGFS Franchisee Association, Inc. is an independent franchisee organization representing Good Feet franchisees, organized under the laws of the State of Minnesota. The address, telephone number, email, and website of TGFS Franchisee Association are:

TGFS Franchisee Association, Inc.

Attn: Jonathan Cotten

8203 Buckeye Dr.

Henrico, VA 23228

Telephone: 703-966-5588

Email: info@tgfsa.org

Website: www.tgfsa.org

There are no other trademark-specific franchisee organizations associated with the GOOD FEET® franchise system.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains our (1) audited financial statements for the fiscal years ended December 31, 2023 and ~~2022~~~~-and-2021~~, (2) audited financial statements for the fiscal years ended December 31, 2022 and ~~2021~~~~-and-2020~~, (3) unaudited balance sheet as of ~~July 31~~April 30, ~~2023~~2024, and (4) unaudited income statement for the ~~7~~4-month period ended ~~July 31~~April 30, ~~2023~~2024.

ITEM 22

CONTRACTS

The following agreements/documents are exhibits to this disclosure document:

- Exhibit B — Franchise Agreement
- Exhibit B-1 — Amendment to Franchise Agreement for Renewing Franchisees
- Exhibit C — Area Development Agreement
- Exhibit E — State Franchise Agreement and Area Development Agreement Riders
- Exhibit H — Franchisee Acknowledgment Statement

ITEM 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

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.

CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

Commissioner of Department of Financial
Protection & Innovation
Department of Financial Protection &
Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

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

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

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

MARYLAND

(for service of process)

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

(state agency)

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

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

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

NEW YORK

(for service of process)

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

(Administrator)

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

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

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

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B
FRANCHISE AGREEMENT

The Good Feet Store®

GOOD FEET

FRANCHISE AGREEMENT

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EXHIBITS

EXHIBIT A TERRITORY, LOCATION, TERM, AND MINIMUM PERFORMANCE CRITERIA

EXHIBIT B OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

EXHIBIT C FRANCHISEE AND ITS OWNERS

EXHIBIT D LEASE RIDER

THIS FRANCHISE AGREEMENT is entered into as of the Effective Date by and between **GOOD FEET WORLDWIDE, LLC**, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~9200892130~~ 9200892130 (“Good Feet”), and the Franchisee listed on the signature page hereto (“Franchisee”). This Agreement is effective as of the date Good Feet signs it, which is set forth next to Good Feet’s signature at the end of this Agreement (the “Effective Date”).

BACKGROUND

Good Feet grants franchises for stores that offer GOOD FEET® brand arch supports and related foot products, some of which bear the Marks (collectively, the “Products”), that operate under a specified system prescribed by Good Feet (the “Good Feet System”), and that use as their primary trade identity the marks “The Good Feet Store®,” “Good Feet Your Arch Support Store®,” “Good Feet®,” and their related indicia of origin specified by Good Feet from time to time (the “Marks”). Stores offering Products, operating pursuant to the Good Feet System, and using the Marks as their primary trade identity are referred to in this Agreement as “Good Feet Stores.”

Good Feet Stores sell foot products purchased principally from Good Feet’s affiliate, Dr.’s Own, LLC, a Delaware limited liability company (“Dr.’s Own”), and shoes purchased from approved suppliers of Good Feet. The Products are not intended as medical products or devices.

The Good Feet System includes a facility design for the Good Feet Store; a system for the offer and sale of Products; designed décor and signage; and confidential procedures, methods and techniques for operations, record keeping, accounting and reporting, purchasing, sales, promotion, and marketing and advertising, all of which may be changed, improved and further developed by Good Feet and its affiliates from time to time. The Good Feet System also requires franchisees to offer customers certain terms, return rights, and privileges specified by Good Feet from time to time (the “Customer Benefits”).

Franchisee wants to obtain a franchise to operate a Good Feet Store at a specific location within a defined geographic area on the terms and conditions of this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party, hereby agree as follows:

1. GRANT

1.1 Grant. Subject to the terms and conditions of this Agreement, Good Feet hereby grants to Franchisee and Franchisee hereby accepts a franchise (the “Franchise”) to open and operate a Good Feet Store utilizing the Good Feet System and the Marks (the “Store”) in the geographical area described on Exhibit A (the “Territory”) and at the location set forth on Exhibit A (the “Location”). Franchisee may not use the name Good Feet or any part thereof in its business name but will establish a business trading as “The Good Feet Store.” Termination or expiration of this Agreement will constitute a termination of the Franchise and Franchisee’s right to operate the Store in the Territory. During the Initial Term (defined in Section 2.1 below),

Good Feet will not establish or operate, or franchise or license a third party to establish or operate, a Good Feet Store the physical premises of which is located in the Territory so long as Franchisee honors the terms of this Agreement.

1.2 Development of the Store. Franchisee will comply with its obligations pursuant to Section 4 of this Agreement and open the Store for business at the Location no later than 120 days after the date of this Agreement.

1.3 Limitations on Franchisee's Rights. Franchisee shall have the right to sell the Products only by retail sale through its Store at the Location, at trade shows and home shows within its Territory, and through Partnership Programs (defined in Section 5.1 below) whose participants are located within its Territory. Franchisee shall have no right to sell, market or otherwise distribute the Products through any other trade or distribution channel, including at wholesale, by on-line computer sales (such as the Internet) or other computer sales methods, by direct-response sales methods, by mail-order marketing, for re-distribution through third parties, or by specialty sales on the premises of third parties (other than in connection with Partnership Programs in effect within the Territory). Franchisee shall not sell Products outside the Territory or to any other franchisee, licensed dealer (whether or not of Products), retailer, or military or governmental entity without Good Feet's prior written consent. Franchisee's participation in trade shows, home shows, business-to-business partnerships (other than Partnership Programs), or any other off-premises promotion must be approved in advance by Good Feet. Franchisee shall have no right to subfranchise or grant licenses to third parties under this Agreement.

1.4 Reservation of Rights. Good Feet, on behalf of itself and its affiliates, reserves all rights not expressly granted to Franchisee pursuant to this Agreement, including all rights in and to the Marks, the Good Feet System, Products, Good Feet Stores, and their associated goodwill. Good Feet's reserved rights include, directly and indirectly, without limitation:

A. operating and granting others the right to operate a Good Feet Store the physical premises of which is located outside the Territory and any other type of business under the Marks or any other marks in any geographical location outside the Territory, on such terms and conditions as Good Feet deems appropriate; and

B. offering, selling, licensing, marketing, delivering, or otherwise distributing Products or other items to customers or potential customers located within and outside the Territory, whether such Products or other items are identified by the Marks or other trademarks or service marks, through any distribution channels Good Feet deems best (including, but not limited to, mail order and the Internet), wherever such distribution channels are located or operating (including within the Territory), except not through Good Feet Stores (other than Franchisee's Store) the physical premises of which is located within the Territory.

Notwithstanding the rights reserved by Good Feet on behalf of itself and its affiliates in this Section 1.4.B, if Good Feet or its affiliates intend to sell through distribution channels located or operating within the franchised territories of one or more Good Feet franchisees (other than through their franchised Good Feet Stores) any Products bearing the "Good Feet®" Mark or a name including the "Good Feet®" Mark, Good Feet and, if applicable, its affiliates agree in

good faith to consult with the then duly-elected Good Feet franchisee advisory council (“FAC”), prior to engaging in such sales, to: (i) consider the impact of such sales on the Good Feet Stores operating in the applicable franchised territories; and (ii) discuss both the potential participation in that business by the Good Feet franchisees whose Good Feet Stores operate in such territories and the potential receipt by the participating/impacted franchisees of a percentage of the sales of such Good Feet®-branded Products made in their franchised territories.

For the avoidance of doubt, the limitation in the preceding paragraph will not apply if Franchisee fails, as required, to participate in and honor the terms of all Partnership Programs in effect within the Territory upon notice from Good Feet that they are in effect. In that event, Good Feet, its affiliates, and other franchisees may without restriction, through Good Feet Stores or otherwise, offer the discounts, incentives, or other products and services associated with the Partnership Program to the participants of such Partnership Program that are located within Franchisee’s Territory. Good Feet, its affiliates, and other franchisees have no obligation under such circumstances to pay Franchisee, or otherwise to account to Franchisee for, any portion of the revenue that they derive from selling Products or services through the Partnership Programs.

1.5 Restrictions. Franchisee agrees that all Good Feet Stores (whether owned, licensed, or franchised by Good Feet or its affiliates or otherwise) may solicit and service at their Good Feet Stores customers from any geographic location, and otherwise advertise and offer the Products and services of their respective Stores to any customers, except as otherwise provided in this Agreement. The Products are not medical products or devices and are not to be sold as such. The Products are not intended for, and shall not be sold as, treatment of medical conditions or in connection with any purported or actual medical diagnosis or prescription. Franchisee shall not engage in, and shall comply in all respects with all applicable laws regarding, the diagnosis, prescription, or treatment of any medical condition in connection with its operation of the Store. Franchisee and its agents and employees shall not represent or sell any Product as a medical device or as treatment for any medical condition. Further, Franchisee and its agents and employees shall not represent that Franchisee or any of the Store’s agents or employees are experts or that the Products are custom fit. Franchisee may not sell any Product, including Youth Products (defined from time to time in the Operations Manual), to individuals under the age of six (6). Franchisee may sell approved Youth Products to individuals between the ages of six (6) and seventeen (17), so long as sold in accordance with the Youth Program Guidelines contained in the Operations Manual. Franchisee shall conduct regular training and communication sufficient to guaranty that no employee or other agent of Franchisee violates the provisions of this Section 1.5.

1.6 Owner’s Guaranty. If Franchisee is an entity, each direct and indirect legal, beneficial, and equitable owner of Franchisee (an “owner”) shall execute and deliver to Good Feet an Owner’s Guaranty and Assumption of Obligations in the form attached hereto as Exhibit B (the “Guaranty”) concurrently with Franchisee’s execution and delivery of this Agreement. Any individual or entity who becomes an owner of Franchisee after the date this Agreement is executed must be approved under Section 12.2 of this Agreement and execute and deliver to Good Feet a Guaranty prior to the date the owner acquires its interest in Franchisee.

1.7 Managing Owner. Upon signing this Agreement, Franchisee must designate an individual holding at least five percent (5%) of its ownership interests to serve as its managing owner (the “Managing Owner”). Franchisee’s initial Managing Owner, whom Good Feet has approved, is identified on Exhibit C. The Managing Owner always must meet the following qualifications and any other reasonable standards Good Feet sets forth from time to time in the Operations Manual or otherwise communicates to Franchisee:

A. The Managing Owner has overall responsibility for managing the Store and must have sufficient authority to make business decisions for Franchisee that are essential to the Store’s effective and efficient operation. Good Feet may communicate directly with the Managing Owner regarding any Store-related matters (excluding matters relating to labor relations and employment practices). The Managing Owner’s decisions will be final and will bind Franchisee, Good Feet may rely solely on the Managing Owner’s decisions without discussing the matter with another party, and Good Feet will not be liable to Franchisee or its owners for any claim that Good Feet’s reliance on the Managing Owner’s decisions, without discussing or confirming the matter with another party, was unauthorized or otherwise impermissible;

B. The Managing Owner must successfully complete the Initial Brand Standard Training Program before Franchisee opens the Store to the public (although the Managing Owner must satisfactorily complete the Initial Brand Standard Training Program only one time, regardless of the number of Good Feet Stores that Franchisee owns and operates); and

C. If Franchisee wants or needs to change the individual designated as the Managing Owner, it must appoint a new individual for that role—in order to protect the Good Feet brand—within thirty (30) days after the former Managing Owner no longer occupies that position. Good Feet must approve the replacement Managing Owner, with such consent not to be unreasonably withheld, conditioned, or delayed. Any replacement Managing Owner must hold the minimum ownership interest in Franchisee that Good Feet specifies and attend and satisfactorily complete the Initial Brand Standard Training Program within the timeframe Good Feet specifies.

2. TERM AND RENEWAL

2.1 Term. The term of this Agreement begins on the Effective Date and expires, at Franchisee’s option, either five (5) years or ten (10) years from the date on which Franchisee opens the Store to the public for business (the “Initial Term”). Franchisee agrees to operate the Store in compliance with this Agreement for the entire Initial Term unless this Agreement is properly terminated under Section 13.

2.2 Renewal. Franchisee will have the right to renew the Franchise for successive franchise terms (each a “Renewal Term,” and the first of which begins on the day following expiration of the Initial Term), with each such Renewal Term being, at Franchisee’s option, for a term of either five (5) years or ten (10) years, provided that all of the following conditions under

this Agreement or the then-effective renewal franchise agreement (each a “Renewal Franchise Agreement”) have been met:

A. Franchisee has given Good Feet written notice at least one hundred eighty (180) days prior to the end of the Initial Term or the then-effective Renewal Term of its intention to renew the Franchise;

B. Franchisee has substantially complied with the material terms of (i) this Agreement during the Initial Term or (ii) the then-effective Renewal Franchise Agreement during the applicable Renewal Term;

C. As of the last day of the Initial Term or the last day of the Renewal Term, as applicable, Franchisee is in substantial compliance with this Agreement or the then-effective Renewal Franchise Agreement, as applicable, which for purposes of this provision shall mean that Franchisee has not failed to cure any material operational or other contractual defaults of which Good Feet formally notified Franchisee (but only if such defaults are curable, meaning that Good Feet need not give Franchisee an opportunity to cure any default for which this Agreement or the then-effective Renewal Franchise Agreement does not provide a right to cure);

D. Unless Franchisee relocates the Store as provided in clause E below, Franchisee agrees to upgrade, remodel, and redecorate the premises of the Store as specified by Good Feet (regardless of cost), and within the timeframe Good Feet specifies, to conform to the then-current brand standards of a Good Feet Store and the Good Feet System;

E. Franchisee has the right to occupy the premises of the Store for no less than the applicable Renewal Term, or, at Good Feet’s reasonable request, Franchisee relocates the Store to a new site approved in writing by Good Feet and constructs and develops the Store at the new site in accordance with the then-current brand standards of a Good Feet Store and the Good Feet System; provided, however, Good Feet will request that Franchisee relocate the Store only if: (i) the Store’s existing premises are materially inconsistent with the then-current brand standards of a Good Feet Store; and (ii) Good Feet has made such request at least eighteen (18) months before the end of the Initial Term or the then-effective Renewal Term;

F. Franchisee executes the then-current form of Renewal Franchise Agreement and other related agreements and guarantees that Good Feet is then requiring of renewing franchisees, which may contain terms and conditions that differ materially from any and all of those contained in this Agreement or the then-effective Renewal Franchise Agreement, including a reduced Territory and increased fees, provided that the Renewal Franchise Agreement will be modified to retain the same successive renewal franchise rights granted, and related conditions described, in this Section 2.2;

G. Franchisee and Good Feet will execute a mutual written general release of all claims and demands against one another, their respective affiliates, and the owners, officers, directors, employees, and representatives of each of them (except for Franchisee’s then-current

indemnification obligations to Good Feet and amounts then due to Good Feet and its affiliates for Products or otherwise);

H. Franchisee's Managing Owner and Store managers attend and complete to Good Feet's satisfaction any new or updated training programs required of Good Feet franchisees that the Managing Owner and Store managers have not yet completed; and

I. Franchisee pays to Good Feet a renewal franchise fee of Five-Thousand Dollars (\$5,000) for the Renewal Term.

Franchisee's failure to sign the Renewal Franchise Agreement, related agreements, guarantees, and releases within thirty (30) days after they are delivered to Franchisee will be deemed an election by Franchisee not to renew the Franchise. Good Feet may unilaterally extend the Initial Term or then-effective Renewal Term for any period of time necessary to provide Franchisee with any notices of non-renewal required by this Agreement or applicable law.

3. SERVICES OF GOOD FEET

3.1 Initial Training Program. Prior to opening the Store, the following individuals must attend and complete, to Good Feet's satisfaction, Good Feet's Initial Brand Standard Training Program: if Franchisee will act as the Store's general manager, Franchisee; if Franchisee will not act as the general manager, Franchisee and the individual who will act as the general manager; or if Franchisee is an entity, Franchisee's Managing Owner and the individual who will act as the Store's general manager. The Initial Brand Standard Training Program will last approximately five (5) days and be conducted at Good Feet's principal offices or at an alternate place Good Feet designates. Good Feet will provide the Initial Brand Standard Training Program to Franchisee's first two (2) attendees at no additional charge. Good Feet will charge its then-current Additional Training Fee for each additional attendee Franchisee sends to the Initial Brand Standard Training Program. Good Feet will also provide the Initial Brand Standard Training Program to Franchisee's subsequent general managers (and any replacement Managing Owners) throughout the Initial Term for Good Feet's then-current Additional Training Fee. All expenses incurred by Franchisee and its representatives and employees in attending the Initial Brand Standard Training Program, including, without limitation, wages, benefits, travel, room and board expenses, and compensation will be Franchisee's sole responsibility. No person may be employed as the Store's general manager or serve as a Managing Owner unless such person has completed Good Feet's Initial Brand Standard Training Program to Good Feet's satisfaction.

3.2 Specifications for the Store and Products. Good Feet will provide Franchisee with Good Feet's specifications for the building, equipment, furnishings, decor, layout, and signs of a Good Feet Store or cause its store design service to do so. Good Feet will also cause Dr.'s Own to make available for Franchisee's purchase Products and other goods and supplies as discussed in Section 5.3. Good Feet reserves the right to modify, cancel, withdraw, and substitute Products, and the right to add new arch supports and related foot products to the Products, at any time.

3.3 Confidential Operating Manual. Good Feet will grant Franchisee access to Good Feet's Confidential Operating Manual (together with all supplements and revisions, the

“Manual”) for use during the Initial Term. Good Feet has the right to modify the Manual when it deems best, provided, however, that Good Feet agrees to consult in good faith with the FAC before implementing and mandating through a modification of the Manual any material changes proposed for the operation of a Good Feet Store. Changes to the Manual will be effective upon Good Feet’s giving notice of the change to Franchisee. Franchisee shall comply with Manual changes within thirty (30) days after effective notice. Franchisee must operate the Store in compliance with Good Feet’s System and all mandatory systems, procedures, policies, methods, and requirements outlined in the Manual. All mandatory provisions of the Manual will be binding on Franchisee as if originally outlined in this Agreement. In the event of any dispute as to Franchisee’s compliance with the Manual’s provisions, the terms of Good Feet’s master copy of the Manual at its principal office will be controlling. Franchisee shall not duplicate the Manual, allow the Manual to be duplicated, or grant others access to the Manual without Good Feet’s prior written consent.

Good Feet and Franchisee agree that any materials, guidance, or assistance Good Feet provides with respect to employment-related policies or procedures, whether in the Manual or otherwise, are solely for Franchisee’s optional use. Those materials, guidance, and assistance do not form part of the mandatory System standards. Franchisee will determine to what extent, if any, these materials, guidance, or assistance should apply to the Store’s employees. Franchisee acknowledges that Good Feet does not dictate or control labor or employment matters for franchisees and Good Feet Store employees. Franchisee is solely responsible for determining the terms and conditions of employment for all Store employees, for all decisions concerning the hiring, firing, and discipline of Store employees, and for all other aspects of the Store’s labor relations and employment practices.

At Good Feet’s option, Good Feet may post some or all of the Manual on a restricted Website, intranet, or extranet to which Franchisee will have access. (For purposes of this Agreement, “Website” means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet and World Wide Web home pages.) If Good Feet does so, Franchisee agrees to monitor and access the Website, intranet, or extranet for any updates to the Manual. Any password or other digital identification necessary to access the Manual on a Website, intranet, or extranet will be deemed to be Good Feet’s proprietary information, subject to Section 5.16 below.

3.4 Additional Training. Good Feet may require that previously trained and experienced franchisees (or, if entities, their Managing Owners) and/or their managers attend and successfully complete additional brand standard training programs or seminars to be conducted at Good Feet’s principal offices or other locations chosen by Good Feet. Franchisee (or its Managing Owner) and/or Franchisee’s employee(s) will attend such programs or seminars at Franchisee’s expense. Good Feet reserves the right to charge fees for attendance at such brand standard training programs or seminars. Good Feet agrees that additional brand standard training programs and/or seminars will not exceed one (1) per year, unless presented as part of the Annual Convention.

3.5 Guidance. During the operation of Franchisee’s Store, Good Feet will:

- A. Inspect the Store as often as Good Feet deems necessary;
- B. Make its staff available at its principal offices for consultation and guidance in the Store's operation and management;
- C. Make available to Franchisee all changes, improvements, and additions to the Good Feet System to the same extent as made available to other franchisees of Good Feet Stores; and
- D. Provide Franchisee with all supplements and modifications to the Manual.

3.6 Inspections. Good Feet has the right to enter and inspect the Store at all reasonable times to observe Franchisee's operation of the Store, to confer with Franchisee's managerial employees and customers, and to evaluate Franchisee's compliance with this Agreement, the Good Feet System, and the Manual. Franchisee will cooperate with Good Feet and promptly undertake to correct any deficiencies brought to Franchisee's attention.

3.7 Additional Guidance and Assistance. At Franchisee's request, and subject to the availability of Good Feet's personnel, Good Feet will furnish additional guidance and assistance to Franchisee, beyond that customarily provided to franchisees, at Franchisee's location at Good Feet's then-current per diem fee plus reimbursement of out-of-pocket expenses of Good Feet and its personnel. If Good Feet determines that additional guidance and assistance is required due to the Store's failure to operate according to the Good Feet System, Good Feet has the right to require that Franchisee (or its Managing Owner) undergo a retraining program or Good Feet may provide other remedial assistance. Franchisee will pay Good Feet its then-current per diem fee and out-of-pocket expenses incurred in providing this retraining or remedial assistance.

3.8 Advisory Council. Good Feet may, but is not obligated to, form an Advisory Council. The Advisory Council's purpose will be to give Good Feet advice and guidance on various aspects of the Good Feet System and its development and to perform other functions Good Feet specifies. The Advisory Council will be governed by bylaws adopted by the Advisory Council, although Good Feet will have the right to modify those bylaws. Franchisees will participate in the Advisory Council and its activities at their own expense. The Advisory Council will not have any decision-making authority.

3.9 No Other Obligation. Except as stated above, Good Feet has no obligation to offer advice, guidance, or assistance to Franchisee in the development or operation of its Store.

3.10 Franchise System Website. Good Feet may establish one or more websites to advertise, market, and promote Good Feet Stores, the Products and/or the Good Feet franchise opportunity (each a "Franchise System Website"). If Good Feet establishes a Franchise System Website, it may provide Franchisee with a linked local website on the Franchise System Website that references the Store. Franchisee must give Good Feet the information and materials Good Feet requests to develop, update, and modify Franchisee's linked local website. By providing the information and materials to Good Feet, Franchisee will be representing that they are accurate and not misleading and do not infringe any third party's rights. However, Good Feet will own all

intellectual property and other rights in the Franchise System Website, Franchisee's linked local website, and all information they contain (including, without limitation, the domain name or URL for Franchisee's linked local website, the log of "hits" by visitors, and any personal or business data that visitors supply).

Good Feet will maintain the Franchise System Website, including Franchisee's basic content on the linked local website, and, if an Advertising Fund then is in operation, may use the Advertising Fund's assets to develop, maintain, and update the Franchise System Website (other than that portion of the Franchise System Website that specifically promotes the sale of Good Feet franchises). Good Feet periodically may update and modify the Franchise System Website (including Franchisee's linked local website). At Franchisee's request, Good Feet will update the information on Franchisee's linked local website or add information that Good Feet approves. Franchisee must notify Good Feet whenever any information on its linked local website changes or is not accurate. Good Feet has final approval rights over all information on the Franchise System Website. Good Feet may implement and periodically modify System standards and specifications relating to the Franchise System Website.

Good Feet will maintain Franchisee's basic content on its linked local website on its Franchise System Website, if any, and allow Franchisee access to the Franchise System Website only while Franchisee is in full compliance with this Agreement and all Good Feet System standards and specifications (including, without limitation, those relating to the Franchise System Website). If Franchisee is in default of any obligation under this Agreement or Good Feet System standards and specifications, then Good Feet may, in addition to its other remedies, temporarily remove Franchisee's linked local website from the Franchise System Website, or deny Franchisee access to the Franchise System Website, until Franchisee fully cures the default. Good Feet will permanently remove Franchisee's linked local website from the Franchise System Website, and terminate Franchisee's access thereto, upon this Agreement's expiration or termination.

At Good Feet's request, all advertising, marketing, and promotional materials that Franchisee develops for the Store must contain notices of the Franchise System Website's domain name in the manner Good Feet designates. Franchisee may not, without Good Feet's prior written consent, develop, maintain, or authorize any other Website that mentions or describes Franchisee or the Store or displays any of the Marks.

3.11 Consumer Data and Customer Lists. Franchisee must comply with Good Feet's reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, employers, gender, photographs, e-mail addresses, dates of birth, demographic or related information, device and network data, location information, credit-card information, and order histories of customers ("**Consumer Data**") and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. Franchisee must comply with all applicable laws governing the use, protection, and disclosure of Consumer Data. If there is a suspected or actual breach of security or unauthorized access involving Consumer Data, Franchisee must notify Good Feet immediately after becoming aware of such

actual or suspected occurrence and specify the extent to which Consumer Data was compromised or disclosed.

Subject to any applicable state or federal laws, Franchisee will provide to Good Feet upon request and in a manner Good Feet designates all customer lists for the Store. Franchisee acknowledges and agrees that Good Feet is the sole owner of the customer lists and that Franchisee may not distribute, in any form or manner, the customer Lists to any third party without Good Feet's prior written consent. Despite providing Good Feet with customer lists, Franchisee may continue to use such customer lists in connection with the Store's operation and as otherwise permissible under this Agreement. Good Feet and its affiliates may use and provide access to such customer lists for any business purpose they deem necessary or appropriate (to the extent allowed by applicable law); provided, however, that Good Feet (a) will notify Good Feet franchisees in advance of its intended use of the customer lists and (b) shall not (nor shall it allow its affiliates or permit any other person or entity to) use any such customer lists to compete with Franchisee or for any purpose that would materially harm Franchisee.

4. OPENING THE STORE

4.1 Location. If the Store's premises have been selected prior to execution of this Agreement, the premises will be designated on Exhibit A as the Location. If the premises have not been selected as of the date of this Agreement, Franchisee will advise Good Feet in writing of the premises Franchisee selects within the Territory, and, subject to compliance with Section 4.4, that premises will be deemed the Location for purposes of Exhibit A.

4.2 Construction of Store. Franchisee will construct and develop the Store, using Good Feet's specifications provided under Section 3.2, in full compliance with the Good Feet Store design and layout specifications outlined in the Manual or elsewhere and using the Store Décor Package provided by Good Feet pursuant to Section 3.2. Promptly after securing rights to the Store's premises, Franchisee will cause the approved design service to prepare and submit to Good Feet for approval a site survey and any modifications to Good Feet's basic plans and specifications (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs, and decorating) required to develop the Store at the premises (the "Plans"). Good Feet has the right to disapprove the Plans or condition approval as Good Feet deems appropriate. Based on approved Plans, Franchisee shall (i) obtain all required zoning changes; all required building, utility, health, sanitation, and sign permits and licenses; and any other required permits and licenses; (ii) purchase or lease and install the Store Décor Package and all equipment, fixtures, furniture, and signs required by Good Feet in the Plans or in the Manual; (iii) complete decorating the Store in full and strict compliance with the Plans approved by Good Feet and all applicable ordinances, building codes, and permit requirements and obtain Good Feet's approval of any modifications thereto; (iv) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services; and (v) otherwise complete the Store's development and have the Store ready to open and conduct business according to Section 1.2. Good Feet shall not be liable for any loss or damage arising from the Plans or by reason of its approval of Plans or otherwise. Franchisee shall also develop the Store in compliance with all laws, rules, and regulations of all governmental entities and landlords as they affect the Store,

including compliance with the Americans with Disabilities Act and corresponding state-disabled access requirements.

4.3 Purchase of Initial Inventory. On the terms outlined in Section 5.3 below, Franchisee shall purchase from Dr.'s Own an initial inventory for the Store in an amount Dr.'s Own deems sufficient for opening the Store and shall place the order and pay Dr.'s Own for this initial inventory during Franchisee's attendance at the Initial Brand Standard Training Program.

4.4 Lease or Purchase Agreement. Franchisee must submit its lease or purchase or other occupancy agreement for the Store to Good Feet for approval prior to execution. The occupancy agreement must contain the provisions Good Feet requires, including but not limited to:

(i) ~~(i)~~ a provision which requires that Good Feet receive a copy of any written notice of default under the occupancy agreement and grants Good Feet, in its sole discretion, the right, but not the obligation, to cure any default within thirty (30) business days after expiration of the period in which Franchisee may cure the default;

(ii) ~~(ii)~~ a provision which evidences Franchisee's right to display the Marks according to the specifications required by the Manual, subject only to the provisions of applicable law;

(iii) ~~(iii)~~ a provision which grants Good Feet the right, but not the obligation, (a) to assume the obligations of and replace Franchisee under the occupancy agreement in the event of the expiration or termination (for any reason) of this Agreement or the termination (for any reason) of the occupancy agreement and (b) at Good Feet's election at any time after such assumption and replacement, to assign the occupancy agreement for the Store's premises, or sublease the Store's premises in whole or in part, to another bona-fide franchisee or licensee of Good Feet (or any successor-in-interest to Good Feet) or to an affiliate of Good Feet operating, franchising, or licensing another retail store brand or any bona-fide franchisee or licensee of such affiliate; and

(iv) ~~(iv)~~ a provision that the Store be used only for the operation of a Good Feet Store or another retail store brand approved by Good Feet.

A copy of Good Feet's current form of Lease Rider is attached as Exhibit D.

5. OPERATING THE STORE

5.1 Maintain Standards, Upgrades, and Customer Benefits. In order to protect the Good Feet System and to maintain the standards of all Good Feet Stores and the Products, Franchisee must operate the Store at all times in strict compliance with the requirements of this Agreement, the Manual, and the Good Feet System. Franchisee must sell all Products according to the sales procedures outlined in the Manual, as they may be revised from time to time, and offer each customer the current Customer Benefits prescribed by Good Feet, which may include warranties, return policies, and other benefits. Franchisee agrees to participate in, and comply with the requirements of, Good Feet's gift card and other customer loyalty, affinity, and similar

programs (including Good Feet's issuing and honoring/redemption procedures and other standards and specifications for gift certificates, coupons, and gift, loyalty, and affinity cards). In addition, Good Feet periodically may enter into agreements or establish arrangements and relationships with local, regional, national, or international companies or organizations under or through which Good Feet agrees that the Good Feet Stores operated by Good Feet, its affiliates, and franchisees will offer discounts, incentives, or other products and services to the personnel, customers, or employees of such companies or organizations on commercially reasonable terms (collectively, "Partnership Programs"). The terms of these Partnership Programs may include, for example, special fees, pricing structures, and reimbursement arrangements for Products that differ from Good Feet's then-current recommended or required pricing. Franchisee agrees that the Store must begin participating in and honoring the terms of all Partnership Programs in effect within the Territory upon notice from Good Feet that they are in effect. Good Feet agrees to consult with the FAC (or its applicable subcommittee) regarding the terms and structure of such Partnership Programs.

5.2 Maintaining the Store. Franchisee must, at Franchisee's expense, maintain the Store's condition and appearance and use the Store solely for the purpose of conducting the business of a Good Feet Store. The name of the Store shall be "The Good Feet Store®." Except for signs provided to Franchisee by Good Feet as part of the Store Décor Package or otherwise, the printed or written copy for all signs displayed inside and outside the Store must be submitted to Good Feet for approval prior to any use or display and may not be used unless and until written approval is given to Franchisee by Good Feet. This approval shall be in addition to any approval that may be required by Franchisee's lease or applicable laws, ordinances, rules, or regulations.

Franchisee agrees to maintain the condition and appearance of the Store and its operating assets in accordance with Good Feet's standards and specifications. Without limiting that obligation, Franchisee must take the following actions during the Initial Term at its own expense: (i) thorough cleaning, repainting, and redecorating of the Store's interior and exterior at intervals and within the timeframe Good Feet periodically specifies and at Good Feet's direction; (ii) interior and exterior repair of the Store and the site as needed within the timeframe Good Feet specifies; and (iii) repair or replacement, at Good Feet's direction, of damaged, worn-out, unsafe, non-functioning, or obsolete operating assets at intervals and within the timeframe Good Feet periodically specifies or as an operating asset must be replaced in order to offer and sell the Products and services required to be sold by Good Feet Stores.

In addition to Franchisee's obligations in clauses (i) through (iii) above, Good Feet periodically may modify the Good Feet System's standards and specifications, which may accommodate regional or local variations, and those modifications may obligate Franchisee to invest additional capital in the Store and/or incur higher operating costs. Franchisee agrees to implement any changes in mandatory Good Feet System standards and specifications within the time period Good Feet reasonably requests as if they were part of this Agreement on its Effective Date. However, except for:

- (a) changes in the Information System;
- (b) non-material changes in signage and logo;

- (c) material changes in signage and logo (although there may be no such material changes, in the event this Agreement has a term of ten (10) years, during the first two (2) or last three (3) years of the term unless in connection with the grant of a renewal franchise);
- (d) changes required by the Store lease or applicable law;
- (e) new Products that Good Feet requires the Store to offer and sell and associated technology and merchandising displays; and
- (f) Franchisee's obligations in clauses (i) through (iii) in the preceding paragraph of this Section 5.2,

for all of which the timing and amounts are not limited during the Initial Term (except as provided in clause (c) above with respect to material changes in signage and logo), Good Feet will not obligate Franchisee to make any capital modifications (1) during the first three (3) years of the Initial Term or Renewal Term, as applicable, or (2) during the last three (3) years of the Initial Term or Renewal Term, as applicable, unless the proposed capital modifications during those last three (3) years (the amounts for which are not limited) are in connection with Store upgrades, remodeling, refurbishing, and similar activities for Franchisee's acquisition of a renewal franchise.

This means that, besides the rights Good Feet reserves above in clauses (a) through (f), it may beginning on the first day of the fourth (4th) year of the Initial Term or Renewal Term, as applicable, and continuing through the seventh (7th) year after the start of the Initial Term or Renewal Term, as applicable (the "Remodeling Window"), and unrelated to Franchisee's potential acquisition of a renewal franchise, require Franchisee substantially to alter the Store's appearance, layout, and/or design, and/or replace a material portion of its operating assets, in order to meet Good Feet's then-current requirements and then-current Good Feet System standards and specifications for Good Feet Stores. Franchisee acknowledges that this could obligate Franchisee to make extensive structural changes to, and significantly remodel and renovate, the Store and/or to spend substantial amounts for new operating assets.

Notwithstanding the foregoing, unless the upgrades, remodeling, refurbishing, and similar activities required by Good Feet are in connection with Franchisee's acquisition of a renewal franchise (and subject in all cases to the rights Good Feet reserves above in clauses (a) through (f)), Good Feet will not require Franchisee to: (i) remodel or renovate the Store more than once pursuant to this Agreement; (ii) spend more than twenty-percent (20%) of the initial amount Franchisee spent to construct the Store; or (iii) perform any remodeling or renovation pursuant to this Agreement if this Agreement has a term of five (5) years.

5.3 Sourcing. Franchisee shall purchase (for resale at the Store) only from Dr.'s Own all of the types of Products that Dr.'s Own manufactures and/or sells. If Dr.'s Own manufactures and/or sells a particular type of Product, Franchisee may purchase that type of Product only from Dr.'s Own and from no other source. Such purchases will be made on Dr.'s Own's then-current terms and conditions of sale and at prices established by Dr.'s Own's then-current price list. All orders are subject to acceptance by Dr.'s Own. Throughout the Initial Term, Dr.'s Own will have the right to revise its terms and conditions of sale and price list for future orders, effective upon

notice to Franchisee. Franchisee must not be in default of this Agreement to place an order (this includes both payment and operational defaults). Dr.'s Own may refuse to sell Products to Franchisee if Franchisee is in default of this Agreement. In addition, Dr.'s Own may refuse to sell Products to Franchisee for the Store if Franchisee (or any of its affiliates) owes money to Good Feet or Dr.'s Own (meaning that payment has not been made by the date due) under any other Franchise Agreement or other agreement in connection with the operation of any other Good Feet Store. If Dr.'s Own takes such action due to Franchisee's (or any affiliate's) default, Franchisee has no right to sell unapproved replacement products at the Store. Franchisee's only course of action is to cure, or cause its affiliate to cure, the particular default so that Dr.'s Own once again will sell Products to Franchisee. In connection with developing the Store under Section 4 and operating the Store, if Good Feet designates a product or service to be purchased from or provided by one or more suppliers (other than the Products that may be purchased only from Dr.'s Own), Franchisee must source the product or service only from those suppliers; if Good Feet specifies brands and types of goods or services to be used or sold at the Store, Franchisee must purchase for use and resale at the Store only those brands and types of goods or services; and if Good Feet identifies specifications for goods or services for use or sale by the Store, Franchisee must purchase only goods and services that meet those specifications and requirements. Franchisee must at all times provide an adequate inventory and selection of Products as required by the Manual and as necessary to meet potential customer demand.

5.4 Preferred Vendor Payments. Good Feet has the right to identify certain suppliers, including Good Feet or any Affiliate, as a Preferred Vendor. Franchisee hereby acknowledges and agrees that Preferred Vendors may periodically share Franchisee account information with Good Feet. In the event Good Feet receives notice from any Preferred Vendor that Franchisee is over sixty (60) days past due on any payment to such Preferred Vendor, and Franchisee has not provided any notice to the Preferred Vendor disputing such overdue amount prior to Good Feet's receipt of notice from the Preferred Vendor concerning such past due amount, Good Feet may send Franchisee written notice of such failure to pay. If Franchisee does not either pay the overdue amount, or send Good Feet and such Preferred Vendor written notice disputing the amount overdue, within fourteen (14) days after Franchisee receives Good Feet's written notice, then Franchisee hereby authorizes Good Feet to pay the Preferred Vendor the overdue amount on Franchisee's behalf, in which case Franchisee agrees that it shall owe and promptly pay such amount and that such amount shall be collectible by Good Feet as described in Article 7.8 hereof.

5.5 Information System. Because information and communications are critical to operation of each Good Feet Store, Good Feet will specify and update specifications for an information system to be installed and used by each Good Feet Store, including equipment components and software necessary for Franchisee to accept and process Good Feet's gift and loyalty cards and participate in Good Feet's gift card, customer loyalty, affinity, and similar programs (the "Information System"). Although Good Feet cannot estimate the future costs of the Information System or required service or support, and although these costs might not be fully amortizable over the remaining portion of the Initial Term, Franchisee agrees, within the time period Good Feet specifies, to incur the costs to acquire all hardware, software and peripherals, install all communications lines and wiring, contract for all required support and maintenance, and meet all other requirements for the Store. The Manual or other communications will state whether items must be purchased from a specific supplier, whether

specific brands of hardware, software, peripherals, or other items must be acquired, or whether the items can be sourced from approved suppliers. Good Feet may, as often as it deems appropriate (including on a daily basis), access the Information System and retrieve all information relating to the Store's operation.

Franchisee agrees that Good Feet or its affiliates may condition any license of proprietary software to Franchisee, or its use of technology that Good Feet or its affiliates develop or maintain, on Franchisee's signing the Software License Agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging its consent to and accepting the terms of a click-through or other shrink-wrapped license agreement), that Good Feet and its affiliates prescribe to regulate Franchisee's use of, and Good Feet's, its affiliates', and Franchisee's respective rights and responsibilities with respect to, the software or technology. Good Feet and its affiliates may charge Franchisee up-front and ongoing fees for any required or recommended proprietary software or technology that Good Feet or its affiliates license to Franchisee and for other maintenance and support services that Good Feet or its affiliates provide during the Initial Term.

Despite the fact that Franchisee agrees to buy, use, and maintain the Information System according to Good Feet's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Information System; (2) the manner in which its Information System interfaces at Good Feet's specified levels of connection speed with Good Feet's and any third party's computer system; and (3) any and all consequences if the Information System is not properly operated, maintained, and upgraded.

5.6 Approved Suppliers. In addition to the Products that must be purchased exclusively from Dr.'s Own, the purchase of quality products and services is an essential aspect of the Good Feet System. Franchisee authorizes Good Feet to negotiate agreements with suppliers for the provision of products and services to all Good Feet Stores for the benefit of Good Feet and the Good Feet System. Franchisee agrees that certain of these agreements may be negotiated with Good Feet's affiliates and that Good Feet's affiliates may profit from the agreements. Franchisee further agrees that certain of these agreements may provide for certain revenues to be paid to Good Feet or its affiliates for services rendered, license fees, or the like, and that Good Feet or its affiliates may collect monies from these suppliers. Good Feet makes no representation or warranty that these agreements will provide any specific Good Feet Store with the lowest cost products or services available to such Store or that any individual Good Feet Store will benefit proportionately from any arrangement with any supplier. Further, Good Feet shall not be responsible to Franchisee for any supplier's failure to perform its agreements with, or obligations to, Franchisee or to perform pursuant to any agreements negotiated by Good Feet.

Good Feet may designate a single supplier for any category or item and may designate a supplier only as to certain categories of items (for example, Dr.'s Own is the exclusive supplier of the types of Products it manufactures and/or sells). Good Feet may concentrate purchases with one or more suppliers to obtain lower prices, the best advertising support and/or the best services. For all goods and services other than the Products which may be obtained only from Dr.'s Own, Good Feet will entertain Franchisee's proposals for approval of additional suppliers.

If Franchisee proposes to purchase goods or services from any supplier that Good Feet has not previously approved for such goods or services, Franchisee must notify Good Feet and submit to Good Feet all information, specifications, and samples that Good Feet requests. Upon Franchisee's request, Good Feet will provide its standards and specifications and other approved-supplier criteria to a supplier proposed by Franchisee, but if Good Feet determines that these standards, specifications, or criteria contain confidential information, Good Feet will have the right to require the proposed supplier to execute a confidentiality agreement acceptable to Good Feet as a condition of evaluating the supplier. Good Feet has the right to require that its representatives, at Franchisee's expense, be permitted to inspect the proposed supplier's facilities and that samples from the proposed supplier be delivered to Good Feet or its designated testing facility for evaluation and testing.

Good Feet may take up to three (3) months to review the proposed supplier and will have the right to approve or disapprove any supplier. Good Feet is not obligated to approve any supplier. Approval of a supplier as to any goods or services may be conditioned on requirements relating to the frequency of delivery, standards of quality and service, including prompt attention to complaints, other criteria, work environment, and concentration of purchases; may be conditioned on the supplier providing Good Feet with adequate insurance protection, the supplier's execution of reasonable license, indemnity, and confidentiality agreements, and the supplier's payment of reasonable license fees to Good Feet; and may be temporary or conditional, pending Good Feet's further evaluation of the supplier. Good Feet reserves the right, at any time, to re-inspect the facilities, products and/or services of any supplier and to revoke its approval upon the supplier's failure to continue to meet any of Good Feet's then-current criteria. Franchisee understands and agrees that Good Feet's primary business is the sale of arch supports.

Franchisee further understands that the sale of shoes (purchased from approved vendors) in Good Feet stores is ancillary and not the primary focus of a Good Feet Store. The number of shoes and shoe styles is limited to a few shoe lines and styles as outlined in the Manual. Good Feet has established relationships with shoe manufacturers that will offer shoes to franchisees, and Franchisee understands that the shoe inventory shall not occupy more than 25% of showroom display area at any time.

5.7 Compliance with Laws and Good Business Practices.

A. Franchisee will, at its own expense, secure and maintain in force all required licenses, permits, and certificates relating to the Store's operation and operate the Store in strict compliance with all applicable local, state, and federal laws, rules, and regulations. Franchisee agrees to refrain from any merchandising, advertising, or promotional practice which is unethical or may injure the Store, Good Feet, other Good Feet Stores, or the goodwill associated with the Marks.

B. Franchisee shall deal with its customers honestly and fairly. All customer complaints shall be accommodated reasonably and fairly by Franchisee, but if all attempts to satisfy the customer fail, Franchisee shall refund the customer's purchase in accordance with Good Feet's refund policy. Specifically, Franchisee agrees that: (1) if a customer is not satisfied with the Products and has been required to be refitted no more than three (3) times within no

longer than a ninety (90)-day period, that customer should be given a refund, minus no more than a 20% restocking fee; and (2) if a customer provides a certification from a physician or other licensed healthcare professional to the effect that the customer should not wear the Products that have been purchased, that customer should be provided with a full refund.

C. If Franchisee fails to satisfy the customer within the required time period, including as provided above, and the customer complains to Good Feet, Good Feet shall contact Franchisee and request that Franchisee comply with this Agreement's terms. The complaint will then be noted in Franchisee's file. If Franchisee fails to refund a customer in accordance with Good Feet's refund policy and applicable law (as appropriate), then Good Feet has the right to pay the customer the appropriate refund amount (as determined by Good Feet), in which case Good Feet then may, subject to applicable law, automatically debit Franchisee's Electronic Account (defined below) for an amount equal to the refunded amount. Alternatively, Good Feet may invoice Franchisee for such refunded amount, and Franchisee agrees to pay such amount to Good Feet by the due date on the invoice. If there are multiple complaints related to the Store and Franchisee continually fails to satisfy customers after being put on notice by Good Feet, Good Feet may exercise its rights pursuant to Section 13.B.5 below.

5.8 Payment of Liabilities and Taxes. Franchisee will pay, when due, all of its obligations, liabilities, and taxes to Good Feet, suppliers, lessors, creditors, and taxing authorities. Franchisee must reimburse Good Feet for any taxes that Good Feet must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to Good Feet (but not including Good Feet's income taxes). Franchisee's failure to comply with this provision will be deemed a material breach of this Agreement.

5.9 Standardization. Franchisee must require its employees to maintain Good Feet's appearance standards. Franchisee will comply with all standardization programs Good Feet specifies for Good Feet Stores to promote its image and goodwill. Good Feet may, to the extent allowed by applicable law, regulate Franchisee's minimum, maximum, or other prices for the resale of the Products (including, without limitation, in connection with Partnership Programs).

5.10 Management. During all hours Good Feet specifies, the Store must be under the direct, on-premises supervision of a trained individual acting as a full-time general manager who must have completed Good Feet's Initial Brand Standard Training Program. Franchisee must at all times faithfully, honestly, and diligently perform its obligations under this Agreement, use its best efforts to promote and enhance the Store, and not engage in any business or other activity that will conflict with Franchisee's obligations under this Agreement.

5.11 Employee Training. Franchisee (or, if an entity, its Managing Owner) or Franchisee's general manager must train all Store employees according to Good Feet's training requirements on issues relating to brand standards.

5.12 Unauthorized Activities. Franchisee must not install or maintain at any Store any telephone booths, newspaper racks, video games, juke boxes, gum machines, games, rides, vending machines, or other similar devices without Good Feet's prior written approval. With the

exception of registered service animals, Franchisee and its employees may not bring pets or animals of any kind into the Store.

5.13 Notice to Good Feet. Franchisee must notify Good Feet in writing within five (5) days after (a) receiving any customer complaint, irrespective of the amount of money at issue, or (b) receiving notice of any action, suit, or proceeding or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality which may adversely affect the Store's operation or financial condition or the reputation of Good Feet Stores.

5.14 Modifications to the Good Feet System. Good Feet may modify, change, enhance, and further develop the Good Feet System as it deems appropriate. System changes may include, but are not limited to, changing the components of the Good Feet System, Customer Benefits, and the Information System; changing the programs (including Partnership Programs), services, methods, standards, forms, equipment, decorations, policies, and procedures of the Good Feet System; adding to, deleting from, or modifying the programs (including Partnership Programs), services, and Customer Benefits which the Store is authorized or required to offer; and changing, improving, modifying, or deleting one or more of the Marks. Franchisee agrees to comply with modifications, changes, additions, deletions, and alterations at and to the Store promptly and at Franchisee's expense (including as provided in Section 5.2 above).

5.15 Improvements. Any addition, modification, adaptation, improvement, refinement, discovery, invention, or innovation that Franchisee or its owners or employees make related to the Products, a Good Feet Store, the Good Feet System, the Manual, the Confidential Information discussed below in Section 5.16, the Programs (as defined in Section 8.1), any advertising or marketing materials, or other materials Franchisee or its owners or employees may create or modify using the Marks or related to a Good Feet Store or the Products (an "Improvement") will be Good Feet's sole and exclusive property, regardless of the participation or sole participation by Franchisee or its owners or employees in developing the Improvement, will be part of the Good Feet System, will be deemed works made-for-hire for Good Feet, and will be deemed assigned to Good Feet. Franchisee will, and will cause its employees and owners to, execute any instruments and documents Good Feet requests and give Good Feet assistance to perfect or protect all intellectual property rights in any Improvement, without compensation for the use or licensing of any Improvement.

5.16 Confidential Information. Good Feet possesses (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating Good Feet Stores, including (without limitation):

- (a) site selection criteria;
- (b) training and operations materials and manuals;

(c) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Good Feet Stores;

(d) marketing and advertising programs for Good Feet Stores;

(e) knowledge of specifications for and suppliers of Products;

(f) any computer software or similar technology that is proprietary to Good Feet, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(g) knowledge of the operating results and financial performance of Good Feet Stores other than Franchisee's Store; and

(h) graphic designs and related intellectual property.

Franchisee acknowledges and agrees that it will not acquire any interest in Confidential Information, other than the right to use it as Good Feet specifies in operating the Store during the Initial Term, and that Confidential Information is proprietary, includes Good Feet's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee hereby does agree, that it:

(i) will not use Confidential Information in any other business or capacity;

(ii) will keep confidential each item deemed to be a part of Confidential Information, both during the Initial Term and then afterward for as long as the item is not generally known in the industry in which Good Feet Stores operate;

(iii) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(iv) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Store personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. Good Feet has the right to regulate the form of agreements that Franchisee uses solely to ensure that Franchisee adequately protects Confidential Information and the competitiveness of Good Feet Stores. Under no circumstances will Good Feet control the forms or terms of employment agreements Franchisee uses with Store employees or otherwise be responsible for Franchisee's labor relations or employment practices. Good Feet may be a third-party beneficiary of Franchisee's confidentiality or similar agreement with independent enforcement rights.

Confidential Information does not include information, knowledge, or know-how that Franchisee can demonstrate lawfully came to its attention before Good Feet provided it to

Franchisee directly or indirectly; that, at the time Good Feet disclosed it to Franchisee, already had lawfully become generally known in the industry through publication or communication by others (without violating an obligation to Good Feet); or that, after Good Feet discloses it to Franchisee, lawfully becomes generally known in the industry through publication or communication by others (without violating an obligation to Good Feet). However, if Good Feet includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is satisfied.

5.17 Minimum Performance Criteria.

A. In order to retain Franchisee's rights under this Agreement, Franchisee's Store must achieve at least the minimum level of Gross Sales set forth on Exhibit A by the designated dates (the "Minimum Performance Criteria"). If Franchisee fails to meet the Minimum Performance Criteria for two (2) consecutive years, then Good Feet may (but need not) terminate this Agreement in accordance with Section 13.2 or, in lieu of such termination, reduce the size of Franchisee's Territory, as Good Feet deems best in its sole judgment.

B. If Franchisee and its affiliates own and operate multiple Good Feet Stores in the same Designated Market Area ("DMA"), as defined by Good Feet, then so long as the Gross Sales of all Good Feet Stores in the DMA in the aggregate equal an amount that would satisfy the then-applicable Minimum Performance Criteria, Franchisee shall be deemed to be in compliance with this Section 5.17. In determining Franchisee's compliance under this Section 5.17, the applicable Minimum Performance Criteria specified in the most recent franchise agreement entered into by Franchisee and/or its affiliate for a Good Feet Store to be developed and operated in the same DMA shall control and be the Minimum Performance Criteria that all Good Feet Stores in the DMA in the aggregate must satisfy.

C. The Minimum Performance Criteria specified on Exhibit A is not a representation or guarantee of any kind of the volume, sales, income, or profits that Franchisee and its affiliates might generate from operating one or more Good Feet Stores in the DMA.

6. **TRADEMARKS**

6.1 Ownership. Franchisee acknowledges the validity of the Marks and that they are the sole property of Good Feet and its affiliates. Franchisee's right to use the Marks is derived solely from this Agreement in the formats required by the Manual or otherwise and is limited to Franchisee's operation of the Store pursuant to and in compliance with this Agreement and the Good Feet System. Franchisee's unauthorized use of the Marks will be a material breach of this Agreement and an infringement of the rights of Good Feet and its affiliates. All use of the Marks by Franchisee and any goodwill established by Franchisee's use will be the exclusive property of Good Feet and its affiliates. Franchisee agrees not to contest the validity of Good Feet's and its affiliates' ownership of the Marks.

6.2 Use. Franchisee must use the Marks only as outlined in the Manual or otherwise. Franchisee must not use the Marks as part of any corporate or trade name, with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may

Franchisee use the Marks in connection with the sale of any unauthorized product or service or in any other manner (including on websites) not expressly authorized by Good Feet. Franchisee shall not use the Marks to identify Franchisee on any payment, in any contract with third parties, or in any other manner not approved in writing by Good Feet. Franchisee will give all notices of trademark and service mark registration Good Feet specifies and obtain all fictitious or assumed name registrations as may be required under applicable law. Franchisee may not use any names or marks which are confusingly or deceptively similar to the Marks.

6.3 Infringement. Franchisee will immediately notify Good Feet in writing of any apparent infringement or challenge to Franchisee's use of, or claim by any person of any rights in, the Marks or any other intellectual property of Good Feet and its affiliates of which Franchisee becomes aware. Franchisee must not directly or indirectly communicate with any person other than Good Feet and its counsel in connection with any such infringement, challenge, or claim. Good Feet and its affiliates have sole and exclusive right to take such action as they deem appropriate (including no action) and to control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising out of such infringement, challenge, or claim or otherwise relating to the Marks or Good Feet's or its affiliates' other intellectual property. Franchisee must execute any and all instruments and documents, render such assistance, and do all acts and things as may, in the opinion of Good Feet's counsel, be necessary or advisable to protect and maintain the interests of Good Feet and its affiliates in any such litigation or administrative proceedings or otherwise to protect and maintain the interest of Good Feet and its affiliates in the Marks and their other intellectual property.

6.4 Substitutions. If Good Feet determines that it is advisable for Good Feet and/or Franchisee to modify or discontinue the use of any of the Marks, and/or use one or more additional or substitute Marks, then upon notice from Good Feet, Franchisee, at its own expense, will immediately make such changes and amendments to the Marks and their use at the Store. Good Feet need not reimburse Franchisee for its costs of doing so.

6.5 Patent Markings. To the extent required by applicable law, Franchisee shall maintain the patent marking on all of the Products according to applicable patent marking laws, including, but not limited to, retaining patent marking stickers and visible patent marks on Products and all related advertising and promotional material.

7. FEES

7.1 Initial Franchise Fee. Franchisee must pay to Good Feet the Initial Franchise Fee of Twenty-Five Thousand Dollars (\$25,000) upon the execution of this Agreement.

7.2 Continuing Service Fees. Good Feet requires all franchisees to pay Good Feet a Continuing Service Fee each month on account of their operation of Good Feet Stores. Continuing Service Fees are payable on a monthly basis, on or before the fifteenth (15th) of each month, on account of Gross Sales of Good Feet Stores during the previous calendar month. The Continuing Service Fee will not during the Initial Term exceed five percent (5%) of the Gross Sales of such Good Feet Stores during the previous month. As of this Agreement's Effective

Date, the Continuing Service Fee payable (and, if applicable, currently scheduled to be payable) on the Store's Gross Sales is as set forth on Exhibit A. Good Feet may increase the Continuing Service Fee payable by Good Feet Stores during each calendar year of the Initial Term, provided that Good Feet notifies franchisees of the proposed increase for the next calendar year no later than October 1 of each year. Good Feet agrees that, except as provided in the following paragraph, no annual increase in the Continuing Service Fee will exceed three-quarters of one percent (0.75%) of the Gross Sales of Good Feet Stores, subject in all cases to the five percent (5%) cap referenced above during the Initial Term.

Despite the per-year percentage cap on the annual increase in the Continuing Service Fee described above, Good Feet may increase the Continuing Service Fee for a calendar year in an amount that includes the amount of an increase (or increases) from one or more previous years that Good Feet could have required but did not require. (For illustration purposes only, Good Feet may notify franchisees no later than October 1 in a given calendar year that the Continuing Service Fee in the following calendar year will be raised by up to an additional one and one-half percent (1.5%) of their Stores' Gross Sales if Good Feet did not increase the Continuing Service Fee for the calendar year during which such notice is given.)

Franchisee agrees that, unless Good Feet agrees otherwise, the Continuing Service Fee it must pay on account of its Store's Gross Sales will equal the Continuing Service Fee that Good Feet then is charging to Good Feet Stores pursuant to this Section (i.e., reflecting any annual increases).

"Gross Sales" shall mean the total of all sales, monies, property, or receipts from all sales of Products and other goods or services derived by Franchisee at, from, or related to the Store and the proceeds of any business interruption insurance, whether such revenues are evidenced by cash, services, property, or other means of exchange. "Gross Sales" shall exclude any sale of merchandise for which cash or credit has been refunded or re-credited during the accounting period during which such sale occurred, and the amount of any sales, value-added, or consumption taxes imposed by any federal, national, or local governmental authority that are actually paid over to that governmental authority. Any sale included in Gross Sales for any accounting period and for which a refund or re-credit is made in a subsequent accounting period will be deducted from Gross Sales for the accounting period in which such refund or re-credit is made. No deduction shall be made for commissions or uncollectible accounts or for any costs incurred in connection with the Store's operation.

7.3 Advertising Fund. During the Initial Term, Good Feet may maintain and administer an Advertising Fund for Good Feet Stores and the Products. Good Feet may direct the Advertising Fund to be formed as, or operated through, a separate entity. This entity will have all of the rights of Good Feet under this Agreement. Franchisee must contribute up to three percent (3%) of the Store's monthly Gross Sales into the Advertising Fund (as Good Feet specifies) on a monthly basis, to be paid on or before the fifteenth (15th) of each month. Good Feet may from time to time offer convention discounts and/or incentives which could reduce Franchisee's Advertising Fund contribution. However, Good Feet may at any time during the Initial Term, upon thirty (30) days' prior written notice to Franchisee, increase Franchisee's required Advertising Fund contribution so that Franchisee must contribute three percent (3%) of the

Store's monthly Gross Sales to the Advertising Fund. Good Feet Stores operated by Good Feet or its affiliates are obligated to contribute to the Advertising Fund on the same terms as Franchisee.

7.4 Reporting Gross Sales. Franchisee shall report the Store's Gross Sales to Good Feet in the manner and on the dates that Good Feet reasonably specifies from time to time, which may include daily reporting through the Information System.

7.5 Service Charge on Late Payments. Franchisee agrees to pay Good Feet a late fee for each required payment not made on or before its original due date (and for each payment not honored by Franchisee's financial institution). This late fee will equal Fifty Dollars (\$50). The late fee is not interest or a penalty but compensates Good Feet for increased administrative and management costs due to Franchisee's late payment. In addition, all amounts that Franchisee owes Good Feet or its affiliates for any reason, if more than seven (7) days late, will bear interest accruing as of their original due date at one-and-one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. This paragraph does not constitute an agreement by Good Feet or its affiliates to accept such payments after they are due or a commitment by Good Feet to extend credit to or otherwise finance Franchisee's operation of the Store. Good Feet's acceptance of any payment by Franchisee shall not constitute a waiver of any amounts remaining due to Good Feet.

7.6 Application of Payments. In spite of any designation by Franchisee, Good Feet will have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee to Good Feet or its affiliates.

7.7 Non-Refundability. All payments to Good Feet and its affiliates will be fully earned on payment and are non-refundable.

7.8 Method of Payment. Franchisee agrees to authorize Good Feet and its affiliates to debit its business checking, credit card, or other account automatically for Franchisee's purchases of Products and other items from Good Feet and/or its affiliates and for other amounts due under this Agreement (the "Electronic Account"). Good Feet will debit the Electronic Account on the payment due dates, and funds must be available in the Electronic Account by those dates. Franchisee must reimburse any "insufficient funds" charges and related expenses incurred due to Franchisee's failure to maintain sufficient funds in its Electronic Account. Franchisee may not close the Electronic Account without first establishing, and notifying Good Feet of, a new account that Good Feet and its affiliates are authorized to debit as provided in this Section. Good Feet may require Franchisee to change payment methods at any time, whether or not Franchisee is in compliance with this Agreement.

7.9 Commission Payable by Franchisee on Excess Sales of Certain Products. Good Feet has the right to require Franchisee to pay Good Feet each month, by such methods and dates that Good Feet specifies from time to time, six percent (6%) of the Store's monthly Gross Sales from selling Products not acquired from Dr.'s Own or its affiliates to the extent the Store's

monthly Gross Sales from such sales exceed twenty percent (20%) of the Store's monthly Gross Sales from all Product sales.

8. ADVERTISING AND PROMOTION

8.1 Programs. Good Feet has licensed from its affiliate, Dr.'s Own, LLC ("Licensor"), certain television and radio commercials and infomercials relating to the Products (the "Programs"). Franchisee may acquire a license to use the Programs during the Initial Term if it pays Good Feet its then-applicable charges. In addition, Good Feet may, from time to time, offer licenses to Franchisee to use other Programs at Good Feet's then-current charges therefor. Franchisee agrees that Licensor retains all ownership right, title, and interest in the Programs, including, without limitation, all copyright ownership. Neither Franchisee nor any persons under its control or on its behalf shall produce or broadcast, by television or radio, any program that is substantially similar or identical to the Programs. The Programs may not be copied, edited, modified, or altered in any manner whatsoever by Franchisee or any person under its control or on its behalf. Good Feet will arrange for all Programs, except loop tapes, to be delivered directly to the cable television, broadcast television, radio stations and/or other media outlets (the "Stations") selected by Franchisee. No loop tape is to be distributed to any other party and must be returned to Good Feet upon expiration or termination of this Agreement. If Franchisee desires to contract with an independent advertising agency, the agency must be approved by Good Feet to represent franchisees and must agree to sign covenants not to compete with Good Feet and/or its franchisees for the term of their representation of any Good Feet Store (as consultant/agent) and for six (6) months following the expiration or termination of the relationship (for any reason by either party), nor may agencies represent, consult, or become employees of any direct competitor during the term of the agreement and for six (6) months following. The agency must have a clean business record with Better Business Bureau, credit agencies, and media outlets and shall not have any late or non-payment history with any media outlets. Good Feet reserves the right to investigate backgrounds and credit history of all agency principals prior to approval. Agencies will agree to use the creative materials provided and/or approved by Good Feet and will not air or run unauthorized, unapproved advertising. Franchisees will pay stations directly, in advance, and pay agency commissions only. Franchisee may advertise only in the DMA in which the Territory is located.

A. Franchisee may create (or have created) for its Good Feet Store print, radio, and TV advertising other than infomercials for the Products. Any advertising agency hired by Franchisee to create advertising must meet the criteria outlined above in this Section 8.1. All advertising created by Franchisee or its advertising agencies must be approved by Good Feet in advance (according to the procedures below) prior to use. All programs and advertising created by Franchisee or its advertising agencies will be deemed to be works made-for-hire for Good Feet and Good Feet's sole and exclusive property. Good Feet may allow all franchisees to use such programs and advertising. Franchisee will take all action (and/or will cause its advertising agency to take all action) necessary to confirm Good Feet's ownership of all copyrights in the programs and advertising without any required payment by Good Feet. For example, Franchisee shall ensure that its contracts with advertising and other agencies state that Good Feet will, without any separate payment required, own all materials related to the Good Feet System prepared by such agencies and that such materials shall be deemed to be works made-for-hire for

Good Feet. Franchisee also is not entitled to any compensation from Good Feet for such materials.

B. The following procedures will be used for advertising approval. Franchisee must send the proposed advertising to Good Feet's then-current principal business address, c/o Media Approval Department, via UPS, Federal Express, or other means that produce a delivery receipt. Good Feet will review all programs and advertising and grant or deny approval or require changes to the advertising. Approval will not be unreasonably withheld. Franchisee may not use any item Good Feet has not approved or has disapproved.

8.2 Advertising Fund.

A. During the Initial Term, Good Feet may maintain and administer an Advertising Fund for Good Feet Stores and the Products. Good Feet may cause the Advertising Fund to be formed as or operated through a separate entity, and this entity will have all of the rights of Good Feet under this Agreement.

B. If an Advertising Fund is maintained, Good Feet will direct all marketing and advertising programs financed by the Advertising Fund and will have sole control over the creative concepts, materials, and endorsements used and the geographic, market, and media placement and allocation of the marketing and advertising. The Advertising Fund may be used to pay the costs of media advertising programs, maintenance of an advertising and referral service, and other costs of preparing and producing video, audio, and written advertising materials; developing, maintaining, and implementing an electronic commerce website (including one or more Franchise System Websites) and/or related strategies; administering local, regional, multi-regional, and national advertising programs, including, without limitation, purchasing direct mail and other media advertising; employing advertising, public relations, and media buying agencies to assist in these activities; supporting public relations, market research, and other advertising and marketing activities; and reimbursing Good Feet or its affiliates for expenditures Good Feet or its affiliates have made or may make for advertising and marketing to be used by the Advertising Fund. Franchisee acknowledges and agrees that all advertising, marketing, and other programs and materials financed by the Advertising Fund may include Dr.'s Own's required retail prices (to the extent allowed by applicable law) and references to Good Feet's offer and sale of franchises, although the Advertising Fund will not be used to fund any materials or programs that are solely for solicitation of prospective franchisees. Franchisee further agrees that advertising, marketing, and programs, including a media advertising program, may be placed through Good Feet's affiliates, and that such affiliates will charge the Advertising Fund for their standard commissions, fees, and other charges. If Good Feet or its affiliates place advertising on behalf of the Advertising Fund, then Good Feet or the affiliate will use reasonable efforts to negotiate the best possible pricing for the advertising placement. Final decision and selection of advertising agencies will be made solely by Good Feet. The Advertising Fund may elect to furnish Franchisee with marketing, advertising, and promotional formats and sample materials without additional charge, or provide Franchisee with multiple copies of marketing, advertising, and promotional materials at its direct cost of producing them, plus related shipping, handling, and storage charges.

C. The Advertising Fund will be accounted for separately from Good Feet's other funds and will not be used to defray any of Good Feet's general operating expenses, except for costs, salaries, travel expenses, administrative costs, and overhead Good Feet may incur in activities reasonably related to the administration of the Advertising Fund and its marketing programs (including, without limitation, conducting market research, preparing advertising and marketing materials, general production costs, and accounting for contributions to and expenses of the Advertising Fund). Good Feet may spend in any fiscal year an amount greater or less than the total contribution to the Advertising Fund in that year, and Good Feet may cause the Advertising Fund to borrow from Good Feet or others (paying reasonable interest) or to invest any surplus for future use by the Advertising Fund. Franchisee authorizes Good Feet to collect for remission to the Advertising Fund any advertising or promotional monies or credits offered by any supplier based upon Franchisee's purchases. All interest earned on monies contributed to the Advertising Fund will be used to pay costs of the Advertising Fund before other assets of the Advertising Fund are expended. Good Feet will have an independent firm prepare an annual, unaudited statement of monies collected and costs incurred by the Advertising Fund and will furnish it to Franchisee upon written request. Good Feet may have the Advertising Fund audited annually, at the Advertising Fund's expense, by an independent certified public accountant.

D. Franchisee agrees that any Advertising Fund will be intended to maximize recognition of the Marks and the Products and patronage of all Good Feet Stores. Although Good Feet will endeavor to utilize any Advertising Fund to develop advertising and marketing materials and programs, and to place advertising, that will benefit all Good Feet Stores, Good Feet undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic areas will be proportionate or equivalent to the Advertising Fund contributions paid by franchisees operating in that geographic area or that any franchised Good Feet Store will benefit directly or in proportion to its payment of Advertising Fund contributions from Advertising Fund materials or the placement of advertising.

E. Good Feet has the right, but no obligation, to use collection agents and institute legal proceedings to collect Advertising Fund contributions at the Advertising Fund's expense. Good Feet also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. Except as expressly provided in this Section 8.2, Good Feet assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.

F. Good Feet may at any time defer or reduce Advertising Fund contributions of a Good Feet Store and, upon thirty (30) days' prior written notice to Franchisee, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Advertising Fund. If Good Feet terminates the Advertising Fund, it will distribute all unspent monies to its franchisees (and, if applicable, to itself and its affiliates) in proportion to their respective Advertising Fund contributions during the preceding twelve (12) month period.

8.3 Advertising Generally. Good Feet will provide Franchisee printed product brochures, displays, packaging, sales tools copyrighted or trademarked by Good Feet or its affiliates, and other promotional material, some at no charge and some at a nominal cost. These

may not be changed or altered in any way under any conditions. No other manuals, sales training aids, product literature, or any other document not provided or approved by Good Feet may be used in connection with sales or sales training of the Products. When such materials are changed or updated, Franchisee shall ensure that the superseded materials are immediately retired and not used.

8.4 Franchisee's Advertising. Prior to any use by Franchisee, graphics and copy of all advertising, marketing, or promotional materials or a description of all marketing plans not prepared, licensed, or previously approved by Good Feet must be submitted to Good Feet for approval, and Franchisee must maintain dated proof of submission. Franchisee may not use any item Good Feet has not approved or has disapproved. Franchisee agrees to use proper trademark, copyright, and other proprietary notices on all such materials. In addition, Franchisee shall not use the internet in any sales or marketing capacity whatsoever, including, but not limited to, websites, e-commerce sites, referrals, or any other computer-aided sales or advertising tool, except pursuant to such programs as may be offered by Good Feet from time to time. Franchisee may use the Internet to communicate by e-mail with its existing customers and with others who have provided their e-mail addresses to Franchisee and have not subsequently opted out of receiving such communications from Franchisee (i.e., Franchisee may not send "spam" or other unsolicited commercial e-mail to persons that have not previously purchased Products from Franchisee or otherwise authorized such communications). Franchisee shall not engage in mail-order marketing except pursuant to such programs as may be offered by Good Feet, and provided Franchisee complies with all applicable laws, specifically including all applicable consumer protection laws. In no event may Franchisee engage in mail-order marketing outside of Franchisee's Territory.

Franchisee acknowledges the value of initial and continuing uniform advertising and promotion to further the public image and recognition of Good Feet. Therefore, in addition to the Advertising Fund (if one is operational):

A. Franchisee agrees to conduct a grand opening advertising or market introduction program for the Store within the timeframe Good Feet reasonably specifies. Good Feet will consult with Franchisee about the type of program that might be most suitable for the Store's market and the recommended expenditures for that program. Good Feet must pre-approve in writing Franchisee's proposed program before its planned rollout date, with such approval not being unreasonably withheld, conditioned, or delayed. Franchisee must implement the approved program according to Good Feet's brand standards and other requirements.

B. Franchisee agrees to use advertising and promotional items to promote its Store.

C. Franchisee agrees to expend each month for advertising in Franchisee's DMA at least the greater of (i) Ten Thousand U.S. Dollars (\$10,000) or (ii) twenty percent (20%) of the Store's monthly Gross Sales, and this advertising will be subject to Good Feet's approval. However, if Franchisee believes that the Store should not be required to spend this minimum monthly amount for advertising in Franchisee's DMA, Franchisee may request in writing Good Feet's approval of an alternative amount, specifying the justifications for that request. Good Feet will use reasonable efforts to respond to such request within sixty (60) days after Franchisee has

provided all information that Good Feet requested. Such decision, in Good Feet's reasonable business discretion, will be based on such factors as market saturation, competition, and the then-current status of Franchisee's compliance with the Minimum Performance Criteria, among other factors. If Good Feet approves in writing an alternative amount for advertising for a particular timeframe (although it has no obligation to grant such approval), Franchisee's compliance with that alternative amount shall constitute compliance with this Section 8.4.C during the relevant timeframe. For the avoidance of doubt, Good Feet's approval of any single request does not obligate Good Feet to approve a subsequent request by Franchisee for the same purpose. In the event Franchisee and/or Franchisee's Affiliates own and operate multiple Good Feet Stores in the same DMA, the advertising spending for those Good Feet Stores is not separated among the Stores, and the Good Feet Stores spend a total amount for advertising that would satisfy the obligations for all of the Good Feet Stores in the aggregate, Franchisee shall be deemed in compliance with this Article 8.4(C).

D. Franchisee agrees to submit to Good Feet for approval prior to use all sales promotion materials and advertising to be used by Franchisee, including, but not limited to, newspaper, specialty and novelty items, signs, promotional items and products, posters, boxes, bags, and wrapping paper.

E. Franchisee agrees not to advertise or use in advertising or any other form of promotion the Marks or copyrighted materials without the appropriate ® and © registration marks or the designation of ™ where applicable.

F. Franchisee agrees during the Initial Term to make available to Good Feet for use by other parties in the system all advertising, marketing, and other promotional materials that Franchisee develops. Good Feet requires all other Franchisees to share developed advertising, marketing, and other promotional concepts in the same manner. Good Feet shall own all such materials, as provided in Sections 5.15 and 8.1.A of this Agreement.

8.5 Area Advertising Cooperative. If the DMA in which the Store is located encompasses Good Feet Stores operated by at least two (2) franchisees (including Franchisee and its Stores(s)), Franchisee agrees at Good Feet's request, and with Good Feet's advice and assistance, to participate in a cooperative advertising association (an "Area Cooperative") with the other franchisees for the purpose of jointly advertising and promoting their Good Feet Stores located in the DMA. Each Area Cooperative will be organized and governed in a form and manner and pursuant to the agreements, bylaws, and other documents (including any membership agreement Good Feet requires), and begin operating on a date, that Good Feet determines. The Area Cooperative's members in the DMA will include all of the Good Feet Stores operating in that area (unless one or more Good Feet Stores in the DMA are not obligated by their franchise agreements to participate in the Area Cooperative and they choose not to participate). If an Area Cooperative has been established as of this Agreement's Effective Date for the DMA in which Franchisee's Store is located, Franchisee's Store automatically will become a member of that Area Cooperative when Franchisee signs this Agreement (although the contributions below will not begin until the Store opens for business).

If an Area Cooperative is or has been established in the DMA, Franchisee agrees (a) to join, participate in, and actively support the Area Cooperative in compliance with its governing documents, and (b) to contribute to the Area Cooperative each month at least the greater of (i) Ten Thousand U.S. Dollars (\$10,000) or (ii) twenty percent (20%) of the monthly Gross Sales of each of its Stores in the DMA, or such greater amount determined in accordance with the Area Cooperative's by-laws or other governing documents (though members may vote to delineate a pro-rata contribution rate). Franchisee must pay this contribution to the Area Cooperative on or before the fifteenth (15th) day of each month on account of the previous month's Gross Sales. This contribution is in place of Franchisee's required advertising expenditures under Subsection 8.4.C above.

If the Area Cooperative's members cannot agree on any aspect of the Area Cooperative's administration or operation, including, but not limited to, the Area Cooperative's marketing activities plan and proposed budget, and the disagreement continues for thirty (30) days after written notice to Good Feet that a disagreement exists, Good Feet has the authority to resolve the matter. Good Feet's decision will be final and binding on all members of the Area Cooperative.

Franchisee agrees to send Good Feet and the Area Cooperative any reports that Good Feet requires, including, but not limited to, information to confirm Franchisee's compliance with its minimum contribution obligations. The Area Cooperative will operate only for the purpose of advertising and promoting Good Feet Stores located in the DMA. The Area Cooperative and its members may not use any advertising or promotional plans or materials without Good Feet's prior written consent.

9. RELATIONSHIP OF PARTIES/INDEMNIFICATION

9.1 Relationship of the Parties. This Agreement does not create a fiduciary relationship between the parties. Good Feet and Franchisee are entering this Agreement with the intent and expectation that they are and will be independent contractors. Further, Good Feet and Franchisee are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and Good Feet (and its affiliates) will not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Good Feet (and its affiliates) are not the employer or joint employer of the Store's employees.

FRANCHISEE WILL CONSPICUOUSLY IDENTIFY ITSELF AND THE STORE, AND IN ALL DEALINGS WITH CUSTOMERS, SUPPLIERS, PUBLIC OFFICIALS, AND OTHERS, AS AN INDEPENDENT FRANCHISEE OF GOOD FEET, AND WILL PLACE SUCH NOTICES OF INDEPENDENT OWNERSHIP ON ALL FORMS, BUSINESS CARDS, STATIONERY, ADVERTISING, SIGNS AND OTHER MATERIALS AND IN THE MANNER GOOD FEET SPECIFIES AND REQUIRES FROM TIME TO TIME.

9.2 No Liability for Acts of the Other. Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name or on behalf of the other party, or represent that the relationship between Good Feet and Franchisee is other than that of franchisor and franchisee. Good Feet does not assume any liability, and shall not be deemed liable, for any

agreements, representations, or warranties made by Franchisee, nor will Good Feet be obligated for any damages to any person or property which directly or indirectly arise from or relate to the Store's operation. Neither Franchisee nor any employee of Franchisee may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Good Feet for any purpose. Good Feet has no liability for any sales, use, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee, the Store, or Franchisee's property, or upon Good Feet, in connection with sales made or business conducted by Franchisee or the Store or any payments to Good Feet. Franchisee must reimburse Good Feet for any taxes that Good Feet must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to Good Feet (but not including Good Feet's income taxes).

Good Feet (and its affiliates) will not exercise direct or indirect control over the working conditions of Store personnel, except to the extent such indirect control is related to Good Feet's legitimate interest in protecting the quality of its products, services, or brand. Good Feet (and its affiliates) does not share or codetermine the employment terms and conditions of the Store's employees and does not affect matters relating to the employment relationship between Franchisee and the Store's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, Franchisee must notify Store personnel that Franchisee is their employer and that Good Feet, as the franchisor of Good Feet Stores, and its affiliates are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Franchisee also must obtain an acknowledgment (in the form Good Feet specifies or approves) from all Store employees, or otherwise expressly inform all Store employees through posted notices or otherwise in writing, that Franchisee (and not Good Feet or its affiliates) is their employer.

9.3 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Good Feet, Good Feet's affiliates, and all of their respective owners, directors, officers, employees, agents, attorneys, consultants, independent contractors, designees, successors, and assignees (the "Indemnified Parties") from and against, and to reimburse the Indemnified Parties for, any Losses and Expenses which the Indemnified Parties may suffer, sustain, or incur and which arise out of or relate to (a) any act or failure to act of Franchisee, any owner or employee of Franchisee, or any person controlled by Franchisee or under contract with Franchisee, (b) the Store's development or operation, (c) any breach of this Agreement or any agreement, document, or instrument executed pursuant hereto or concurrently herewith, (d) any breach of any of Franchisee's representations or warranties, (e) any death or personal injury or property damage occurring at or related to the Store's operation, or (f) any violation of any law, rule, regulation, or ordinance by Franchisee, its owners or employees, or the Store.

However, Franchisee has no obligation to indemnify or hold harmless an Indemnified Party (although the obligation to defend remains, except as provided in the following paragraph) for any Losses and Expenses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by a manufacturing defect (a "Defect") and such Defect was in existence at the time of the

original sale to Franchisee (and where Franchisee did not contribute to or exacerbate such Defect).

Notwithstanding the preceding paragraph, an Indemnified Party may, with its own counsel and at its own expense, (i) assume the defense of any legal action against or involving the Indemnified Parties, Franchisee, or the Store if such legal action involves a claim that a Product had a Defect at the time it was sold by an Indemnified Party to Franchisee and (ii) agree to settlements or take any other remedial, corrective, or other actions related thereto. Notwithstanding the foregoing, an Indemnified Party shall be entitled to be indemnified and held harmless by Franchisee for all Losses and Expenses if it is determined in such legal action that the Product sold to Franchisee by an Indemnified Party (and then resold by Franchisee to a customer) did not contain a Defect at the time of the original sale to Franchisee or that Franchisee contributed to or exacerbated a Defect in existence at the time of the original sale to Franchisee.

Unless Good Feet or another Indemnified Party notifies Franchisee that it intends to assume the defense of any legal action in the circumstances described above, Franchisee must immediately undertake the defense of any legal action against or involving the Indemnified Parties and retain reputable, competent, and experienced counsel to represent the interests of the Indemnified Parties. Franchisee will notify Good Feet of the identity of such counsel not less than forty-eight (48) hours prior to retaining them, and Good Feet will have the right during this period to approve or disapprove any such counsel. Franchisee may not settle any legal action without the specific prior written consent of each Indemnified Party named in the action and Good Feet. The Indemnified Parties or any of them will have the right to retain separate counsel and to participate in the defense, compromise, or settlement of the action. The Indemnified Parties shall not be required to seek recovery from third parties or otherwise mitigate their Losses and Expenses to recover the full amount of their respective indemnified Losses and Expenses from Franchisee.

9.4 Notice of Claims. Franchisee will notify Good Feet of any and all claims or demands against Franchisee, the Store and/or Good Feet or any of its affiliates within three (3) days after Franchisee receives actual notice of any such claim or demand.

10. INSURANCE

10.1 Required Insurance. Franchisee must purchase at its sole expense and maintain in effect at all times during the Initial Term all insurance required by Good Feet (including at least \$1 million in general liability insurance) naming Good Feet and Good Feet's affiliate, Dr.'s Own, LLC, and the Indemnified Parties as additional insureds from an "A" or better rated insurance company registered in the jurisdiction where the Territory is located. Good Feet may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. The policies shall not exclude coverage from claims made between co-insureds solely on the basis of the parties' designation as co-insureds and must meet Good Feet's other requirements. If Franchisee fails to maintain required insurance, Good

Feet may (but is not required to) obtain, through agents and insurance companies of its choosing, such insurance as is necessary to meet such standards on behalf of Franchisee, and Franchisee will reimburse Good Feet upon demand. Franchisee will provide Good Feet with certificates of insurance evidencing such coverage no later than ten (10) days prior to the Store's opening date and all replacement policies upon issuance. Franchisee will forward to Good Feet full copies of all or any insurance policies on request.

10.2 Disclaimer. Franchisee's obligation to maintain insurance coverage pursuant to this Agreement shall not be excused in any manner by reason of any separate insurance Good Feet or any Indemnified Party maintains, nor will it relieve Franchisee of its indemnity obligations pursuant to this Agreement. Good Feet does not represent or warrant that any insurance which Franchisee is required to purchase, or which Good Feet purchases on Franchisee's behalf, will provide adequate coverage to Franchisee. The requirements of insurance specified herein are for Good Feet's protection. Franchisee should consult with its own insurance agents, brokers, and attorneys to determine what level of insurance protection it needs and desires, in addition to the coverages and limits required by Good Feet.

11. REPORTS, FINANCIAL STATEMENTS, AND AUDIT AND INSPECTION RIGHTS

11.1 Books and Records. Franchisee will keep, preserve, and make available for inspection all books and records required by the Manual or otherwise and will utilize the required Information System. Franchisee will establish and maintain at Franchisee's expense a bookkeeping, accounting, and recordkeeping system conforming to Good Feet's requirements, will utilize the accounting functions of the Information System, and will install and maintain functionalities to allow electronic communication between Franchisee's Information System and Good Feet's computer system. Franchisee will permit Good Feet to access Franchisee's Information System on a continuous unlimited basis and, among other things, to download all data and files in Franchisee's Information System for audit and inventory purposes (other than employee-related information). With respect to the Store's operation and financial condition, Franchisee must sign, verify, and furnish all reports, financial statements, and returns required by the Manual or otherwise according to generally-accepted accounting principles applied on a consistent basis. Good Feet will have the right to use all such information for any purpose, including disclosure to prospective franchisees.

11.2 Audit of Books and Records. Franchisee shall maintain and preserve accurate books, records, and tax returns, including related material, such as cash register tapes and invoices, for each Good Feet Store for at least five (5) years from the date each such record is prepared. Such books, records, tax returns, and supporting material shall be made available by Franchisee for inspection, examination, or audit by Good Feet at all reasonable times and at such locations as Good Feet designates. Such examination or audit shall be at Good Feet's expense unless Franchisee refuses to provide the requested materials or it is determined that the monthly Gross Sales reported by Franchisee for the period being inspected by Good Feet were understated by five percent (5%) or more, in which case Franchisee shall reimburse Good Feet for the costs and expenses of the examination or audit. Franchisee shall immediately pay Good Feet on demand any deficiency in Continuing Service Fees, Advertising Fund payments, or other

amounts disclosed by such audit, together with the late fee specified in Section 7.5 and interest from the date such payments were originally due for payment to Good Feet. Good Feet and its representatives shall not be responsible for failure to discover any defalcations during any audit or inspection of Franchisee's accounting records. In the event any such defalcation is discovered by Good Feet or its representatives, it will be promptly reported to Franchisee. If Franchisee understates its monthly Gross Sales by five percent (5%) or more in three (3) or more reports during any twenty-four (24) month period, those multiple understatements shall constitute a material breach and be grounds for immediate termination of this Agreement.

11.3 Inspections. Good Feet has the right during normal business hours to inspect and observe the Store and its operation, interview managerial employees and customers of the Store, inspect and copy all records, tax returns, and other financial information of the Store, and remove samples of Products sold or supplies used at the Store. In addition, Good Feet has the right, but not the obligation, to conduct a follow-up questionnaire or mystery-shopper program as one means of inspecting the Store and evaluating Franchisee's performance under this Agreement. Franchisee agrees to present to its customers all evaluation forms periodically prescribed by Good Feet and to participate and/or request Franchisee's customers to participate in any surveys performed by Good Feet or its designee.

12. TRANSFER OF FRANCHISE

12.1 Assignment by Good Feet. Franchisee acknowledges that Good Feet maintains a staff to manage and operate the Good Feet System and that staff members can change as employees come and go. Franchisee represents that it has not signed this Agreement in reliance on any particular owner, director, officer, or employee remaining with Good Feet in that capacity. Good Feet may change its ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After its assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Good Feet no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to Franchisee as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, Franchisee agrees that Good Feet may sell its assets (including this Agreement), the Marks, or the Good Feet System to a third party; offer its ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

12.2 Transfer by Franchisee. Franchisee and its owners must not Transfer this Agreement, a substantial portion of the Store's assets, or any direct or indirect legal, beneficial, or equitable ownership interest in Franchisee except in compliance with all of the conditions of this Section 12.2 as follows:

A. The purchaser, transferee, or assignee (the "Transferee") and its owners and management must be pre-approved in writing by Good Feet, with such approval not being unreasonably withheld, conditioned, or delayed, and have the aptitude, skills, qualifications, credit, and financial resources reasonably necessary to conduct the Store's business, to fulfill the

Transferee's obligations to Good Feet and its affiliates, and otherwise to meet Good Feet's then-current reasonable criteria for franchisees (including no ownership or other interest in a Competitive Business);

B. Franchisee must be in substantial compliance with all its obligations under this Agreement and under any other agreement with Good Feet;

C. If the transfer is of this Agreement, a substantial portion of the Store's assets, or a controlling ownership interest in Franchisee, the Transferee must assume all outstanding obligations of Franchisee to Good Feet and its affiliates under this Agreement or otherwise and the Transferee (in the event of a proposed transfer of the rights granted under this Agreement and a substantial portion of the Store's assets) or Franchisee (in the event of a proposed transfer of a controlling ownership interest in Franchisee) must execute Good Feet's then-current form of Franchise Agreement (except that the Transferee shall not be obligated to pay an Initial Franchise Fee), the term of which will expire on the original expiration date of the Initial Term of this Agreement and the other terms and conditions of which may differ materially from any and all of those contained in this Agreement, and all other agreements, documents, instruments, and guarantees then required of new franchisees, and if the transfer is to a new franchisee entity or of an ownership interest in Franchisee, all individuals and entities who have an ownership interest in the new franchisee entity, or becoming an owner of Franchisee in connection with the Transfer, must execute and deliver a guaranty to Good Feet;

D. Franchisee must execute and deliver to Good Feet a general release of all claims against Good Feet, its affiliates, and their respective owners, officers, directors, employees, and agents in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

E. Franchisee must pay a Transfer Fee in the amount of Five Thousand Dollars (\$5,000) to Good Feet, one-half (1/2) of which is due when Franchisee requests approval of the transfer and is non-refundable, whether or not the transfer process is completed; provided however, that such Transfer Fee shall not be required in case of (a) a transfer by Franchisee upon death of Franchisee as described in Section 12.6 below or (b) a transfer by Franchisee to an entity formed by Franchisee solely for the convenience of ownership as described in Section 12.7 below;

F. Franchisee must send Good Feet a draft copy of the proposed Purchase Agreement so that Good Feet can review and confirm that the material terms and conditions of the Transfer, including the price and terms of payment, are not so burdensome as to be likely to materially and adversely affect the Store's operation by the Transferee;

G. If Franchisee or its owners finance any part of the sales price, Franchisee and/or its owners must agree that all obligations of the Transferee under or pursuant to any promissory notes, agreements, or security interests Franchisee or its owners reserve in the assets of the Store or its premises will be subordinate to the Transferee's obligations to pay all sums due to Good

Feet or its affiliates and otherwise to comply with this Agreement, the new Franchise Agreement executed, and all other agreements with Good Feet and its affiliates;

H. Franchisee, if it is transferring the Franchise, and any of Franchisee's transferring owners must agree in writing with Good Feet and with the Transferee that, for a period of two (2) years after the effective date of the Transfer, Franchisee, its transferring owners, and their respective affiliates will comply with the terms and conditions of Section 15.3; and

I. In conjunction with any other escrow for the transfer, Franchisee and Transferee shall open an escrow for the purpose of effecting Good Feet's approval of the Transfer.

Transfer is defined as any direct or indirect, voluntary, involuntary, or by operation of law gift, transfer, sale, or assignment, including the following events: (a) the transfer of ownership of capital stock or partnership interest or other ownership interest in Franchisee or any owner; (b) any merger, reorganization, consolidation or issuance of additional securities representing a direct or indirect ownership interest in Franchisee or the Store; (c) any sale of Franchisee's or any owner's voting stock or any security convertible to Franchisee's or any owner's voting stock; (d) transfer by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding, or otherwise by operation of applicable law; (e) transfer, in the event of the death of Franchisee or one of its owners, by will, declaration of or transfer in trust, or under the laws of intestate succession; (f) any change in ownership or control of Franchisee; or (g) if Franchisee or any owner is a trust, any change in the trustees or the beneficial owners of the trust. There may be no Transfer of a substantial portion of the Store's assets without a transfer of this Agreement.

12.3 No Encumbrance. Franchisee (or an approved Transferee, as applicable) will have no right to pledge, encumber, hypothecate, or otherwise give any third party a security interest in its rights under this Agreement in any manner whatsoever without the prior written consent of Good Feet, which consent may be withheld for any reason whatsoever in Good Feet's sole judgment.

12.4 Effect of Consent to Transfer. Good Feet's consent to an assignment shall not constitute a representation as to the fairness of any contract between the transferring party and any Transferee, a guaranty of the prospects of success of the Store, or a waiver of any claims it may have against Franchisee or its owners, nor will it be deemed a waiver of Good Feet's right to demand exact compliance with any of the terms or conditions of this Agreement or the agreements executed by the Transferee.

12.5 Right of First Refusal. If Franchisee or one or more of its owners propose to make a Transfer to any individual or entity (other than to an existing owner of Franchisee, a family member of an existing owner of Franchisee, or an entity wholly owned by Franchisee or its owners) that otherwise would be permitted under Section 12.2 above, Good Feet shall have the right for a period of thirty (30) days after Franchisee or its owners have submitted all information requested by Good Feet to exercise a right of first refusal and substitute itself for the proposed transferee in the transaction. If Good Feet declines to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, Franchisee shall promptly

notify Good Feet, and Good Feet shall have the further right, after receiving all relevant changed information, to exercise its right of first refusal over the revised transaction for a period of fifteen (15) days. In the event that applicable law would prevent the exercise by Good Feet of such right of first refusal, Good Feet will have an additional ninety (90) days within which to find an assignee of the right of first refusal, and Franchisee and each owner hereby consent to such assignment and the exercise of its right of first refusal by such assignee. Should Good Feet exercise its right of first refusal, Good Feet shall have not less than sixty (60) days to close the transaction, and Good Feet shall have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction. If Good Feet does not exercise its right of first refusal, Franchisee or the transferring owner may make a transfer on the terms and conditions of the offer considered by Good Feet if Franchisee and its owners have complied with all of the provisions of this Section 12.

12.6 Death or Disability of Franchisee. In spite of Section 12.2 hereof, a transfer to the heirs, surviving spouse, conservators, or personal or other legal representative of Franchisee or an owner of Franchisee (collectively, “Successor Transferees”) upon the death or permanent disability of Franchisee or an owner owning more than a fifty percent (50%) equity interest in Franchisee shall not be subject to Good Feet’s right of first refusal or right to terminate for failure to obtain written approval, so long as the Successor Transferee (i) within thirty (30) days after such death or permanent disability, satisfies Good Feet that he or she is qualified to act as a Franchisee pursuant to this Section 12 and is approved in writing by Good Feet, or retains an individual or entity to operate and manage the Store who is so qualified and who is approved in writing by Good Feet, and (ii) performs all other applicable acts required under Section 12.2. Any subsequent sale or other transfer by a Successor Transferee shall be subject to Good Feet’s right of written approval outlined in Section 12.2 and to the right of first refusal in favor of Good Feet outlined in Section 12.5. A transfer to a Successor Transferee shall not require the payment of the Franchise Transfer Fee outlined in Section 12.2 hereof. In the event Good Feet does not approve the qualifications of any heir or beneficiary of Franchisee to operate the Store, the executor or administrator of Franchisee’s estate shall have a period of ninety (90) days following the date of such written disapproval to sell the Store to an assignee acceptable to Good Feet, subject to the provisions of Section 12.2, during which period Good Feet may elect, at its option, to manage or operate such Store. If such a sale is not concluded within that period, Good Feet may terminate this Agreement. At any time prior to Good Feet’s approval of such Successor Transferee or other entity or individual designated by the Successor Transferee or sale of the Store to an assignee acceptable to Good Feet, Good Feet may install Good Feet’s personnel or representatives to operate the Store for such period of time as Good Feet deems necessary. If Good Feet deems it necessary to install any of its personnel or representatives to operate the Store as provided for above, Good Feet shall be reimbursed by the Successor Transferee or its assignee for all of Good Feet’s out-of-pocket expenses, including, without limitation, the wages of such personnel or representatives.

12.7 Assignment to a Controlled Legal Entity. In the event that Franchisee proposes to transfer all of its interest to a corporation or limited liability company formed by Franchisee solely for the convenience of ownership, Good Feet’s consent to such transfer may be conditioned on the following requirements:

(i) The transferee entity shall be newly organized and its articles and bylaws shall provide that its activities are confined exclusively to operating the Good Feet Store franchised herein.

(ii) Franchisee shall own not less than fifty-one percent (51%) of the voting rights and shall not diminish its proportionate interest in the transferee entity, except as may be required by law, and its principal shall act as its principal executive and operating officer.

(iii) Franchisee shall enter into an agreement, in a form satisfactory to Good Feet, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Good Feet.

(iv) Each certificate representing an ownership interest in the transferee entity shall have conspicuously endorsed upon its face the following legend:

“The transfer of this certificate is subject to the terms and conditions of one or more franchise agreements entered into with [new entity]. Reference is made to the provisions of said franchise agreements and to the articles and bylaws of this entity.”

(v) Copies of transferee entity's articles of incorporation, bylaws, and other governing documents, including the resolutions of the Board of Directors authorizing entry into or assumption of this Agreement, shall be promptly furnished to Good Feet.

(vi) The name of neither the transferor nor the transferee entity shall consist of or contain the Marks or any colorable variation thereof or any other mark in which Good Feet or its affiliates have or claim a proprietary interest without Good Feet's prior written approval.

13. DEFAULT & TERMINATION

13.1 Good Feet's Right to Terminate Prior to Opening. Good Feet has the right to terminate this Agreement effective immediately upon notice to Franchisee if Franchisee or the individuals required to attend and complete training fail to satisfactorily complete the Initial Brand Standard Training Program, the Store is not opened to the public for business as required by Section 1.2, or Franchisee fails to comply with any other obligation in Section 1.2.

13.2 Good Feet's Right to Terminate After Opening.

A. Termination Effective on Occurrence. This Agreement and the Franchise for the Store will terminate immediately upon the occurrence of any of the following events, without notice of termination to Franchisee:

1. The Store or the Location is seized, taken over or foreclosed by a government official or a creditor, lien holder, or lessor; or a levy of execution has been made upon Franchisee or upon any property used in the Store and is not discharged within five (5) days of such levy; or

2. Any financial, personal, or other information provided by Franchisee to Good Feet in connection with Franchisee's application for the franchise is materially false, misleading, incomplete, or inaccurate.

B. Termination Effective on Notice. This Agreement and the Franchise for the Store will terminate immediately upon delivery of notice of termination from Good Feet to Franchisee if Franchisee or any of its owners do any of the following:

1. abandons, surrenders, or transfers control of the Store's operation or makes a Transfer other than in strict compliance with Section 12;

2. creates a threat or danger to public health or safety with Franchisee's continued operation of the Store;

3. fails, for a period of ten (10) days after notification of non-compliance by the applicable governmental authority, to comply with any applicable law or fail to maintain any bond, license, or permit required for the Store's operation;

4. fails to open and continuously conduct the Store's business (a failure to open the Store for a period in excess of five (5) consecutive days shall be deemed a failure to continuously conduct the Store's business, whether or not as a result of the fault of Franchisee, except where closure is due to fire, riot, flood, acts of God or other natural disaster, or the death or serious illness of Franchisee or an immediate family member, and Franchisee notifies Good Feet within five (5) days after the particular occurrence to obtain written approval to remain closed for an agreed upon amount of time as is necessary under the circumstances before Franchisee will be required to re-open the Store);

5. fails on three (3) or more separate occasions within any twelve (12) consecutive calendar-month period to comply with this Agreement, whether or not Franchisee corrects the failures after Good Feet's delivery of notice to Franchisee; or (b) fails on two (2) or more separate occasions within any six (6) consecutive calendar-month period to comply with the same obligation under this Agreement, whether or not Franchisee corrects the failures after Good Feet's delivery of notice to Franchisee;

6. permits Franchisee to become insolvent; is unable to pay bills as they come due for a period of ten (10) days or more; permits a final judgment to be entered against Franchisee and remain unsatisfied or unbonded of record for thirty (30) days or longer; or permits the bank accounts or property of Franchisee or the Store to be attached or levied against, unless Franchisee can show ability to cure such financial condition within thirty (30) days after notice;

7. commits any crime or offense that is likely to adversely affect the goodwill associated with the Marks or the reputation of Good Feet Stores;

8. makes any unauthorized use or disclosure of any Confidential Information, makes any unauthorized use of the Marks, or uses, duplicates, or discloses any portion of the Manual;

9. permits a termination of any contract or agreement material to the Store's operation, including but not limited to the lease or other occupancy agreement for the Store's premises;

10. as provided in Section 11.2, understates its monthly Gross Sales by five percent (5%) or more in three (3) or more reports during any twenty-four (24) month period;

11. fails to meet the Minimum Performance Criteria for two (2) consecutive years, as required under Section 5.17 of this Agreement;

12. purchases for use and resale at the Store any unapproved products or services in violation of Section 5.3 of this Agreement and, after curing the default within seven (7) days after delivery of notice of default from Good Feet, commits the same default again at any time during the Initial Term;

13. engages in any of the prohibited activities described in Sections 15.1 and 15.2 of this Agreement;

14. engages in any dishonest, unethical, immoral, or similar conduct as a result of which Franchisee's (or the owner's) association with the Store (or the owner's association with Franchisee) is reasonably likely to, in Good Feet's reasonable opinion, have a material adverse effect on the goodwill associated with the Marks; ~~or~~

15. takes action or fails to take action as a result of which two (2) or more other Franchise Agreements between Franchisee (or its affiliate) and Good Feet for the operation of Good Feet Stores in the same DMA in which the Store is located are terminated by Good Feet at any time during the Initial Term according to their terms or by Franchisee (or its affiliate) without good cause; or

16. fails to cure within the applicable cure period any default under the lease or other occupancy agreement for the Store's premises of which the landlord has notified Franchisee, and Good Feet then undertakes to cure Franchisee's default.

C. Termination Effective after Expiration of Cure Period. This Agreement, including the Franchise, will terminate without further action by Good Feet or notice to Franchisee, if Franchisee or any of its owners do any of the following and fail to cure the occurrence within the cure periods set forth below:

1. purchases for use and resale at the Store any unapproved products or services in violation of Section 5.3 of this Agreement and does not correct such failure within seven (7) days after written notice of such failure is delivered to Franchisee;

2. fails to accurately report the Store's Gross Sales or make payments of any amounts due to Good Feet or its affiliates, and does not correct such failure within ten (10) days after written notice of such failure is delivered to Franchisee;

3. engages in any business or markets any goods, products, or services under a name or mark which, in Good Feet's opinion, is confusingly similar to the Marks and does not cease such business within ten (10) days after written notice is delivered to Franchisee;

4. fails to comply with any applicable Area Cooperative operating agreement or by-laws, including failure to timely pay any Area Cooperative contribution, and does not correct such failure within ten (10) days after written notice of such failure is delivered to Franchisee; or

5. fails to comply with any other provision of this Agreement or any other agreement with Good Feet related to the Store or any mandatory specification, standard, or operating procedure Good Feet prescribes related to the Store, either in the Manual or elsewhere, and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee.

13.3 Cure and Termination. For purposes of this Section 13, a failure to comply will be corrected upon Franchisee's submission of evidence to Good Feet which in Good Feet's sole judgment demonstrates that the correction has been made. Upon termination of this Agreement, all rights granted to Franchisee pursuant to this Agreement and the Franchise for the Store will cease, and Franchisee will fully comply with all terms and conditions applicable after termination.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1 Other Agreements, Election of Remedies, and Continuing Obligations. The termination or expiration of this Agreement will constitute a termination or expiration of all other agreements between Franchisee and Good Feet and its affiliates with respect to the Store or its operation. Good Feet's election to exercise its rights pursuant to this Agreement or any other agreement with Franchisee shall not constitute an election of remedies. Good Feet reserves all of its rights under this Agreement, such other agreements, and applicable law. All obligations which expressly survive the expiration or termination of this Agreement and such related agreements will continue in full force and effect subsequent to and in spite of its expiration or termination and until they are satisfied in full.

14.2 Payment of Amounts Franchisee Owes. Upon termination or expiration of this Agreement, Franchisee must pay to Good Feet and its affiliates, within ten (10) days after the effective date of termination or expiration of this Agreement, all amounts owed to Good Feet or its affiliates which are then unpaid. If Good Feet terminates this Agreement on any ground specified under Section 13, or if Franchisee terminates this Agreement without cause, before the Initial Term's scheduled expiration date, Franchisee also will be liable to Good Feet for lost future Continuing Service Fees to which Good Feet would have been entitled, but for the

termination, had Franchisee operated for the remaining portion of the Initial Term in compliance with this Agreement.

14.3 Marks and Confidential Information. Upon termination or expiration of this Agreement and after that, Franchisee will:

A. Not directly or indirectly at any time or in any manner identify itself in any business as a current or former Good Feet Store or as a franchisee or licensee of, or as otherwise associated with, Good Feet or any of its affiliates; nor use any Mark or any colorable imitation thereof in any manner or for any purpose; nor utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with Good Feet or any of its affiliates;

B. Within thirty (30) days, remove all signs containing any Mark and return to Good Feet or destroy all items, forms, and materials containing any Mark or otherwise identifying or relating to a Good Feet Store, all loop tapes, and all other copies of Programs (unless and to the extent Good Feet directs otherwise);

C. Within thirty (30) days, take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark;

D. Change the telephone number of the Store (or direct the telephone company to transfer all of the Store's telephone numbers and fax numbers to Good Feet or its designee) and instruct all telephone directory publishers to modify all telephone directory listings of the Store associated with any Marks when the directories are next published;

E. Immediately cease to use any of the Confidential Information in any business or otherwise and return to Good Feet all copies of the Manual and all materials (including software) containing Confidential Information which have been loaned or made available to Franchisee;

F. In the event Good Feet does not assume Franchisee's lease, redecorate, renovate, and reconfigure the Store as may be necessary, in Good Feet's sole judgment, to distinguish the Store from a Good Feet Store; and

G. Furnish to Good Feet, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Good Feet of Franchisee's compliance with the above obligations.

Franchisee warrants that if for any reason Franchisee at any time ceases or is required to cease doing business as a Good Feet® franchisee, whether during the Initial Term or at its upon the termination or expiration of this Agreement, or upon the termination of the lease or other occupancy agreement for the Store's premises, Good Feet or its designee may, but is not obligated to, assume the lease for the Store's premises. Franchisee shall obtain written consent to this provision by the landlord for Franchisee's premises and deliver such consent within ten (10) days after commencing business at the Store.

15. COVENANTS NOT TO COMPETE

15.1 Definition of a Competitive Business. “Competitive Business” means any business that derives more than ten percent (10%) of its revenues, on a monthly or annual basis, from the sale of goods the same as or similar to the Products and is not a Good Feet Store.

15.2 In-Term Covenant Not To Compete. Franchisee acknowledges that Good Feet would be unable to protect the Confidential Information or the free exchange of ideas between its franchisees if Good Feet permitted its franchisees, their owners, or their respective affiliates to engage in, own, operate, franchise, or perform services for Competitive Businesses. Accordingly, Franchisee and its owners agree that neither Franchisee, its affiliates, their owners, nor their respective affiliates will, directly or indirectly, during the Initial Term:

A. conduct, have any direct or indirect ownership interest in, or provide any financial or other assistance to any Competitive Business;

B. conduct, have any direct or indirect ownership interest in, or provide any financial or other assistance to any entity which is granting franchises or licenses or establishing joint ventures for operation of Competitive Businesses;

C. perform services as a director, officer, manager, employee, consultant, representative, or agent for any Competitive Business; or

D. perform services as a director, officer, manager, employee, consultant, representative, or agent for a business which is granting franchises or licenses or establishing joint ventures for operation of Competitive Businesses.

The restrictions of this Section 15.2 shall not apply to the ownership of shares of a class of securities listed on a stock exchange or which are publicly traded on the over-the-counter market that represent three percent (3%) or less of the number of shares of that class of securities issued and outstanding.

15.3 After Expiration or Termination. Upon termination or expiration of this Agreement for any reason, Franchisee and its owners and their respective affiliates agree that, for a period of twenty-four (24) months from the effective date of termination or expiration, or (if later) from the date upon which Franchisee and its owners and their respective affiliates cease to conduct business at the Store or (if applicable) cease to operate a Competitive Business, neither Franchisee, its owners, nor any of their respective affiliates shall conduct or have any direct or indirect interest as a legal or beneficial owner, partner, director, officer, employee, consultant, representative or agent in any Competitive Business located or operating within the Territory or a radius of three (3) miles from any other Good Feet Store then in existence, or any entity which is granting franchises or licenses or establishing joint ventures for operation of Competitive Businesses.

15.4 No Diversion. Franchisee must not divert any customer or business from the Store. Franchisee must not at any time sell or rent to anyone any list of customers or permit the

use of such list by anyone for any purpose other than the mailing of advertising material for the Store. As noted in Section 3.11 above, Good Feet owns all customer lists of the Store.

15.5 Further Assurances. At the request of Good Feet, Franchisee will cause its affiliates, owners, and their affiliates to enter into an agreement with Good Feet containing the provisions of this Section 15.

16. MISCELLANEOUS

16.1 Severability. All provisions of this Agreement are severable. All partially-valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of termination or non-renewal than is required by this Agreement or the taking of some other action not required by this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard, or operating procedure prescribed by Good Feet is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard, or operating procedure will be modified to the extent required to be valid and enforceable. These modifications will be effective only in such jurisdictions and will be enforced as originally made and entered into all other jurisdictions.

16.2 No Third-Party Rights. Except for Good Feet's affiliates, nothing in this Agreement is intended, nor will it be deemed, to confer upon any person or legal entity other than Good Feet or Franchisee and their permitted successors and assigns any rights or remedies under or by reason of this Agreement. Good Feet's affiliates will have the right to enforce the provisions of this Agreement that inure to their benefit.

16.3 Mediation. Except as provided in Section 16.7, prior to filing any demand for arbitration, the parties agree to mediate any dispute, controversy, or claim between and among the parties and any of their affiliates, officers, directors, owners, members, guarantors, or employees arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for Franchisee's Store, any loan or other finance arrangement between Good Feet or its affiliates and Franchisee, the parties' relationship, the Store, or any System standard in accordance with the following procedures:

A. The party seeking mediation must commence mediation by sending the other party, in accordance with Section 16.14, a written notice of its request for mediation headed "Notification of Dispute." The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within twenty (20) days after receipt thereof, in accordance with Section 16.14, stating its version of the facts and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Section 13 of this Agreement, the other party will respond within ten (10) business days.

B. Upon receipt of a Notification of Dispute and response under Section 16.3.A, the parties will endeavor in good faith to resolve the dispute outlined in the Notification of Dispute and response. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within twenty (20) days after receipt of the response, either party may initiate a mediation procedure with the American Arbitration Association (“AAA”), pursuant to its Commercial Mediation Procedures (the “Procedures”). The parties must select a mediator either jointly or as provided in the Procedures.

C. All mediation sessions will occur in ~~Carlsbad~~[San Diego](#), California (or in the city of the Good Feet franchisor’s then-current headquarters) and must be attended by Franchisee’s Managing Owner (and any other persons with authority to settle the dispute on Franchisee’s behalf) and the Good Feet franchisor’s representative(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute if at all possible within thirty (30) days after the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within thirty (30) days, any party may initiate arbitration pursuant to Section 16.4. In addition, if the party receiving notice of mediation has not responded within five (5) days after delivery of the notice, or if a party fails to participate in the mediation, this Section 16.3 will no longer be applicable and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation, and the entire process is confidential, except as otherwise expressly provided by applicable law. At least five (5) days prior to the initial mediation session, each party must deliver a written statement of positions.

16.4 Arbitration. Except as provided in Section 16.7, any dispute, controversy, or claim between and among the parties and any of their affiliates, officers, directors, owners, members, guarantors, or employees arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for Franchisee’s Store, any loan or other finance arrangement between Good Feet or its affiliates and Franchisee, the parties’ relationship, the Store, or any System standard not resolved by mediation, or the scope of validity of the arbitration obligation under this Section, must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

A. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in such proceeding will be barred.

B. Subject to Section 16.4.A, any arbitration must be on an individual basis only (and not as or through an association), and the parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide, or an association or similar representative, basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or

class-wide claims is unenforceable, then the agreement to arbitrate the dispute will be null and void, and the parties must submit all claims to the jurisdiction of the courts in accordance with Section 16.6.

C. The arbitration must take place in ~~Carlsbad~~ San Diego, California (or in the city of the Good Feet franchisor's then-current headquarters).

D. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Good Feet. The arbitrator may not under any circumstance (i) assess punitive or exemplary damages, (ii) certify a class or consolidated action, or (iii) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that Good Feet sets. The arbitrator will decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether this Section 16.4 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

E. Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions, or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

F. Good Feet reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished its right to seek recovery of those costs in accordance with Section 16.13.

16.5 Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

A. this Agreement or any other agreement between Franchisee (or its owners) and Good Feet (or its affiliates) relating to the Store;

B. Good Feet's relationship with Franchisee;

C. the validity of this Agreement or any other agreement between Franchisee (or its owners) and Good Feet (or its affiliates) relating to the Store; or

D. any System standard or specification;

will be governed, interpreted, and construed according to the laws of the state in which Franchisee's Store is located, without regard to its conflict of laws principles.

16.6 Choice of Forum. Subject to the arbitration obligations in Section 16.4, Good Feet and Franchisee agree that any action brought by one of them against the other must be instituted in a state or federal court having subject matter jurisdiction thereof located closest to where the

Good Feet franchisor has its principal business address at the time the action is commenced, and they irrevocably waive any objection they may have to the jurisdiction of or the venue in such courts. Nonetheless, Franchisee and its owners agree that the Good Feet franchisor may enforce this Agreement or an arbitration award in the courts of the state in which Franchisee's Store is located.

16.7 Injunctive Relief. Franchisee acknowledges that violation of the covenants not to compete and provisions regarding the Confidential Information, Marks, Programs, patents, and Good Feet's other intellectual property contained in this Agreement would result in immediate and irreparable injury to Good Feet for which no adequate remedy at law will be available. Accordingly, Franchisee hereby acknowledges that, despite the parties' agreement to arbitrate, Good Feet has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, without any bond required, provided, however, Good Feet must contemporaneously submit its dispute for arbitration on the merits as provided in Section 16.4. Further, Franchisee expressly agrees that the existence of any claims it may have against Good Feet, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Good Feet of the covenants not to compete outlined in this Agreement.

16.8 JURY TRIAL WAIVER. SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS IN SECTION 16.4, GOOD FEET AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. GOOD FEET AND FRANCHISEE EACH ACKNOWLEDGE THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

16.9 DAMAGES. EXCEPT WITH RESPECT TO FRANCHISEE'S OBLIGATION TO INDEMNIFY GOOD FEET PURSUANT TO SECTION 9.3 AND CLAIMS GOOD FEET BRINGS AGAINST FRANCHISEE FOR FRANCHISEE'S UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, GOOD FEET AND FRANCHISEE AND FRANCHISEE'S OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR TREBLE DAMAGES AGAINST THE OTHER.

16.10 Limitation of Actions. Except for claims under Section 9.3 and except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes Good Feet, Good Feet and Franchisee agree that no action (whether for damages or injunctive, equitable, or other relief, including but not limited to rescission) shall be maintained to enforce any liability or obligation of the other party or its affiliates, whether arising from this Agreement, from the relationship of the parties to this Agreement, or otherwise, unless brought before the expiration of two (2) years after the act, transaction, or occurrence upon which it is based, expiration of one (1) year after the discovery by the plaintiff of the facts constituting such act, transaction, or occurrence, or ninety (90) days after delivery to the plaintiff of a written notice disclosing the act, transaction, or occurrence, whichever shall first expire, except that where

applicable law mandates or makes possible by notice or otherwise a shorter period, such shorter period will apply.

16.11 Waiver. Good Feet and Franchisee may, by written instrument, unilaterally waive any obligation of or restriction upon the other under this Agreement. Except as provided herein, no acceptance by Good Feet of any payment by Franchisee and no failure, refusal, or neglect of Good Feet to exercise any right under this Agreement or to insist upon full compliance by Franchisee with its obligations hereunder, including, without limitation, any mandatory specification, standard, or operating procedure, will constitute a waiver of any provision of this Agreement.

16.12 Fees. Franchisee shall not, on the grounds of alleged non-performance by Good Feet of any of its obligations hereunder, withhold payments of any amounts due Good Feet or its affiliates.

16.13 Attorneys' Fees and Losses and Expenses. In the event either Good Feet or Franchisee institutes a suit, action, or proceeding to enforce any term or provision of this Agreement, the prevailing party in the suit, action, or proceeding or its appeal will be entitled to recover from the losing party its Losses and Expenses, including attorneys' fees. If Good Feet or any of Good Feet's affiliates incurs Losses and Expenses as a result of any breach by Franchisee or its owners of Franchisee's obligations under this Agreement or related documents or instruments, Good Feet and its affiliates will be entitled to recover from Franchisee, whether or not any formal legal proceeding has been brought, the amount of all such Losses and Expenses and any interest or late charge from the due date.

16.14 Notices and Approvals. All written notices, requests for approval, and reports permitted or required to be sent or delivered by the provisions of this Agreement or the Manual will be made in writing and deemed delivered at the time delivered by hand, one (1) business day after sending by telecopy or electronic mail (with a confirming copy sent by mail), or one (1) day after being deposited with an internationally-recognized commercial overnight delivery service. Notices will be addressed to the party to be notified at its most current business address of which the notifying party has been notified. Whenever this Agreement requires Good Feet's prior approval or consent, such approval or consent may be granted or denied as Good Feet deems best. Franchisee must make a timely written request for approval, and approval must be obtained in a signed writing. Any approval may be conditioned as Good Feet deems appropriate or granted on a test basis.

16.15 Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest and may not be modified except by written agreement by both Franchisee and Good Feet, except that Good Feet will have the right to unilaterally change the Manual as it deems best.

16.16 Force Majeure. Neither Good Feet (or its affiliates) nor Franchisee shall be responsible for non-performance or delays in performance under this Agreement or otherwise in connection with the Store's operation occasioned by causes beyond its (or their) control, including without limitation: (a) acts of God, including but not limited to epidemics, pandemics,

or material shortages or unavailability; (b) acts of war, terrorism, or insurrection; and/or (c) governmental mandated shut-downs or reductions in operations, strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of or after the occurrence. Under no circumstances do any financing delays, difficulties, or shortages excuse Franchisee's failure to perform or delay in performing its obligations under this Agreement.

16.17 Complete Agreement. The recitals to this Agreement are a part of this Agreement. This Agreement, the Exhibits and the Manual (as it may be revised), any riders or special stipulations which are executed by the parties concurrently with this Agreement, and the agreements executed concurrently herewith constitute the entire agreement of the parties and supersede any and all prior agreements or understandings between the parties, whether oral or written. **THERE ARE NO OTHER ORAL OR WRITTEN UNDERSTANDINGS OR AGREEMENTS BETWEEN GOOD FEET AND FRANCHISEE, OR ORAL OR WRITTEN REPRESENTATIONS BY GOOD FEET (EXCEPT AS PROVIDED IN ITS FRANCHISE DISCLOSURE DOCUMENT), RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT, THE FRANCHISE RELATIONSHIP, OR THE STORE (ANY UNDERSTANDINGS OR AGREEMENTS REACHED, OR ANY REPRESENTATIONS MADE, BEFORE THIS AGREEMENT ARE SUPERSEDED BY THIS AGREEMENT). EXCEPT AS PROVIDED IN GOOD FEET'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISEE MAY NOT RELY ON ANY ALLEGED ORAL OR WRITTEN UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS NOT CONTAINED IN THIS AGREEMENT (OR IN ANY AGREEMENT EXECUTED CONCURRENTLY WITH THIS AGREEMENT). NO RULE OF CONSTRUCTION SHALL BE APPLIED AGAINST ANY PARTY. NOTHING IN THIS OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS GOOD FEET MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT IT FURNISHED TO FRANCHISEE.**

16.18 Joint and Several Liability. If Franchisee is a corporation, partnership, proprietorship, or other legal entity, or if more than one person executes this Agreement as Franchisee, all owners of a direct or indirect, legal, beneficial, or equitable interest in Franchisee will be jointly and severally liable for all obligations and duties of Franchisee hereunder.

16.19 No Other Set Off Rights. Franchisee shall not have any right to set off against payments due to Good Feet or Good Feet's affiliates any amounts due or claimed to be due to Franchisee from Good Feet or any of its affiliates.

16.20 Other Definitions. "Affiliate" with respect to a person or entity means any entity controlled by, controlling, or under common control with this person or entity. "Applicable law" means any law, rule, regulation, order, injunction, notice, approval, or judgment of any federal, state, or local government or governmental department, agency, board or the like, which applies to Franchisee or any of its assets or the Store, and any contract or agreement with any such government or governmental department, agency, or board relating to compliance with any of the above. "Losses and Expenses" means all losses; compensatory, incidental, exemplary, treble,

consequential, and punitive damages (except for the damages waived by this Agreement); fines, charges, costs, expenses, lost profits, and taxes; attorneys' fees, experts' fees, court costs, arbitrator and arbitration fees, settlement amounts, judgments, and other reasonable costs and expenses of defending or countering any claim; compensation for damages to Good Feet's and/or its affiliates' reputation or goodwill; costs of or resulting from delays, financing, costs of advertising materials and media time and/or space, and costs of changing, substituting, or replacing the same; and any and all expenses of recalls, refunds, compensation, public notices, and such other amounts incurred. References to a "controlling ownership interest" in Franchisee mean at least fifty-one percent (51%) of the voting shares or other voting rights in Franchisee.

This is a legal document which grants specific rights to and imposes certain obligations on Good Feet, Franchisee, and Franchisee's owners. Consult legal counsel to be sure that you understand your rights and duties.

FRANCHISEE UNDERSTANDS AND ACCEPTS THAT THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AND ALL RELATED AGREEMENTS ARE REASONABLY NECESSARY TO MAINTAIN GOOD FEET'S STANDARDS OF QUALITY AND SERVICE AND TO MAINTAIN THOSE STANDARDS AT ALL GOOD FEET STORES IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS AND THE GOOD FEET SYSTEM. FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT USED A BROKER TO ACQUIRE THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES THAT IN ALL DEALINGS WITH FRANCHISEE, GOOD FEET'S OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS ACT ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE FURTHER REPRESENTS TO GOOD FEET AS AN INDUCEMENT TO GOOD FEET'S ENTRY INTO THIS AGREEMENT THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE RIGHTS GRANTED BY THIS AGREEMENT.

The statements below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

GOOD FEET DISCLAIMS ANY WARRANTY OR REPRESENTATION AS TO THE POTENTIAL SUCCESS OF FRANCHISEE'S STORE OPERATIONS UNDER THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND ITS OWNERS HAVE READ THIS AGREEMENT AND ALL RELATED AGREEMENTS AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO EVALUATE THIS AGREEMENT AND BE ADVISED BY ITS COUNSEL AND FINANCIAL, TAX, AND BUSINESS ADVISORS WITH RESPECT TO ITS RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT AND

ALL RELATED AGREEMENTS AND THE SCOPE, COST, AND RISK OF THE UNDERTAKING CONTEMPLATED BY SUCH AGREEMENTS.

FRANCHISEE ACKNOWLEDGES THAT, UNLESS THE FRANCHISE DISCLOSURE LAWS ARE NOT APPLICABLE, (A) GOOD FEET OR ITS AGENTS HAVE PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT NO LATER THAN THE EARLIER OF FOURTEEN (14) CALENDAR DAYS BEFORE THE EXECUTION OF THIS AGREEMENT AND FOURTEEN (14) CALENDAR DAYS BEFORE FRANCHISEE'S PAYMENT OF ANY COMPENSATION FOR THIS AGREEMENT OR THE FRANCHISE, AND (B) IF GOOD FEET HAS MADE ANY UNILATERAL, MATERIAL MODIFICATIONS TO THIS AGREEMENT, GOOD FEET HAS PROVIDED FRANCHISEE WITH A COPY OF THIS AGREEMENT (AND ANY OTHER AGREEMENTS FRANCHISEE WILL SIGN), FULLY COMPLETED, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO FRANCHISEE SIGNING THEM.

FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE RECOGNIZES THAT THIS VENTURE INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE IS LARGELY DEPENDENT UPON ITS BUSINESS ABILITIES. GOOD FEET EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT RECEIVED OR RELIED UPON, ANY GUARANTY, EXPRESS OR IMPLIED, AS TO THE REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT, EXCEPT AS MAY BE PROVIDED IN GOOD FEET'S FRANCHISE DISCLOSURE DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THIS AGREEMENT OR A GOOD FEET STORE FROM GOOD FEET, ITS AFFILIATES, OR THEIR OFFICERS, DIRECTORS, EMPLOYEES, OR AGENTS THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT.

FRANCHISEE HAS READ THIS AGREEMENT AND ALL RELATED AGREEMENTS AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS, AND CONDITIONS THEREOF AND ALL EXHIBITS/ADDENDUMS ATTACHED HERETO.

16.21 No Waiver or Disclaimer of Reliance in Certain States

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Good Feet, any franchise seller, or any other person acting on Good Feet's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Agreement as of the day and year first above written.

Good Feet:

GOOD FEET WORLDWIDE, LLC

By: _____

Name (Printed): Joe Herlihy

Title: Chief Operating Officer & Chief Legal Officer

EFFECTIVE DATE: _____

Franchisee:

By: _____

(Authorized Representative)

Name (Printed): _____

Title: _____

Date: _____

THIS AGREEMENT SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

EXHIBIT A
TERRITORY, LOCATION, TERM, AND MINIMUM PERFORMANCE CRITERIA

1. The Territory referred to in Section 1.1 of the FRANCHISE AGREEMENT is defined as follows:

In the state of _____, the cities, zip codes, boundaries, or counties of: _____

2. Franchisee's GOOD FEET STORE SITE is located at and can be contacted as follows:

Address: _____

Telephone: _____ E-Mail: _____

3. The term referred to in Section 2.1 of the FRANCHISE AGREEMENT will be:

[Check and initial applicable box]

☐ 5 years

☐ 10 years

4. Franchisee's Minimum Performance Criteria: The following are the Minimum Performance Criteria:

Date By Which Franchisee Must Meet Minimum Performance Criteria	Minimum Performance Criteria
The 1 st annual anniversary of the date on which you open your Good Feet Store	\$1.40 per TV household in your Territory
The 2 nd annual anniversary of the date on which you open your Good Feet Store	\$1.75 per TV household in your Territory
The 3 rd annual anniversary of the date on which you open your Good Feet Store	\$2.00 per TV household in your Territory
The 4 th annual anniversary of the date on which you open your Good Feet Store	\$2.40 per TV household in your Territory
The 5 th annual anniversary of the date on which you open your Good Feet Store	\$2.40 per TV household in your Territory
Years 6-10	Good Feet and Franchisee shall, based upon the performance in Years 1-5 and such other factors as may be reasonable under the circumstances, work together in good faith to determine and set reasonable Minimum Performance Criteria for Years 6 – 10. Notwithstanding the foregoing, should Good Feet

	and Franchisee not be able to reach a mutually-acceptable set of Minimum Performance Criteria for Years 6-10 despite their good faith efforts, then Good Feet may unilaterally establish the Minimum Performance Criteria for Years 6-10. If Franchisee disagrees with such Minimum Performance Criteria, Franchisee shall have the right to terminate this Franchise Agreement upon thirty (30) days' prior written notice to Good Feet, in which case Franchisee and its owners must comply with all post-term obligations contained in this Franchise Agreement.
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5. As of the Effective Date of the FRANCHISE AGREEMENT, the Continuing Service Fee payable on the Store's Gross Sales will be [____]% during the 2024 calendar year and [____]% during the 2025 calendar year.

Good Feet:

GOOD FEET WORLDWIDE, LLC

By: _____

Name (Printed): Joe Herlihy

Title: Chief Operating Officer & Chief Legal Officer

Franchisee:

By: _____

(Authorized Representative)

Name (Printed): _____

Title: _____

Date: _____

EXHIBIT B
OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the grant of a Franchise and the execution of the Franchise Agreement dated as of its Effective Date (the "Franchise Agreement") by Good Feet Worldwide, LLC, a Delaware limited liability company ("Good Feet"), the undersigned hereby personally and unconditionally: (a) guarantees to Good Feet and Good Feet's affiliates and their successors and assigns, for the term of the Franchise Agreement and after that as provided in the Franchise Agreement, that Franchisee under the Franchise Agreement (the "Franchisee"), will punctually pay and perform each and every undertaking, agreement, and covenant outlined in the Franchise Agreement and any documents, agreements, instruments, and promissory notes executed pursuant to or in connection with the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, including the confidentiality, non-competition, transfer, and dispute resolution provisions, including the arbitration provision. The undersigned waives:

- (1) acceptance and notice of acceptance by Good Feet of the above undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;
- (4) any right he may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability; and
- (5) any and all other notices and legal or equitable defenses to which he may be entitled.

The undersigned consents and agrees that:

- (i) his direct and immediate liability under this Guaranty will be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;
- (ii) he will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (iii) this Guaranty will apply to any claims Good Feet or Good Feet's affiliates may have due to return of any payments or property Good Feet or its affiliates may have received from Franchisee as a preference, fraudulent transfer or conveyance, or the like in any legal proceeding;
- (iv) such liability shall not be contingent or conditioned upon pursuit by Good Feet or Good Feet's affiliates of any remedies against Franchisee or any other person; and
- (v) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Good Feet or Good Feet's affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during and after the term of the Franchise Agreement until Franchisee's duties

and obligations to Good Feet and Good Feet’s affiliates are fully discharged and satisfied.

The undersigned further represent and warrant to Good Feet that the undersigned constitute all of the direct or indirect legal, beneficial, and equitable owners of Franchisee on the date of the Franchise Agreement and that all future owners will execute and deliver a guaranty to Good Feet prior to becoming an owner of Franchisee on Good Feet’s then-current form of Owner’s Guaranty and Assumption of Obligations.

IN WITNESS WHEREOF, the undersigned have hereunto affixed their signatures as of the dates listed below.

GUARANTOR(S)

Print name: _____

Signature: _____

Print name: _____

Signature: _____

Print name: _____

Signature: _____

Print name: _____

Signature: _____

EXHIBIT C
FRANCHISEE AND ITS OWNERS

**This Exhibit C is current and complete
as of the Effective Date of the Franchise Agreement**

Franchisee was organized as a _____ on _____,
under the laws of the State/Commonwealth of _____. It
has not conducted business under any name other than its corporate or company name. Its
principal business address is _____.

<u>Name of Each Director/Officer/Partner/Managing Member</u>	<u>Position(s) Held</u>
Managing Owner: _____	_____
_____	_____
_____	_____
_____	_____

Owners. The following list includes the full name of each individual or entity that is one of Franchisee's direct or indirect owners and fully describes the nature of each owner's interest. If one or more of Franchisee's owners are entities, please identify each such entity as well as the direct and indirect owners of such entity (attach additional pages if necessary to reflect the complete ownership chain).

<u>Owner's Name, Email Address & Address</u>	<u>Percentage of Ownership Interest</u>
Name _____	_____
Email _____	
Address _____	
 Name _____	 _____
Email _____	
Address _____	
 Name _____	 _____
Email _____	
Address _____	

EXHIBIT D
LEASE RIDER

This Lease Rider (“Rider”) supplements and forms a part of the lease agreement (the “Lease”) between _____, a _____ corporation, d/b/a Good Feet (“Tenant”) and _____, a _____ (“Landlord”) for the premises (the “Premises”) located at _____, which Tenant intends to operate as a Good Feet Store pursuant to a Franchise Agreement (the “Franchise Agreement”) between it and Good Feet Worldwide, LLC, a Delaware limited liability company (“Franchisor”). This Rider will control in the event of a conflict between its terms and the Lease.

1. Franchisor’s Notice and Cure Rights. Landlord shall concurrently provide Franchisor a copy of any written notice of default it provides to Tenant, and Franchisor shall have the cure period provided to Tenant pursuant to the terms of the Lease, plus an additional thirty (30) days (the “Cure Period”) within which, at its option, to cure the default. For avoidance of doubt, Franchisor shall not be obligated to cure the default. Landlord shall accept Franchisor’s timely cure as if it were tendered by Tenant. Unless and until changed by Franchisor’s written notice to Landlord, Franchisor’s address for notice is:

Good Feet Worldwide, LLC
~~5923 Farnsworth Court~~ 12636 High Bluff Drive, Suite 200
~~Carlsbad~~ San Diego, CA ~~92008~~ 92130

If Franchisor timely cures Tenant’s default, and Franchisor notifies Landlord in writing that Franchisor has notified Tenant of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord (“Franchisor’s Exercise Notice”) to be provided within the Cure Period, to do the following: Assume the Lease (and all of Tenant’s obligations thereunder) for the remainder of the Lease term (Tenant hereby irrevocably consenting to such an assignment and assumption of the Lease) ~~– and require Tenant to vacate the Premises. (Franchisor also has this same right to assume the Lease upon (a) expiration of the Franchise Agreement, (b) termination of the Franchise Agreement for any other reason, or (c) Landlord’s proposed termination of the Lease for cause.)~~

In ~~such~~ the event Franchisor chooses to assume the Lease, Landlord and Franchisor shall execute Landlord’s standard assumption and assignment documentation. Further, if at any time after an assumption of the Lease by Franchisor (as contemplated in this sub-section) takes place, Franchisor ~~shall notify~~ notifies Landlord in writing that it desires to assign its interest in the Lease (or sublet the Premises in whole or in part) to another bona-fide franchisee or licensee of Franchisor or to an affiliate of Franchisor operating, franchising, or licensing another retail store brand or any bona-fide franchisee or licensee of such affiliate (who will operate from the Premises for the Permitted Use or another use approved by Franchisor), Landlord’s consent to such an assignment (or sublet) shall not be unreasonably withheld so long as said ~~franchisee~~ assignee (or sublessee) (i) meets Landlord’s reasonable financial and other requirements/qualifications, and (ii) signs any documentation reasonably required by Landlord, including, without limitation, Landlord’s standard assumption and assignment (or sublet) documentation. If ~~such~~ an assignment from Franchisor to its affiliate or another bona-fide

franchisee or licensee of Franchisor or its affiliate takes place as set forth in this sub-section, Franchisor shall thereafter be released from any liabilities accruing under the Lease after the effective date of such assignment. Franchisor agrees to execute any commercially reasonable documentation in furtherance of this sub-section.

2. Use of the Premises. For so long as Tenant has the right to occupy the Premises, the Premises shall only be used for the operation of a Good Feet retail store or another retail store brand approved by Franchisor.

3. Franchisor Not a Party. Franchisor is not a party to the Lease and shall have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, it. However, Franchisor is an intended third-party beneficiary under this Rider with the independent right to enforce any and all of its terms.

4. Counterparts. This Rider may be executed in counterparts, each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Rider or any counterpart may be executed via facsimile or electronic transmission, and any such executed facsimile or electronic copy shall be treated as an original.

IN WITNESS WHEREOF, the parties have executed this Rider to be effective as of the date of the Lease.

Landlord:

By: _____
Its: _____

Tenant:

By: _____
Its: _____

EXHIBIT B-1

**AMENDMENT TO FRANCHISE AGREEMENT
FOR RENEWING FRANCHISEES**

AMENDMENT TO GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT FOR RENEWING FRANCHISEES

This Franchise Agreement Amendment (**the “Amendment”**) is entered into as of the Effective Date by and between **GOOD FEET WORLDWIDE, LLC**, a Delaware limited liability company (**“Good Feet”**), and _____ (**“Franchisee”**). This Amendment is effective as of the date Good Feet signs it, which is set forth next to Good Feet’s signature at the end of this Amendment (the **“Effective Date”**).

1. **Background.** Simultaneously with signing this Amendment, Good Feet and Franchisee are signing a Franchise Agreement (**the “Renewal Franchise Agreement”**) to govern Franchisee’s continued operation of its Good Feet Store located at <<insert Store address>> (**the “Store”**). Good Feet and Franchisee acknowledge that the Renewal Franchise Agreement is the successor to the Franchise Agreement between Good Feet and Franchisee dated as of _____, ____ (**the “Expiring Franchise Agreement”**), under which Franchisee operated the Store during the previous franchise term. Good Feet and Franchisee are signing this Amendment because the Expiring Franchise Agreement has expired or shortly will expire, and Good Feet has agreed to allow Franchisee to acquire a renewal franchise for the Store by signing the Renewal Franchise Agreement. This Amendment (a) deletes certain provisions of the Renewal Franchise Agreement that do not apply to Franchisee’s operation of the Store during the renewal term and (b) modifies certain provisions of the Renewal Franchise Agreement to reflect business terms to which the parties have agreed. Except as provided in this Amendment, the Renewal Franchise Agreement remains in full force and effect as originally written. All terms used but not defined in this Amendment have the meanings set forth in the Renewal Franchise Agreement.

2. **Expiration of Expiring Franchise Agreement.** The Expiring Franchise Agreement’s term expires as of _____, ____ (**the “Expiration Date”**). Franchisee will have no further rights under the Expiring Franchise Agreement following the Expiration Date.

3. **Background.** The fourth (4th) paragraph of the “Background” section in the Renewal Franchise Agreement is amended to read as follows:

Franchisee wants to continue operating its Good Feet Store at a specific location within a defined geographic area on the terms and conditions of this Agreement.

4. **Development of the Store.** Section 1.2 of the Renewal Franchise Agreement is hereby deleted.

5. **Managing Owner.** Section 1.7.B of the Renewal Franchise Agreement is amended to read as follows:

The Managing Owner must successfully complete the Initial Brand Standard Training Program; and

6. **Term.**

(a) Section 2.1 of the Renewal Franchise Agreement is amended to read as follows:

The term of this Agreement begins on _____, ____ and expires on _____, ____ (the “Renewal Term”). Franchisee agrees to operate the Store in compliance with this Agreement for the entire Renewal Term unless this Agreement is properly terminated under Section 13.

(b) All references in the Renewal Franchise Agreement to the defined term “Initial Term” are amended to read “Renewal Term.”

7. **Renewal.** Section 2.2 of the Renewal Franchise Agreement is amended to read as follows:

Franchisee will have the right to renew the Franchise for successive Renewal Terms (each of which begins on the day following expiration of the immediately-preceding Renewal Term), with each such Renewal Term being, at Franchisee’s option, for a term of either five (5) years or ten (10) years, provided that all of the following conditions under the then-effective Renewal Franchise Agreement have been met:

A. Franchisee has given Good Feet written notice at least one hundred eighty (180) days prior to the end of the Renewal Term or the then-effective Renewal Term of its intention to renew the Franchise;

B. Franchisee has substantially complied with the material terms of (i) this Agreement during the Renewal Term or (ii) the then-effective Renewal Franchise Agreement during the applicable Renewal Term;

C. As of the last day of this Agreement or the then-effective Renewal Term, Franchisee is in substantial compliance with this Agreement or the then-effective Renewal Franchise Agreement, as applicable, which for purposes of this provision shall mean that Franchisee has not failed to cure any material operational or other contractual defaults of which Good Feet formally notified Franchisee (but only if such defaults are curable, meaning that Good Feet need not give Franchisee an opportunity to cure any default for which this Agreement or the then-effective Renewal Franchise Agreement does not provide a right to cure);

D. Unless Franchisee relocates the Store as provided in clause E below, Franchisee agrees to upgrade, remodel, and redecorate the premises of the Store as specified by Good Feet (regardless of cost), and within the timeframe Good Feet specifies, to conform to the then-current brand standards of a Good Feet Store and the Good Feet System;

E. Franchisee has the right to occupy the premises of the Store for no less than the applicable Renewal Term, or, at Good Feet's reasonable request, Franchisee relocates the Store to a new site approved in writing by Good Feet and constructs and develops the Store at the new site in accordance with the then-current brand standards of a Good Feet Store and the Good Feet System; provided, however, Good Feet will request that Franchisee relocate the Store only if: (i) the Store's existing premises are materially inconsistent with the then-current brand standards of a Good Feet Store; and (ii) Good Feet has made such request at least eighteen (18) months before the end of this Agreement or the then-effective Renewal Term;

F. Franchisee executes the then-current form of Renewal Franchise Agreement and other related agreements and guarantees that Good Feet is then requiring of renewing franchisees, which may contain terms and conditions that differ materially from any and all of those contained in this Agreement or the then-effective Renewal Franchise Agreement, including a reduced Territory and increased fees, provided that the Renewal Franchise Agreement will be modified to retain the same successive renewal franchise rights granted, and related conditions described, in this Section 2.2;

G. Franchisee and Good Feet will execute a mutual written general release of all claims and demands against one another, their respective affiliates, and the owners, officers, directors, employees, and representatives of each of them (except for Franchisee's then-current indemnification obligations to Good Feet and amounts then due to Good Feet and its affiliates for Products or otherwise);

H. Franchisee's Managing Owner and Store managers attend and complete to Good Feet's satisfaction any new or updated training programs required of Good Feet franchisees that the Managing Owner and Store managers have not yet completed; and

I. Franchisee pays to Good Feet a renewal franchise fee of Five-Thousand Dollars (\$5,000) for the Renewal Term.

Franchisee's failure to sign the Renewal Franchise Agreement, related agreements, guarantees, and releases within thirty (30) days after they are delivered to Franchisee will be deemed an election by Franchisee not to renew the Franchise. Good Feet may unilaterally extend this Agreement or the then-effective Renewal Term for any period of time necessary to provide Franchisee with any notices of non-renewal required by this Agreement or applicable law.

8. **Initial Training Program.** Section 3.1 of the Renewal Franchise Agreement is amended to read as follows:

Good Feet will provide its Initial Brand Standard Training Program to Franchisee's new general managers (and any replacement Managing Owners) and additional individuals associated with Franchisee throughout the Renewal Term for Good Feet's then-current Additional Training Fee. All expenses incurred by Franchisee and its representatives and employees in attending the Initial Brand Standard Training Program, including, without limitation, wages, benefits, travel, room and board expenses, and compensation will be Franchisee's sole responsibility. No person may be employed as the Store's general manager or serve as a Managing Owner unless such person has completed Good Feet's Initial Brand Standard Training Program to Good Feet's satisfaction.

9. **Location.** Section 4.1 of the Renewal Franchise Agreement is amended to read as follows:

The Store's Location is designated on Exhibit A.

10. **Construction of Store.** Sections 4.2 and 4.3 of the Renewal Franchise Agreement are hereby deleted.

11. **Maintaining the Store.** The third and fourth paragraphs of Section 5.2 of the Renewal Franchise Agreement are amended to read as follows:

In addition to Franchisee's obligations in clauses (i) through (iii) above, Good Feet periodically may modify the Good Feet System's standards and specifications, which may accommodate regional or local variations, and those modifications may obligate Franchisee to invest additional capital in the Store and/or incur higher operating costs. Franchisee agrees to implement any changes in mandatory Good Feet System standards and specifications within the time period Good Feet reasonably requests as if they were part of this Agreement on its effective date. However, except for:

- (a) changes in the Information System;
- (b) non-material changes in signage and logo;
- (c) material changes in signage and logo (although there may be no such material changes, in the event this Agreement has a term of ten (10) years, during the first two (2) or last three (3) years of the term unless in connection with the grant of a renewal franchise);
- (d) changes required by the Store lease or applicable law;
- (e) new Products that Good Feet requires the Store to offer and sell and associated technology and merchandising displays; and
- (f) Franchisee's obligations in clauses (i) through (iii) in the preceding paragraph of this Section 5.2,

for all of which the timing and amounts are not limited during the Renewal Term (except as provided in clause (c) above with respect to material changes in signage and logo), Good Feet will not obligate Franchisee to make any capital modifications (1) during the first three (3) years of the Renewal Term or (2) during the last three (3) years of the Renewal Term unless the proposed capital modifications during those last three (3) years (the amounts for which are not limited) are in connection with Store upgrades, remodeling, refurbishing, and similar activities for Franchisee's acquisition of a renewal franchise.

This means that, besides the rights Good Feet reserves above in clauses (a) through (f), it may beginning on the first day of the fourth (4th) year of the Renewal Term and continuing through the seventh (7th) year after the start of the Renewal Term (the "Remodeling Window"), and unrelated to Franchisee's potential acquisition of a renewal franchise, require Franchisee substantially to alter the Store's appearance, layout, and/or design, and/or replace a material portion of its operating assets, in order to meet Good Feet's then-current requirements and then-current Good Feet System standards and specifications for Good Feet Stores. Franchisee acknowledges that this could obligate Franchisee to make extensive structural changes to, and significantly remodel and renovate, the Store and/or to spend substantial amounts for new operating assets.

12. **Initial Franchise Fee.** Section 7.1 of the Renewal Franchise Agreement is hereby deleted.

13. **Franchisee's Advertising.** Section 8.4.A of the Renewal Franchise Agreement is hereby deleted.

14. **Default & Termination.** Section 13.1 of the Renewal Franchise Agreement is hereby deleted.

15. **Mutual Releases.**

(a) As partial consideration for, and as a condition of, Good Feet's granting Franchisee the rights under the Renewal Franchise Agreement, Franchisee and its affiliates, on behalf of themselves and their respective successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, and employees (all such parties referred to collectively as the "Franchisee Parties" and, individually, as a "Franchisee Party"), hereby forever release and discharge Good Feet and its current and former affiliated entities (including parent, subsidiary, and other related companies), and all of their respective officers, directors, owners, principals, partners, employees, agents, successors, executors, administrators, personal representatives, predecessors, and assigns (all such parties referred to collectively as the "Good Feet Parties" and, individually, as a "Good Feet Party"), from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters referred to collectively for purposes of this Section 15 as "Claims" and, individually, as a "Claim"), that Franchisee and any other

Franchisee Party now have, ever had, or, but for this Section 15, hereafter would or could have against any Good Feet Party (a) directly or indirectly arising from or related to the Good Feet Parties' performance of or failure to perform their obligations under the Expiring Franchise Agreement, or (b) otherwise directly or indirectly arising from or related in any way to Franchisee's and the other Franchisee Parties' relationship, from the beginning of time to the Effective Date, with any Good Feet Party with respect to the Store that is the subject of the Expiring Franchise Agreement.

Franchisee, on behalf of itself and the other Franchisee Parties, further covenants not to sue any Good Feet Party on any Claim released by this paragraph and represents that it has not assigned any such Claim to any individual or entity that is not bound by this paragraph.

(b) Good Feet, on behalf of itself and the other Good Feet Parties, hereby forever releases and discharges the Franchisee Parties from any and all Claims (defined in clause (a) above), that Good Feet and any other Good Feet Party now have, ever had, or, but for this Section 15, hereafter would or could have against any Franchisee Party (a) directly or indirectly arising from or related to the Franchisee Parties' performance of or failure to perform their obligations under the Expiring Franchise Agreement, or (b) otherwise directly or indirectly arising from or related in any way to Good Feet's and the other Good Feet Parties' relationship, from the beginning of time to the Effective Date, with any Franchisee Party with respect to the Store that is the subject of the Expiring Franchise Agreement, excepting only (i) defaults that Franchisee has the obligation to cure as a condition of acquiring the rights under the Renewal Franchise Agreement, (ii) Franchisee's indemnification obligations to Good Feet under the Expiring Franchise Agreement, and (iii) amounts owed to Good Feet and its affiliates as of the Effective Date on account of Franchisee's operation of the Store under the Expiring Franchise Agreement, including, but not limited to, for purchases of products.

Good Feet, on behalf of itself and the other Good Feet Parties, further covenants not to sue any Franchisee Party on any Claim released by this paragraph and represents that it has not assigned any such Claim to any individual or entity that is not bound by this paragraph.

(c) The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. Franchisee and Good Feet acknowledge that the Franchisee Parties and the Good Feet Parties may after the Effective Date discover facts different from, or in addition to, those facts currently known to them, or which they now believe to be true, with respect to the Claims released in this Section 15. The Franchisee Parties and the Good Feet Parties nevertheless agree that the releases set forth in this section have been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common law principle which may provide that a general release does not extend to claims which are not known to exist at the time of execution.

(d) Each party granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected the settlement with the debtor or released party.”

Each of the parties providing this release hereto recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Amendment. Each of the parties providing this release hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.

The following language applies to franchises to be located in Maryland or to be granted to Maryland residents

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. Franchisee may commence a lawsuit against Good Feet in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law that are not released.

The following language applies only to transactions governed by the Washington Franchise Investment Act

The release provided above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

(Signatures appear on following page.)

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the dates noted next to their signatures, to be effective as of the Effective Date.

GOOD FEET WORLDWIDE, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
[Signature]

[Name of Franchisee]

Name: _____
[Print Name]

By: _____
[Signature]

Title: _____

Name: _____
[Print Name]

DATED: _____

Title: _____

DATED: _____

APPENDIX

CONDITIONS FOR GRANT OF RENEWAL FRANCHISE AGREEMENT

You agree to fully comply with each of the conditions checked below as a condition of receiving a successor term:

- ☐ **Remodel Requirements:** You agree to complete, to our satisfaction and in accordance with the then-current **GOOD FEET** Operations Manual, within [INSERT TIME FRAME] from the Effective Date of this Agreement, the remodel requirements attached hereto (the “Remodel Requirements”), which are hereby incorporated by reference.
- ☐ **Recommended Relocation Requirements:** You agree to work in good faith to relocate the BUSINESS to a location approved by us, in our sole discretion, based on our current brand standards. If you fail to relocate the Store within [INSERT TIME FRAME] from the Effective Date of this Agreement, then we reserve the right to require, in our sole discretion, that the premises be remodeled to our satisfaction within [INSERT TIME FRAME] from the Effective Date of this Agreement.
- ☐ **Mandatory Relocation Requirements:** You agree to relocate the Store to a location approved by us, in our sole discretion, based on our current brand standards. If you fail to relocate the Store within [INSERT TIME FRAME] from the Effective Date of this Agreement, then we reserve the right to terminate the Agreement.
- ☐ **Operations Requirements:** You agree to fully comply with the additional operations requirements attached hereto (the “Operations Requirements”), which are hereby incorporated by reference.
- ☐ **Marketing Requirements:** You agree to fully comply with the additional marketing requirements attached hereto (the “Marketing Requirements”), which are hereby incorporated by reference.

GOOD FEET WORLDWIDE, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
[Signature]

[Name of Franchisee]

Name: _____
[Print Name]

By: _____
[Signature]

Title: _____

Name: _____
[Print Name]

DATED:

Title: _____

DATED:

EXHIBIT C
AREA DEVELOPMENT AGREEMENT

THE GOOD FEET STORE®
AREA DEVELOPMENT AGREEMENT

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**THE GOOD FEET STORE®
AREA DEVELOPMENT AGREEMENT**

THIS AREA DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into as of the Effective Date (which is the date of our signature) by and between Good Feet Worldwide, LLC, a limited liability company formed under Delaware law, with its principal business address at ~~5923 Farnsworth Court, Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (referred to in this Agreement as “Franchisor,” “we,” “us,” or “our”), and the Area Developer listed on the signature page hereto (referred to in this Agreement as “Area Developer,” “you,” or “your”).

We and our affiliates, as the result of the expenditure of time, skill, effort, and money, have developed, and continue to develop, a distinctive system relating to the development and operation of **The Good Feet Store** businesses (“GOOD FEET Stores”), which includes building design and layouts, equipment, décor, training, GOOD FEET® brand arch supports and related foot products, some of which bear the Marks (collectively, the “Products”), and certain operating and business standards and policies, all of which we may improve, further develop, or otherwise modify from time to time (collectively, the “System”). The System is identified by the current and future tradenames, trademarks, service marks, and trade dress that we designate to identify the services and/or products offered by GOOD FEET Stores, including the mark “GOOD FEET” and the distinctive building design and color scheme of GOOD FEET Stores (collectively, the “Marks”).

You desire to develop, own, and operate, directly or through an affiliate in which your Ownership Group (as defined in Article 8 below) owns at least 51% or more of an interest, GOOD FEET Stores using the System and the Marks in the Development Area defined below.

You have provided us with any and all financial and other information we requested about your shareholders, partners, officers, directors, managers, members, guarantors, investors, and other persons who will have an ownership interest in your GOOD FEET Stores.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby mutually agree as follows:

1. Development Area. The development area is the geographical area described as follows and illustrated on the map attached hereto as Exhibit A (map provided for illustrative purposes only, as the description controls) (the “Development Area”):

The addresses for the following open and operating GOOD FEET Stores (“Excluded Businesses”) are specifically excluded from the Development Area unless or until you or your affiliates acquire such Excluded Businesses:

Political and street boundaries described above shall be considered fixed as of the Effective Date and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such streets, boundaries, or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above.

2. Grant of Development Rights.

2.1 We grant you, subject to the terms and conditions of this Agreement, the right and license to establish and operate for your own account or for an affiliated entity (which is at least 51% owned by your Ownership Group (as provided in Article 8 below)) a specified number of GOOD FEET Stores in compliance with our standards. This license granted to you is limited to the right to operate the GOOD FEET Stores at locations only within the Development Area and may not be used elsewhere or in any other manner. You have no right to sublicense any of the rights granted to you herein. You must open and maintain in continuous operation in the Development Area, pursuant to Franchise Agreements, the number of GOOD FEET Stores set forth below during each of the following periods ("Development Schedule"):

At least [insert number ()] GOOD FEET Store[s] open and operating in the Development Area by [insert date];

[Etc. as needed]

[AS APPLICABLE: The following GOOD FEET Stores currently owned and operated by you or your affiliates as of the Effective Date ("Existing Businesses") shall count toward the Development Schedule for so long as each is open and in operation:]

Franchisee Entity	Store Address	Date Opened

You represent that you conducted your own independent investigation and analysis of the prospects for the establishment of GOOD FEET Stores within the Development Area, approve the Development Schedule as being reasonable and viable, and recognize that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement. If a GOOD FEET Store open and operating in the Development Area permanently ceases to operate, such GOOD FEET Store shall continue to count toward your compliance with the Development Schedule for twelve (12) months after the GOOD FEET Store permanently ceases to operate.

If you have satisfied at least 80% of your Development Schedule, you are not then in default under this Agreement beyond applicable grace periods, and the Good Feet Stores that you and your affiliates operate in the Development Area also are not then in default under their respective franchise agreements (beyond applicable cure periods), we will—upon your request and after we receive from you all of the information and materials we deem reasonably necessary to evaluate your request—consider in good faith a modification, or in appropriate circumstances the termination, of the remaining portion of your development commitments in the Development Area if you can establish to our reasonable satisfaction that changes in the Development Area's population since this Agreement's effective date, the evolution of customer trade areas, the placement of your Good Feet Stores in the Development Area since this Agreement's effective date, and related factors support a change in the remaining number of Good Feet Stores to be developed because either the existing Good Feet Stores adequately support the consumer demand in the Development Area for Good Feet Store products or the development of additional Good Feet Stores in the Development Area would materially and adversely impact the overall sales and profitability of your existing Good Feet Stores.

2.2 During the term of this Agreement and provided that you are in compliance with the Development Schedule set forth above, we and our parents, subsidiaries, and affiliates will not operate or license or franchise third parties to operate a GOOD FEET Store physically located within the Development Area, except for the Excluded Businesses. In addition, an Excluded Business may be relocated to another location in the Development Area as long as (a) the new location is in close proximity to and in the same trade area as the previous location, as determined by

us in our reasonable discretion, (b) the new location meets the criteria of our then-current site review process, and (c) you are notified no less than ten (10) days prior to our final approval of the new location and provided an opportunity to share with us any information you deem relevant before we make a final site approval decision for an Excluded Business. In the event an Excluded Business is relocated to another location in the Development Area, and, in our reasonable discretion, we mutually agree that such relocation will impair your ability to meet your Development Schedule, we agree to discuss with you whether an amendment to your Development Schedule and/or Development Area is appropriate.

3. Term. Except as otherwise provided under Article 9 hereof, the term of this Agreement and all rights granted hereunder will expire on the earlier of: (a) the last date specified in the Development Schedule above; or (b) the date when you have open and in operation all of the GOOD FEET Stores required by the Development Schedule pursuant to the terms of this Agreement.
4. Initial Services and Ongoing Obligations. You acknowledge and agree that our initial services under this Agreement are to identify the Development Area and Development Schedule and that we have no ongoing obligations under this Agreement to provide training or operational assistance to you. Except as described below, all ongoing and further obligations to you in opening your locations shall be provided pursuant to the applicable Franchise Agreement.

4.1 We will provide various real estate and project-site services for the development of Good Feet Stores in the Development Area, including market analysis, mapping, demographic studies, and site investigation, review, and selection. We will provide recommendations or assistance to you in hiring outside service providers and vendors to perform the services and provide the goods necessary to complete a Store's site selection, construction, and development, including real-estate brokers, design professionals, engineers, architects, and general contractors. We will visit the Development Area as often as we deem necessary to review potential Store sites. Using local commercial real-estate brokers and leveraging relationships that we might have with landlords in the Development Area, we may recommend potential Store sites or sources for your consideration. Selection and recommendation of a Store's site will be based on our then-current criteria for Good Feet Store sites, including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, co-tenancy, ingress and egress, size, and other physical and commercial characteristics. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials we reasonably request to which we would otherwise not have access. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. You may not proceed with a site that we have not accepted. We will not unreasonably withhold our acceptance of a site if, in our experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for Good Feet Stores. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a Good Feet Store. Our recommendation and acceptance of a site indicate only that we believe the site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites in the past for Good Feet Stores.

5. Our Reservation of Rights. Except as otherwise provided in Article 2.2 (but subject to the carve-out for Excluded Businesses), we, on behalf of ourself and our affiliates, reserve all rights not expressly granted to you under this Agreement, including all rights in and to the Marks, the Good Feet System, Products, GOOD FEET Stores, and their associated goodwill. Our reserved rights include, directly and indirectly, without limitation:

5.1 operating and granting others the right to operate a GOOD FEET Store the physical premises of which is located outside the Development Area, and any other type of business under the Marks or any other marks in any geographical location outside the Development Area, on such terms and conditions as we deem appropriate; and

5.2 offering, selling, licensing, marketing, delivering, or otherwise distributing Products or other items to customers or potential customers located within and outside the Development Area, whether such Products or other items are identified by the Marks or other trademarks or service marks, through any distribution channels we deem best (including, but not limited to, mail order and the Internet), wherever such distribution channels are located or operating (including within the Development Area), except not through GOOD FEET Stores (other than your GOOD FEET Stores) the physical premises of which are located within the Development Area.

Notwithstanding the rights we reserve on behalf of ourself and our affiliates in this Section 5.2, if we or our affiliates intend to sell through distribution channels located or operating within the development areas of one or more Good Feet franchisees (other than through their franchised GOOD FEET Stores) any Products bearing the “Good Feet®” Mark or a name including the “Good Feet®” Mark, we and, if applicable, our affiliates agree in good faith to consult with the then duly-elected Good Feet franchisee advisory council (“FAC”), prior to engaging in such sales, to: (i) consider the impact of such sales on the GOOD FEET Stores operating in the applicable development areas; and (ii) discuss both the potential participation in that business by the Good Feet franchisees whose GOOD FEET Stores operate in such development areas and the potential receipt by the participating/impacted franchisees of a percentage of the sales of such Good Feet®-branded Products made in their development areas.

6. Area Development Fee. For the rights we grant you under this Agreement, you agree to pay us an Area Development Fee of _____ U.S. Dollars (\$_____) upon execution of this Agreement. Upon our receipt of the Area Development Fee, you will receive all of the rights to develop, and will be obligated to develop, the number of locations set forth in the Development Schedule. The Area Development Fee is fully earned by us when due, is not refundable for any reason, and is not credited against any other obligation or fee you or any affiliate owes us.

7. Execution of Franchise Agreements.

7.1 You (or an affiliate which is at least 51% owned by your Ownership Group, as described in Article 8 below) must execute a separate Franchise Agreement in our then-current form (each, a “Franchise Agreement”) for each GOOD FEET Store you establish in the Development Area. You acknowledge and agree that Franchise Agreements are granted by us only after our approval of (i) any proposed owners not in your Ownership Group, pursuant to Article 8 hereof, and (ii) the site submitted, in our sole discretion. We agree that:

7.1.1 the initial franchise fee under each Franchise Agreement shall be the initial franchise fee in effect for new franchises as of the date of execution of such Franchise Agreement, provided, however, for Franchise Agreements entered into within three (3) years after the Effective Date of this Agreement (“Rate Lock Period”), the initial franchise fee under each Franchise Agreement shall be no more than Twenty-Five Thousand U.S. Dollars (\$25,000); and

7.1.2 the Continuing Service Fee under each Franchise Agreement shall be the Continuing Service Fee in effect for new franchises as of the date of execution of such Franchise Agreement, provided, however, for Franchise Agreements entered into during the Rate Lock Period, the Continuing Service Fees due on the Gross Sales of the GOOD FEET Stores subject to those Franchise Agreements shall not exceed five percent (5%) of Gross Sales during the Initial Terms of such Franchise Agreements (as “Initial Term” is defined in those Agreements).

7.2 If you fail to provide us with an executed then-current form of Franchise Agreement (as modified consistent with Article 7.1) and pay us the required initial franchise fee at least sixty (60) days prior to the date scheduled as the opening date for a particular location, your failure will be deemed a material breach of this Agreement, and we will have the right to terminate this Agreement as provided herein.

8. Ownership Group; Managing Owner. Any person holding a direct or indirect ownership interest in you is an “Owner” for purposes of this Agreement. We have granted the rights in Article 1 above to you based on the experience and qualifications of you and your Owners as described in Exhibit B hereof (“Ownership Group”). The Ownership Group must own and have voting control of at least 51% of any franchisee entity executing a Franchise Agreement pursuant hereto, and each Owner in the Ownership Group must have the

opportunity to have an ownership interest in each such franchisee entity. Unless we otherwise approve, you shall provide us with the ownership structure of any such franchisee entity to the individual or trust level before we execute a Franchise Agreement pursuant hereto. Such franchisee ownership structure is subject to our approval (a) in our sole discretion, with respect to the Owners included, and (b) in our reasonable discretion, with respect to the structuring of such Owners' ownership interests.

8.1 You acknowledge and agree that we shall have no responsibility, liability, or obligation to ensure that any person who is part of the Ownership Group is an owner under any Franchise Agreement executed pursuant hereto.

8.2 You must designate one (1) individual approved by us, who shall be set forth in Exhibit B hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has authority to accept all official notices from us and, when signing on your behalf, to bind you legally with respect to all contracts and commercial documents related to this Agreement (the "Managing Owner"). Your Managing Owner must have completed to our satisfaction our training program under a Franchise Agreement. **WE SHALL HAVE NO RESPONSIBILITY, LIABILITY, OR OBLIGATION TO ANY PARTY TO ANY SUCH ARRANGEMENT, AGREEMENT, OR CONTRACT, OR ANY AMENDMENTS THERETO, MADE UNDER THIS ARTICLE ON ACCOUNT OF OUR APPROVAL THEREOF OR OTHERWISE, AND YOU AGREE TO INDEMNIFY AND HOLD US HARMLESS WITH RESPECT THERETO.** You must notify us of any proposed change in the Managing Owner and receive our written approval prior to such change. If such change results from death or incapacitation, you must submit a new proposed Managing Owner within thirty (30) days after such death or incapacitation. Neither you nor your Owners shall, directly or indirectly, take any actions to avoid or restrict the authority requirement for the Managing Owner.

8.3 Your Managing Owner and other Owners are identified in Exhibit B and Exhibit D to this Agreement. You represent, warrant, and agree that the attached Exhibit B and Exhibit D are each current, complete and accurate, and you agree that any changes to Exhibit B and Exhibit D will be communicated promptly to us, so that such exhibits (as so amended and signed by you and us) are at all times current, complete and accurate. Unless otherwise approved, your Managing Owner shall be the Managing Owner for each Franchise Agreement executed pursuant hereto.

9. Default, Termination, Extensions and Modifications.

9.1 Defaults. You have materially breached this Agreement if you:

9.1.1 become insolvent by reason of your inability to pay your debts as they mature, or an insolvency proceeding is initiated by or against you and/or any of your principal owners;

9.1.2 are adjudicated bankrupt or insolvent;

9.1.3 file a bankruptcy, reorganization, or similar proceeding under applicable bankruptcy laws or have such a proceeding filed against you which is not discharged within thirty (30) days;

9.1.4 have a receiver or other custodian, permanent or temporary, appointed for your business, assets, or property;

9.1.5 request the appointment of a receiver or make a general assignment for the benefit of creditors;

9.1.6 have bank accounts, property, or accounts receivable which are attached;

9.1.7 have an execution levied against your business or property;

9.1.8 have suit filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days;

9.1.9 voluntarily dissolve or liquidate or have a petition filed for dissolution and such petition is not dismissed within thirty (30) days;

9.1.10 fail to comply with the non-competition requirements set forth in Article 15.1 hereof;

9.1.11 fail on three (3) separate occasions during the Term of this Agreement to cure, to our reasonable satisfaction, a noticed default related to any Franchise Agreement under this Agreement (for the avoidance of doubt, such three (3) separate occasions do not have to relate to the same Franchise Agreement);

9.1.12 fail to comply with the Development Schedule (a “Development Default”);

9.1.13 fail to comply with Article 14 hereof; or

9.1.14 fail to comply with any other term of this Agreement.

9.2 Cure Periods. Except as set forth in Article 9.4 below, the defaults set forth in Articles 9.1.1 through 9.1.11 are by their nature incurable and have no associated cure period. The default set forth in Article 9.1.12 shall have a cure period of sixty (60) days, provided however, if you have undertaken commercially reasonable good faith efforts to develop GOOD FEET Stores in the Development Area, then you shall have a one hundred and eighty (180) day cure period (such extension, a “Development Grace Period”). Examples of commercially reasonable good faith efforts could include, among other things, (i) submitting for our review potential development locations that are generally consistent with our standards, as the same may be updated from time to time, (ii) diligently pursuing the development of sites we have approved within the Development Area, (iii) engaging in substantive discussions with real estate brokers and/or potential landlords within the Development Area, (iv) engaging in market planning with our real estate/development teams, and/or (v) regularly communicating with us regarding the status and ongoing efforts of your development of the Development Area. If, prior to the expiration of a Development Grace Period (if applicable), you submit a signed lease to us for an approved location that would, upon Store opening, cure the Development Default, we will extend the Development Grace Period by ninety (90) days, thus providing you with a total cure period of two hundred and seventy (270) days for the particular Development Default. You are eligible to use a Development Grace Period for up to three (3) separate Development Defaults. In the event of overlapping Development Grace Periods, your failure to cure a prior noticed Development Default before the expiration of such cure period shall, in our sole discretion and without additional notice or opportunity to cure, result in termination of this Agreement regardless of the existence of subsequent and ongoing Development Grace Periods. You acknowledge and agree that the notice and opportunity to cure any Development Default under this Article 9.2 shall be deemed sufficient notice and opportunity to cure under this Agreement and is intended to satisfy any applicable state franchise relationship law or similar law. The default set forth in Article 9.1.13 shall have a cure period of seven (7) days to take all reasonable steps to remedy the default. The default set forth in Article 9.1.14 shall have a cure period of thirty (30) days. A cure period shall commence upon our delivery to you of a written notice of default setting forth a description of the default and the applicable cure period.

9.3 Defaulting Owners. If any of your Owners commits a default (each a “Defaulting Owner”) or multiple defaults under an agreement between the Defaulting Owner and us or our affiliate(s) and such defaults cause a default of this Agreement, the default(s) may be cured by the Defaulting Owner relinquishing or otherwise disposing of the Defaulting Owner’s interest in you (pursuant to Article 18 of this Agreement) within the later of (i) the applicable cure period or (ii) thirty (30) days from our delivery to you of a written notice of default. For clarity, in such case, we expressly reserve all rights and remedies we may have directly against such Defaulting Owner. In our sole discretion, we may also refrain from terminating this Agreement in the case of an uncured breach of Article 14 hereof, while expressly reserving all other rights and remedies hereunder, if such Defaulting Owner agrees to limit such Defaulting Owner’s communication with our personnel, the personnel of any designated suppliers, and GOOD FEET customers at your GOOD FEET Stores in such manner and for such time period as we may designate. If the Defaulting Owner’s breach is ongoing, you must fully cooperate with efforts we undertake to cause the

Defaulting Owner to cease any prohibited conduct. Such cooperation may include, but shall not be limited to, providing documents and information and, when reasonably appropriate to do so (if the breach is also a violation of a reasonably enforceable obligation the Defaulting Owner owes to you, for example), commencing and/or joining litigation.

9.4 Remedies. For any default set forth in Article 9.1, we shall have the remedies set forth below:

9.4.1 Termination. We have the right to terminate this Agreement without further recourse to you.

9.4.2 Alternatives to Termination. Without waiving our right to terminate this Agreement (or any other rights), we have the right to take one or more of the following actions:

9.4.2.1 reduce the size of the Development Area;

9.4.2.2 modify the Development Schedule (in terms of timing and/or number of GOOD FEET Stores to be opened);

9.4.2.3 require you to execute our then-current form of general release;

9.4.2.4 require you to execute our then-current form of Area Development Agreement, which shall replace this Agreement and which may contain materially different terms and conditions; and/or

9.4.2.5 remove the territorial protection described in Article 5.

9.4.3 Effect of Alternative Remedies. You shall hold us and our representatives harmless with respect to any action we take pursuant to Article 9.4.2, and you agree that we shall not be liable for any loss, expense, or damage you incur because of any action we take pursuant to Article 9.4.2. You agree that our exercise of our rights pursuant to Article 9.4.2 shall not be deemed an actual or constructive termination of this Agreement or of any other agreement between us and you or a breach of any provision of this Agreement. If we exercise our rights in Article 9.4.2, you acknowledge that we are not obligated to grant you any subsequent or additional extensions on the Development Schedule and that any extension granted by us will not affect any other Development Schedule obligations (i.e., all other development obligations shall remain unchanged).

9.4.4 Injunctive Relief. You agree that, with respect to the default listed in Article 9.1.10, damages alone cannot adequately compensate us, and injunctive relief is essential for our protection. You therefore agree that in case of any alleged breach or violation of Article 15, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

9.4.5 Exercise of Remedies. We may exercise the remedies set forth in Article 9.4.1 and Article 9.4.2 by written notice to you after the expiration of any applicable cure period (without cure) for a default listed in Article 9.1. Such notice shall specify the applicable default, your failure to cure it, if applicable, and any remedies we are then exercising. With respect to the defaults listed in Article 9.1.1 through 9.1.9, termination of this Agreement shall occur automatically, effective immediately upon such default, without the need for prior or concurrent notice to you.

9.5 Development Schedule. Failure to comply with the Development Schedule shall not, by itself, be the basis for a default under any Franchise Agreement executed hereunder.

10. Franchise Agreements May Not be Affected. Upon termination of this Agreement, (i) you will continue to pay all required fees and operate the GOOD FEET Stores that you own in the Development Area in accordance with the terms of the applicable Franchise Agreements that we executed prior to the termination

of this Agreement, and (ii) your and our rights and obligations with respect to your existing GOOD FEET Stores will be governed by the terms of the applicable Franchise Agreements unless there also exists a basis to terminate the applicable Franchise Agreement(s) for your GOOD FEET Store(s).

11. Future Development. You recognize and acknowledge that this Agreement requires you to open GOOD FEET Stores in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future GOOD FEET Stores likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You must execute all the Franchise Agreements and open all of the GOOD FEET Stores in accordance with the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior GOOD FEET Stores, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the GOOD FEET Stores or do not meet our then-current requirements for franchisees at the time you are scheduled to execute a Franchise Agreement.
12. Annual Business Plan. By October 31 of each calendar year of the term of this Agreement, you must (except as provided below) present to us for our review a business plan for the GOOD FEET Stores in the subsequent calendar year (the "Annual Business Plan"). The Annual Business Plan shall include (a) an annual budget, (b) past and projected performance for all GOOD FEET Stores in the Development Area, (c) an operational update, (d) a real estate and development update, including projected openings, and (e) and such other information related to your performance under this Agreement as we may reasonably require from time to time. During each calendar quarter during the term, we may request an opportunity to review with you (either over the phone, via video conference, or at our principal office, as may be mutually agreed upon by you and us) your Annual Business Plan and such other topics pertaining to the development and operation of the GOOD FEET Stores in the Development Area and your progress toward the Annual Business Plan. You agree to make your personnel (including at least your Managing Owner) available to participate in such review with our representative(s) during such quarterly meetings to discuss the Annual Business Plan. If you and your affiliates, collectively, under all of your agreements with us and our affiliates have the right to develop and operate less than twenty-five (25) GOOD FEET Stores, you need only provide us with the Annual Business Plan within sixty (60) days after our written request.
13. Compliance with Applicable Laws. You must, at your expense, comply with all federal, state, city, municipal and local laws, ordinances, rules and regulations in the Development Area pertaining to the opening and operation of your GOOD FEET Stores. You are, at your expense, absolutely and exclusively responsible for determining all licenses and permits required by law for your GOOD FEET Stores, qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.
14. General Conduct. We expect that you and your Owners will operate your GOOD FEET Stores in a manner consistent with our values of respect, transparency, integrity, and good stewardship of the GOOD FEET brand. You and your Owners must operate your GOOD FEET Stores in a manner consistent with all applicable laws and the ethical standards for GOOD FEET franchisees included in our Confidential Operating Manual. You will not, and will not allow your Owners to, engage in any dishonest, unethical, immoral, or similar conduct as a result of which your (or the Owner's) association with the GOOD FEET System (or the Owner's association with you) could, in our reasonable opinion, have a material adverse effect on the goodwill associated with the Marks or System.
15. Your Non-Competition Obligations.

15.1 During Term. You will not, during the term of this Agreement, directly, indirectly, or through, on behalf of, or in conjunction with any person or legal entity:

15.1.1 Divert or attempt to divert any present or prospective business or customer of any GOOD FEET Store to any business that derives more than ten percent (10%) of its revenues, on a monthly or annual basis, from the sale of goods the same as or similar to the Products and is not a GOOD FEET Store ("Competitive Business"), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

15.1.2 Own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business or any business or other venture offering or selling franchises or licenses for a Competitive Business.

15.2 After Term. You covenant that, except as we otherwise approve in writing, you, your Managing Owner, and your Owners, except for Silent Investors, shall not for a continuous, uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Article 18 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly-authorized arbitrator, panel of arbitrators, or court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Article 15.2, either directly or indirectly, for yourself, such Owners, or such Owners' spouses, parents (including step-parents), siblings (including half-siblings), or children (including step- children), whether natural or adopted, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business, or any business or other venture offering or selling franchises or licenses for a Competitive Business, that is, or is intended to be, located or operating within (a) the Development Area, (b) three (3) miles of any GOOD FEET Stores developed hereunder, or (c) three (3) miles of any GOOD FEET Stores in operation or under construction as of the date that you and your Owners are required to comply with this Article 15.2. You agree and acknowledge that the two (2) year period of this restriction shall be tolled during any time period in which you or any other person restricted by this Article is in violation of this restriction. If a former Owner violates this provision, you must fully cooperate with efforts we undertake to cause such Owner to cease and desist from such violation. Such cooperation may include, but shall not be limited to, providing documents and information and, when reasonably appropriate to do so (if the breach is also a violation of a reasonably enforceable obligation the Owner owes to you, for example), commencing and/or joining litigation.

15.3 Owners and Operators. As a business corporation, partnership, limited liability company, or other legal entity, each Managing Owner and each Owner that has an interest in you is bound by the restrictions in Articles 15.1 and 15.2 and must sign Exhibit C to this Agreement (Personal Covenants Regarding Confidentiality and Non-Competition) to acknowledge such restriction, with the exception of any Owner designated a Silent Investor pursuant to Exhibit D hereof. If we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills, or managerial qualifications of any person or entity who directly or indirectly owns you, we have the right to designate that person as an Owner who shall be bound by the restrictions in Articles 15.1 and 15.2 and must sign Exhibit C to this Agreement. In addition, if you are a partnership entity, then each person or entity who now or hereafter is or becomes a general partner is deemed an Owner, shall be bound by the restrictions in Articles 15.1 and 15.2, and must sign Exhibit C, regardless of the percentage ownership interest.

15.4 Exception. The restrictions in Articles 15.1 and 15.2 do not apply to the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

15.5 Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetition covenants and that injunctive relief is essential for our protection. You therefore agree that in case of any alleged breach or violation of this Article, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

16. Development in Development Area Upon Termination or Expiration.

16.1 You acknowledge and agree that after the expiration or termination of this Agreement for any reason, any and all rights you had in and to the Development Area shall cease, and we will have the absolute and unrestricted right to develop the Development Area and to contract with other franchisees for the future development of the Development Area. You acknowledge and agree that such right includes the development of new GOOD FEET Stores and relocation of existing GOOD FEET Stores in the same trade area as, and in close proximity to, the locations of GOOD FEET Stores developed under this Agreement.

16.2 In the event that, after the expiration of this Agreement, we wish (ourselves or through our affiliates) to develop or enter into a development agreement or franchise agreement(s) with a third party to develop any additional GOOD FEET Stores in the Development Area, we will provide you a right of first refusal to develop GOOD FEET Stores in the Development Area on the terms and conditions described in this Article 16.2. You shall have this right of first refusal only (1) if you have fully complied with the Development Schedule in the Development Area as required under Article 2 above, and all GOOD FEET Stores required by the Development Schedule remain open and operating, (2) if none of your or your affiliates' Franchise Agreements entered into under this Agreement have been terminated by us with cause or by you or your affiliates without cause, and (3) if you and your affiliates are in substantial compliance with all the terms and conditions of your and their Franchise Agreements entered into under this Agreement, provided that we previously communicated to the respective franchisee any defaults thereunder at the time of such default and, if applicable, afforded you and your affiliates the required opportunity to cure. In the event of any such proposed development of additional GOOD FEET Stores in the Development Area, we will provide you the right and option, through written notice, to enter into a development agreement (and/or franchise agreement, as appropriate) with us on the then-current terms (including fees) we are then offering for such agreements to new franchisees. Such agreements shall include such additional terms as may be proposed to us by a third party or, if there is no third party, on such terms as we propose to you, based on our proposed additional development in the Development Area, including a development schedule. You shall have sixty (60) days from the date of receipt of our notice and proposed terms for such agreement(s) to enter into such development agreement and/or franchise agreement. If you fail to enter into any such agreement, and we enter into an agreement on the same or substantially similar terms with a third party, then any right and option you have under this Article 16.2 shall terminate and this Article 16.2 shall be of no force or effect.

17. Assignment by Us. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After we assign this Agreement to a third party that expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically, and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, or the System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

18. Transfer by You. Transfer is defined as any direct or indirect, voluntary, involuntary, or by operation of law gift, transfer, sale, or assignment, including the following events: (a) the transfer of ownership of capital stock, a membership or partnership interest, or another ownership interest in you or any owner; (b) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in you; (c) any sale of your or any owner's voting stock or any security convertible to your or any owner's voting stock; (d) transfer by declaration, division, or otherwise in a divorce, insolvency, corporate, limited liability company, or partnership dissolution proceeding, or otherwise by operation of applicable law; (e) transfer, in the event of the death of one of your owners, by will, declaration of or transfer in trust, or under the laws of intestate succession; (f) any change in your ownership or control; or (g) if you or any owner is a trust, any change in the trustees or the beneficial owners of the trust. You and your owners must not Transfer this Agreement, or any direct or indirect legal, beneficial, or equitable ownership interest in you, except in compliance with all of the conditions of this Section 18 as follows:

18.1.1 The purchaser, transferee, or assignee (the “Transferee”) and its owners and management must be pre-approved by us in writing, with such approval not being unreasonably withheld, conditioned, or delayed, and have the aptitude, skills, qualifications, credit, and financial resources reasonably necessary to develop the Development Area, to fulfill the Transferee’s obligations to us and our affiliates, and otherwise to meet our then-current reasonable criteria for area developers (including no ownership or other interest in a Competitive Business);

18.1.2 You must be in substantial compliance with all your obligations under this Agreement and under any other agreement with us;

18.1.3 If the transfer is of this Agreement or a controlling ownership interest in you, the Transferee must assume all of your outstanding obligations to us and our affiliates under this Agreement or otherwise, and the Transferee (in the event of a proposed transfer of the rights granted under this Agreement) or you (in the event of a proposed transfer of a controlling ownership interest in you) must execute (a) our then-current form of Area Development Agreement (except that there will be no obligation to pay another Initial Development Fee), the term of which will expire on this Agreement’s original expiration date and the other terms and conditions of which may differ materially from any and all of those contained in this Agreement, and (b) all other agreements, documents, and instruments required of new area developers. References to a “controlling ownership interest” in you mean at least fifty-one percent (51%) of the voting shares or other voting rights in you;

18.1.4 You and your owners must execute and deliver to us a general release of all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, and agents in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

18.1.5 In connection with the transfer of this Agreement or a controlling ownership interest in you, you must pay us a Transfer Fee equal to Five Thousand Dollars (\$5,000) multiplied by the number of GOOD FEET Stores that remain to be developed under this Agreement and for which you have not yet signed Franchise Agreements (but subject to a Twenty-Five Thousand Dollar (\$25,000) cap for the Development Area), provided however, that such Transfer Fee shall not be required to the extent provided in Section 18.5. This Transfer Fee is in addition to the transfer fees due and payable under the Franchise Agreements for each GOOD FEET Store located in the Development Area (a) that, in the event this Agreement and the related development rights are being transferred, must be sold and transferred to the same Transferee concurrently as part of the same transaction, as provided in Section 18.1.10 below, or (b) the controlling ownership of which also is changing due to the transfer of a controlling ownership interest in you (in the event you own and operate all such GOOD FEET Stores) or in the affiliated entities owned by your Ownership Group that then own such GOOD FEET Stores;

18.1.6 You must send us a draft copy of the proposed Purchase Agreement so that we can review and confirm that the material terms and conditions of the Transfer, including the price and terms of payment, are not so burdensome as to be likely to materially and adversely affect the development by the Transferee;

18.1.7 If you or your owners finance any part of the sales price, you and/or your owners must agree that all obligations of the Transferee under or pursuant to any promissory notes, agreements, or security interests that you or your owners reserve in the assets of the Stores developed under this Agreement or their premises will be subordinate to the Transferee’s obligations to pay all sums due to us and our affiliates and otherwise to comply with this Agreement, the new Area Development Agreement executed, and all other agreements with us and our affiliates;

18.1.8 You and any of your transferring owners must agree in writing with us and with the Transferee that, for a period of two (2) years after the effective date of the Transfer, you, your transferring owners, and your and their respective affiliates will comply with the terms and conditions of Section 15.2;

18.1.9 In conjunction with any other escrow for the transfer, you and the Transferee shall open an escrow for the purpose of effecting our approval of the Transfer; and

18.1.10 (a) If this Agreement and the related development rights (as opposed to a controlling ownership interest in you) are being transferred, (i) all GOOD FEET Stores then open and operating, or under construction, in the Development Area and owned directly or indirectly by you or your Ownership Group must be sold and transferred to the same Transferee concurrently as part of the same transaction transferring this Agreement and the related development rights and (ii) such sale and transfer must satisfy all of the transfer conditions specified in the Franchise Agreements for such GOOD FEET Stores, or (b) if there is a Transfer of a controlling ownership interest in you and you do not then own all GOOD FEET Stores open and operating, or under construction, in the Development Area (because some or all of such GOOD FEET Stores are owned by one or more affiliated entities owned by your Ownership Group and not directly by you), then the ownership of all such GOOD FEET Stores must be concurrently sold and transferred as part of the same transaction (and satisfy all of the transfer conditions specified in the Franchise Agreements for such GOOD FEET Stores) so that the new owner of the controlling ownership interest in you becomes the new owner of the controlling ownership interest in the franchisee entities owning all such GOOD FEET Stores (directly or through its own ownership group that we have approved). For the avoidance of doubt, the obligation to sell and transfer the ownership of all GOOD FEET Stores in the Development Area does not include any Excluded Businesses.

18.2 No Encumbrance. You (or an approved Transferee, as applicable) will have no right to pledge, encumber, hypothecate, or otherwise give any third party a security interest in your rights under this Agreement in any manner whatsoever without our prior written consent, which consent we may withhold for any reason whatsoever in our sole judgment.

18.3 Effect of Consent to Transfer. Our consent to an assignment shall not constitute a representation as to the fairness of any contract between the transferring party and any Transferee, a guaranty of the prospects of success of the Development Area or any Stores developed under this Agreement, or a waiver of any claims we may have against you or your owners, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement or the agreements executed by the Transferee.

18.4 Right of First Refusal. If you or one or more of your owners propose to make a Transfer to any individual or entity (other than to an existing owner of yours, a family member of an existing owner of yours, or an entity wholly owned by you or your owners) that otherwise would be permitted under this Section 18, we will have the right for a period of thirty (30) days after you or your owners have submitted all information we request to exercise a right of first refusal and substitute ourselves for the proposed transferee in the transaction. If we decline to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, you must promptly notify us, and we shall have the further right, after receiving all relevant changed information, to exercise our right of first refusal over the revised transaction for a period of fifteen (15) days. In the event that applicable law would prevent our exercise of such right of first refusal, we will have an additional ninety (90) days within which to find an assignee of the right of first refusal, and you and each owner hereby consent to such assignment and the exercise by our assignee of the right of first refusal. Should we exercise our right of first refusal, we will have not less than sixty (60) days to close the transaction and will have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction. If we do not exercise our right of first refusal, you or the transferring owner may make a transfer on the terms and conditions of the offer we considered if you and your owners have complied with all of the provisions of this Section 18.

18.5 Death or Disability. In spite of this Section 18, a transfer to an heir, surviving spouse, conservator, or personal or other legal representative (collectively, "Successor Transferee") of an owner owning more than a fifty percent (50%) equity interest in you upon the death or permanent disability of that owner will not be subject to our right of first refusal or right to terminate for failure to obtain written approval, so long as the Successor Transferee (i) within thirty (30) days after such death or permanent disability satisfies us that he or she is qualified to act as an Area Developer pursuant to this Section 18 and is approved in writing by us, or retains an individual or entity to operate and manage the Stores who is so qualified and who is approved in writing by us, and (ii) performs all other applicable acts required under this Section 18. Any subsequent sale or other transfer by a Successor Transferee shall be subject to our right of written approval outlined in this Section 18 and to our right of first refusal outlined in

Section 18.4. A transfer to a Successor Transferee shall not require the payment of the Transfer Fee outlined in Section 18.1.5 hereof. In the event we do not approve the qualifications of the owner's heir or beneficiary, the executor or administrator of the owner's estate shall have a period of ninety (90) days following the date of such written disapproval to sell the Stores to an assignee acceptable to us, subject to the provisions of this Section 18, during which period we may elect, at our option, to manage or operate such Stores. If such a sale is not concluded within that period, we may terminate this Agreement. At any time prior to our approval of such Successor Transferee or other entity or individual designated by the Successor Transferee or sale of the Stores to an assignee acceptable to us, we may install our personnel or representatives to operate the Stores for such period of time as we deem necessary. If we deem it necessary to install any of our personnel or representatives to operate the Stores as provided for above, we shall be reimbursed by the Successor Transferee or its assignee for all of our out-of-pocket expenses, including, without limitation, the wages of such personnel or representatives.

19. Severability. To the extent that any portion of this Agreement is determined, in an arbitration or court proceeding, to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reducing any or all thereof, the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.
20. Waivers. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted hereunder, of the future performance of any such term or condition, or of any other term or condition of this Agreement, unless such waiver is in a writing signed by or on behalf of both parties.
21. Dispute Resolution.

21.1 Mediation. Except as provided in Article 21.3, prior to filing any demand for arbitration, we and you agree to mediate any dispute, controversy or claim between and among you and us and any of our or your respective affiliates, officers, directors, owners, members, guarantors, or employees arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for your GOOD FEET Stores, any loan or other finance arrangement between us or our affiliates and you, the parties' relationship, any of your GOOD FEET Stores, or any System Standard in accordance with the following procedures:

21.1.1 The party seeking mediation must commence mediation by sending the other party, in accordance with Article 24, a written notice of its request for mediation headed "Notification of Dispute." The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within twenty (20) days after receipt thereof, in accordance with Article 24, stating its version of the facts and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Article 9 of this Agreement, the other party will respond within ten (10) business days.

21.1.2 Upon receipt of a Notification of Dispute and response under Article 21.1.1, the parties will endeavor in good faith to resolve the dispute outlined in the Notification of Dispute and response. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within twenty (20) days after receipt of the response, either party may initiate a mediation procedure with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures (the "Procedures"). The parties must select a mediator either jointly or as provided in the Procedures.

21.1.3 All mediation sessions will occur in ~~Carlsbad~~San Diego, California (or in the city of our then-current headquarters) and must be attended by your Managing Owner (and any other persons with authority to settle the dispute on your behalf) and our representative(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute, if at all possible, within thirty (30) days after the notice from the party seeking to initiate the mediation procedures. If the dispute is

not resolved within thirty (30) days, any party may initiate arbitration pursuant to Article 21.2. In addition, if the party receiving notice of mediation has not responded within five (5) days after delivery of the notice or a party fails to participate in the mediation, this Article 21.1 will no longer be applicable and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation, and the entire process is confidential, except as otherwise expressly provided by applicable law. At least five (5) days prior to the initial mediation session, each party must deliver a written statement of positions.

21.2 Arbitration. Except as provided in Article 21.3, any dispute, controversy or claim between and among you and us and any of our or your respective affiliates, officers, directors, owners, members, guarantors, or employees arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for your GOOD FEET Stores, any loan or other finance arrangement between us or our affiliates and you, the parties' relationship, any of your GOOD FEET Stores, or any System Standard not resolved by mediation, or the scope or validity of the arbitration obligation under this Article, must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

21.2.1 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in such proceeding will be barred.

21.2.2 Subject to Article 21.2.1, any arbitration must be on an individual basis only as to a single development agreement (and not as or through an association), and the parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide, or an association or similar representative, basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or class-wide claims is unenforceable, then the agreement to arbitrate the dispute will be null and void, and the parties must submit all claims to the jurisdiction of the courts in accordance with Article 21.

21.2.3 The arbitration must take place in ~~Carlsbad~~[San Diego](#), California (or in the city of our then-current headquarters).

21.2.4 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstance (a) assess punitive or exemplary damages, (b) certify a class or consolidated action, or (c) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Article 21 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

21.2.5 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties to this Agreement or as otherwise required by law.

21.2.6 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Article 21.4.

21.3 Injunctive Relief. You acknowledge that violation of the covenants not to compete and provisions contained in this Agreement regarding the Confidential Information, Marks, patents, and our and our affiliates' other

intellectual property would result in immediate and irreparable injury to us and our affiliates for which no adequate remedy at law will be available. Accordingly, you hereby acknowledge that, despite the parties' agreement to arbitrate, we have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, without any bond required, provided, however, we must contemporaneously submit our dispute for arbitration on the merits as provided in Section 21.2. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete outlined in this Agreement.

21.4 Costs and Attorneys' Fees. In the event either we or you institute a suit, action, or proceeding to enforce any term or provision of this Agreement, the prevailing party in the suit, action, or proceeding or its appeal will be entitled to recover from the losing party its Losses and Expenses, including attorneys' fees. If we or any of our affiliates incurs Losses and Expenses as a result of any breach by you or your owners of your or their obligations under this Agreement or related documents or instruments, we and our affiliates will be entitled to recover from you, whether or not any formal legal proceeding has been brought, the amount of all such Losses and Expenses and any interest or late charge from the due date.

21.5 Survival. The provisions of this Article 21 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

21.6 Tolling of Statute of Limitations. All applicable statutes of limitation and defenses based on the passage of time are tolled while the dispute resolution procedures in this Article 21 are pending. The parties will take such action, if any, required to effectuate such tolling.

21.7 Performance to Continue. Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute pursuant to this Article 21 unless to do so would be impossible or impracticable under the circumstances.

22. Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

22.1 this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to GOOD FEET Stores;

22.2 our relationship with you;

22.3 the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to GOOD FEET Stores; or

22.4 any System standard or specification;

will be governed, interpreted, and construed according to the laws of the state in which the Development Area is located, without regard to its conflict of laws principles. However, if the Development Area encompasses portions of more than one state, the governing law will be the laws of the state in which you maintained your principal business address as of the Effective Date, without regard to its conflict of laws principles.

23. Choice of Forum. Subject to the arbitration obligations in Section 21.2, we and you agree that any action brought by us or you against the other must be instituted in a state or federal court having subject matter jurisdiction thereof located closest to where the Good Feet franchisor has its principal business address at the time the action is commenced, and you irrevocably waive any objection you may have to the jurisdiction of or the venue in such courts. Nonetheless, you and your owners agree that the Good Feet franchisor may enforce this Agreement or an arbitration award in the courts of the states in which your GOOD FEET Stores are located.

24. Notices and Approvals. All written notices, requests for approval, and reports permitted or required to be sent or delivered by the provisions of this Agreement will be made in writing and deemed delivered at the time delivered by hand, one (1) business day after sending by telecopy or electronic mail (with a confirming copy sent by mail), or one (1) day after being deposited with an internationally-recognized commercial overnight delivery service. Notices will be addressed to the party to be notified at its most current business address of which the notifying party has been notified. Whenever this Agreement requires our prior approval or consent, such approval or consent may be granted or denied as we deem best. You must make a timely written request for approval, and approval must be obtained in a signed writing. Any approval may be conditioned as we deem appropriate or granted on a test basis.
25. JURY TRIAL WAIVER. SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS IN SECTION 21.2, WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. WE AND YOU EACH ACKNOWLEDGE THAT WE AND YOU MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.
26. DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US AND OUR AFFILIATES PURSUANT TO THIS AGREEMENT OR ANY FRANCHISE AGREEMENT ENTERED INTO UNDER THIS AGREEMENT, AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR TREBLE DAMAGES AGAINST THE OTHER.
27. Limitation of Actions. Except for claims arising from your non-payment or underpayment of amounts you owe us or our affiliates, we and you agree that no action (whether for damages or injunctive, equitable, or other relief, including but not limited to rescission) shall be maintained to enforce any liability or obligation of the other party or its affiliates, whether arising from this Agreement, from the relationship of the parties to this Agreement, or otherwise, unless brought before the expiration of two (2) years after the act, transaction, or occurrence upon which it is based, expiration of one (1) year after the discovery by the plaintiff of the facts constituting such act, transaction, or occurrence, or ninety (90) days after delivery to the plaintiff of a written notice disclosing the act, transaction, or occurrence, whichever shall first expire, except that where applicable law mandates or makes possible by notice or otherwise a shorter period, such shorter period will apply.
28. Multiple Copies and Electronic Records. This Agreement may be executed in multiple copies, each of which will be deemed an original, and all of which when taken together shall constitute one and the same document. You expressly consent and agree that we may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions between us and you in electronic form. You expressly agree that electronic copies of this Agreement and related agreements between us and you are valid. You also expressly agree not to contest the validity of the originals or copies of this Agreement and related agreements, absent proof of altered data or tampering. You also expressly agree to execution of this Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an "electronic signature" and the legal equivalent of your handwritten signature.
29. Entire Agreement. This Agreement, together with any exhibits, addenda and appendices hereto, constitutes the sole agreement between you and us with respect to the entire subject matter of this Agreement and embodies all prior agreements and negotiations with respect to your development of GOOD FEET Stores authorized hereunder. There are no representations or warranties of any kind, express or implied, except as contained herein or in the Franchise Disclosure Document provided to you at least fourteen (14) days before you signed this Agreement or paid us any money in connection with the area development rights hereunder. **NOTHING IN THIS OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS GOOD FEET MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT IT FURNISHED TO FRANCHISEE.**

30. Force Majeure. Neither we (or our affiliates) nor you shall be responsible for non-performance or delays in performance under this Agreement occasioned by causes beyond our (or their) or your control, including without limitation: (a) acts of God, including but not limited to epidemics, pandemics, or material shortages or unavailability; (b) acts of war, terrorism, or insurrection; and/or (c) governmental mandated shut-downs or reductions in operations, strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of or after the occurrence. Under no circumstances do any financing delays, difficulties, or shortages, or the alleged unavailability of acceptable sites in the Development Area for GOOD FEET Stores, excuse your failure to perform or delay in performing your obligations under this Agreement.
31. Other Franchisees/Area Developers. You acknowledge that other GOOD FEET franchisees/area developers have been or will be granted franchises or area development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement and that our practices regarding granting and enforcing such agreements may vary. You shall not be entitled to require us to grant you a like or similar variation thereof.
32. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors-in-interest and may not be modified except by written agreement signed by both you and us that is specifically identified as an amendment to this Agreement.
33. No Waiver or Disclaimer of Reliance in Certain States.

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

Franchisor:

GOOD FEET WORLDWIDE, LLC

By: _____

Name Printed: Joe Herlihy

Title: Chief Operating Officer & Chief Legal Officer

EFFECTIVE DATE: _____

AREA DEVELOPER ACKNOWLEDGES AND AGREES THAT IT (1) HAS SPECIFICALLY REVIEWED THE COMPLETED VERSION OF EXHIBITS B (OWNERSHIP ADDENDUM) AND D (SILENT INVESTORS), (2) IS BOUND THEREBY, (3) IS BEST POSITIONED, BETWEEN THE PARTIES, TO VERIFY THE ACCURACY OF THE INFORMATION PROVIDED AND CONTAINED THEREIN, AND (4) HAS CAUSED ALL REQUIRED PARTIES TO RECEIVE, REVIEW AND EXECUTE EXHIBIT C (PERSONAL COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION). AS SUCH, WE ARE ENTITLED TO RELY ON SUCH INFORMATION. AREA DEVELOPER REPRESENTS AND WARRANTS THAT ALL SUCH INFORMATION IS TRUE, CORRECT AND COMPLETE AS OF THE

DATE OF AREA DEVELOPER'S EXECUTION OF THIS AGREEMENT, PROVIDED, HOWEVER, THAT AN IMMATERIAL INACCURACY IN SUCH INFORMATION SHALL NOT BE A DEFAULT UNDER THIS AGREEMENT.

The following representation applies to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

EACH OF THE UNDERSIGNED PARTIES REPRESENTS AND WARRANTS THAT THE AREA DEVELOPER HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE, PROFIT OR THE SUCCESS OF THIS DEVELOPMENT OPPORTUNITY IN SO SIGNING.

Area Developer:

By: _____
(Authorized Representative)

Name Printed: _____

Title: _____

Date: _____

EXHIBIT A
MAP OF DEVELOPMENT AREA

(Attached, if applicable)

EXHIBIT B
OWNERSHIP ADDENDUM

1. **MANAGING OWNER.** The name, email address and home address of the Managing Owner are as follows:

Name: _____

Email: _____

Home Address: _____

2. **FORM OF ENTITY OF AREA DEVELOPER.**

Area Developer was organized as a _____ on _____, under the laws of the State/Commonwealth of _____. It has not conducted business under any name other than its corporate or company name. Its principal business address is _____.

<u>Name of Each Director/Officer/Partner/Manager/Managing Member</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____

3. **OWNERS.**

(a) **Ownership Interests.** Area Developer and each of its Owners represent and warrant that the following is a complete and accurate list of all owners of any direct or indirect ownership interest whatsoever in Area Developer, constitutes Area Developer's Ownership Group as described in Article 8 of the Area Development Agreement, including the full name, e-mail address, and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Area Developer. Area Developer and each Owner, as to his or her ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his or her ownership interest in Area Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

<u>Owner's Name, Email Address & Address</u>	<u>Percentage of Ownership Interest</u>
Name _____	_____
Email _____	
Address _____	
Name _____	_____
Email _____	
Address _____	
Name _____	_____
Email _____	
Address _____	

Owner's Name, Email Address & Address

Percentage of Ownership Interest

Name_____

Email_____

Address_____

Name_____

Email_____

Address_____

Name_____

Email_____

Address_____

EXHIBIT C
PERSONAL COVENANTS REGARDING
CONFIDENTIALITY AND NON-COMPETITION

In conjunction with your role in Area Developer, you (“Owner” or “you”) acknowledge and agree as follows:

1. Area Developer has the right, pursuant to an Area Development Agreement (“Area Development Agreement”) with Good Feet Worldwide, LLC (“Franchisor” or “We”), to develop multiple GOOD FEET Stores in a specific territory. The Area Development Agreement requires persons with certain legal or beneficial ownership interests in Area Developer to be personally bound by confidentiality and noncompetition covenants.
2. You own or intend to own a legal or beneficial ownership interest in Area Developer, or you have been designated a Managing Owner (as defined by the Area Development Agreement) of Area Developer, and acknowledge and agree that your execution of this Personal Covenants Regarding Confidentiality and Non-Competition Agreement (“Agreement”) is a condition to such ownership interest or such designation, as applicable, and that you have received good and valuable consideration for executing this Agreement. We may enforce this Agreement directly against you and Your Owners (as defined below).
3. As a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you (“Your Owners”) must also execute this Agreement.
4. We possess (and will continue to develop and acquire), and may disclose to you, certain confidential information (the “Confidential Information”) relating to the development and operation of GOOD FEET Stores, which may include, without limitation: (1) location selection criteria and plans and specification for the development of GOOD FEET Stores; (2) methods, formats, specifications, standards, systems, procedures, the Operations Manual, any other proprietary materials, and the sales and marketing techniques used, and knowledge of and experience in, developing and operating GOOD FEET Stores; (3) sales, marketing, and advertising programs and techniques for GOOD FEET Stores; (4) knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; (5) knowledge of the operating results and financial performance of GOOD FEET Stores other than the GOOD FEET Stores developed pursuant to the Area Development Agreement; (6) methods of training and management relating to GOOD FEET Stores; (7) computer system and software programs used or useful in GOOD FEET Stores; and (8) other information related to GOOD FEET Stores generally that is labeled proprietary or confidential. The Confidential Information includes, without limitation, all customer lists and information for the GOOD FEET Stores developed pursuant to the Area Development Agreement and GOOD FEET Stores generally.
5. You and Your Owners may gain access to parts of our Confidential Information as a result of investing in Area Developer. The Confidential Information is proprietary and includes our trade secrets. You and Your Owners hereby agree that while you and they have a management role or legal or beneficial ownership interest in Area Developer, and thereafter, you and they: (a) will not use the Confidential Information in any other business or capacity, such use being an unfair method of competition; (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or Your Owners cease to have a management role or legal or beneficial ownership interest in Area Developer, you and Your Owners must deliver to us any such Confidential Information in your or their possession.
6. You specifically acknowledge that you may receive valuable, specialized training, Confidential Information, and other proprietary and specialized information and knowledge that provide a valuable, competitive advantage in operating a GOOD FEET Store. You further acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage the free exchange of ideas and information among our area developers if you were permitted to hold interests in or perform services for a competitive business, as defined in the Area Development Agreement (each a “Competitive Business”), and we have granted the Area Developer certain rights under the Area Development Agreement in consideration of, and in reliance upon, your agreement to deal exclusively with us. You therefore covenant that during the term of the Area Development Agreement (except as otherwise

approved in writing by us), you, Your Owners, and your and their immediate families shall not, either directly, indirectly, or through, on behalf of, or in conjunction with any person or legal entity:

- (a) Divert or attempt to divert any present or prospective business or customer of any GOOD FEET Store to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or
- (b) Own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business or any business or other venture offering or selling franchises or licenses for a Competitive Business.

7. You covenant that, except as otherwise approved in writing by us, you shall not for a continuous, uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Article 18 of the Area Development Agreement, (b) expiration of the Area Development Agreement, (c) termination of the Area Development Agreement (regardless of the cause for termination), or (d) a final order of a duly-authorized arbitrator, panel of arbitrators, or court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Paragraph 7, either directly or indirectly, for yourself or your spouse, parent (including step-parents), sibling (including half-siblings), or child (including step-children), whether natural or adopted, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business, or any business or other venture offering or selling franchises or licenses for a Competitive Business, that is, or is intended to be, located or operating within (a) the Development Area, (b) three (3) miles of any GOOD FEET Stores developed pursuant to the Area Development Agreement, or (c) three (3) miles of any GOOD FEET Store in operation or under construction as of the date that you are required to comply with this Paragraph 7. You agree and acknowledge that the two (2) year period of this restriction shall be tolled during any time period in which you are in violation of this restriction.

The restrictions in this Paragraph 7 do not apply to the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

8. You and each of Your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Paragraphs 6 and 7 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy. We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause irreparable harm. You and each of Your Owners acknowledges that any violation of Paragraphs 4, 5, 6, or 7 hereof would result in irreparable injury for which no adequate remedy at law may be available. If we file a claim to enforce this Agreement and prevail in such proceeding, you agree to reimburse us for all of our costs and expenses, including reasonable attorneys' fees.
9. This Exhibit C shall be governed by, and construed in accordance with, the laws of the state in which Area Developer's Development Area is located, without regard to principles of conflicts of law. However, if such Development Area encompasses portions of more than one state, the governing law will be the laws of the state in which Area Developer maintained its principal business address as of the Effective Date of the Area Development Agreement, without regard to its conflict of laws principles. You agree that any legal proceeding relating to this Exhibit C or the enforcement of any provision of this Exhibit C shall be brought in a state or federal court having subject matter jurisdiction thereof located closest to where the Good Feet franchisor has its principal business address at the time the action is commenced, and you irrevocably waive any objection you may have to the jurisdiction of or the venue in such courts. Nonetheless, you agree that

the Good Feet franchisor may enforce this Exhibit C in the courts of the states in which Area Developer's GOOD FEET Stores are located.

10. **YOU HAVE CAREFULLY READ THIS APPENDIX, HAVE HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL REGARDING ITS CONTENTS, AND HAVE HAD THE OPPORTUNITY TO CAREFULLY EVALUATE THE FRANCHISE OFFERING. YOU UNDERSTAND THAT YOU ARE AGREEING TO RESTRICT YOUR COMPETITIVE BUSINESS ACTIVITY BOTH DURING AND AFTER THE TERM OF THE AREA DEVELOPMENT AGREEMENT.**

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature effective as of the Effective Date of the Area Development Agreement.

OWNER(S):

Name: _____, Individually
_____, Individually

Dated: _____

Name: _____, Individually
_____, Individually

Dated: _____

Name: _____, Individually
_____, Individually

Dated: _____

Name:

Dated: _____

Name:

Dated: _____

Name:

Dated: _____

MANAGING OWNER:

[Insert Name], Individually

Dated: _____

EXHIBIT D
SILENT INVESTORS

Area Developer has the right pursuant to the Area Development Agreement to develop multiple GOOD FEET Stores in a specific territory. The Area Development Agreement requires persons with certain legal or beneficial ownership interests in Area Developer to be personally bound by confidentiality and noncompetition covenants or to be designated as a “Silent Investor” and comply with certain requirements. Capitalized terms not defined herein have the meanings set forth in the Area Development Agreement. In conjunction with your investment in Area Developer, Area Developer and its Owners acknowledge and agree as follows:

1. Silent Investor. As used in the Area Development Agreement and herein, the term “Silent Investor” means and refers to the following individuals and/or entities:

<u>Silent Investor Name and Address</u>	<u>Percentage Ownership Interest</u>
Silent Investor: _____ Address: _____	_____ %

2. Additional Silent Investors/Franchisor Approval. The addition of Silent Investors, as well as the equity interest of each such Silent Investor, are subject to the Franchisor’s prior written approval. Specifically, Area Developer may not add any new Silent Investor unless such person or entity, and any other person or entity that directly or indirectly controls such person or entity, first satisfies, to Franchisor’s satisfaction, Franchisor’s then-current character and financial requirements applicable to all GOOD FEET Store franchisees at the time, including, without limitation, the completion of a satisfactory background check and credit check conducted by (or on behalf of) Franchisor. Area Developer and Managing Owner (“Area Developer Parties”) must notify Franchisor within seven (7) calendar days after the date that any Silent Investor ceases having an ownership interest in Area Developer.
3. Silent Investor Prohibitions. Area Developer Parties each agree that no Silent Investor will:
- A. Undertake or exercise an active role in the management or operation of any GOOD FEET Store;
 - B. Have or otherwise acquire access to Confidential Information (as defined in Exhibit C) or other operating information, including information set forth in any operations manual (and/or any component thereof); or
 - C. Disclose his/her/its ownership interest in the Area Developer to any third party, except for professional advisors that need to know or as required by law.
4. Covenants of Area Developer Parties. Area Developer Parties each covenant that they will not give, provide, disseminate, create access to, or otherwise release any or all of the following to any Silent Investor: Confidential Information, operating information other than financial statements, marketing techniques or materials that are similar to those used in the System, pricing structures similar to those used in the System, any of Franchisor’s procedures or systems, and any other information that Franchisor designates as proprietary or confidential. Area Developer Parties further acknowledge, understand and agree that if a Silent Investor learns Confidential Information or other operating information at any time

during or after the term of the Area Development Agreement, Area Developer Parties will be presumed to have disclosed such Confidential Information or other operating information to the Silent Investor(s).

5. Representation and Warranty. Area Developer Parties expressly represent and warrant to Franchisor that the individuals and/or entities identified in Paragraph 1 above constitute all Silent Investors as of the Effective Date and that no different or additional Silent Investors will acquire or otherwise obtain an interest in Area Developer absent compliance with the conditions described in Article 2 above.
6. Liability for Damages. If any or all of the Area Developer Parties violate the confidentiality or non-competition provisions of the Area Development Agreement and/or Paragraph 4 (above), the Area Developer Parties will be jointly and severally liable for any such breach, including, to the fullest extent possible, all damages and costs resulting from Franchisor's enforcement or attempted enforcement against any or all Area Developer Parties of any provision of this Exhibit or the Area Development Agreement.
7. Cross Default. For the avoidance of doubt, any breach or default under this Exhibit D (including, without limitation, Paragraph 4 above) will be deemed an incurable default under the Area Development Agreement. Area Developer Parties acknowledge that a violation of Paragraphs 3 and/or 4 of this Exhibit would result in irreparable injury for which no adequate remedy at law may be available. If Franchisor files a claim to enforce the terms of this Exhibit D and prevails in such proceeding, Area Developer Parties agree to reimburse Franchisor for all its costs and expenses, including reasonable attorneys' fees.

EXHIBIT D
FINANCIAL STATEMENTS

Good Feet Worldwide, LLC

Financial Report
December 31, 2023

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Independent Auditor's Report

Audit Committee
Good Feet Worldwide, LLC

Opinion

We have audited the financial statements of Good Feet Worldwide, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of income, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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 then ended 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 issued or 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.

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.

RSM US LLP

Irvine, California
May 17, 2024

Good Feet Worldwide, LLC

Balance Sheets

December 31, 2023 and 2022

	2023	2022
Asset		
Current assets:		
Cash	\$ 39,832	\$ 1,023,153
Receivable from Dr.'s Own, LLC, net	1,188,794	195,942
Prepaid expenses and other current assets	735,274	231,711
Total current assets	1,963,900	1,450,806
Noncurrent assets:		
Property and equipment, net	3,737,796	74,524
Right-of-use assets—finance lease	469,445	-
Patent rights, net	2,470	4,519
Total noncurrent assets	4,209,711	79,043
Total assets	\$ 6,173,611	\$ 1,529,849
Liabilities and Member's Equity		
Current liabilities:		
Accrued expenses	\$ 474,519	\$ 377,601
Current portion of finance lease liabilities	91,771	-
Total current liabilities	566,290	377,601
Noncurrent liabilities:		
Finance lease liabilities, net of current portion	397,193	-
Contingent liability	-	790,869
Total noncurrent liabilities	397,193	790,869
Total liabilities	963,483	1,168,470
Commitments and contingencies (Notes 4, 6, 7 and 8)		
Member's equity	5,210,128	361,379
Total liabilities and member's equity	\$ 6,173,611	\$ 1,529,849

See notes to financial statements.

Good Feet Worldwide, LLC

Statements of Income

Years Ended December 31, 2023 and 2022

	2023	2022
Income:		
Vendor fees from Dr.'s Own, LLC	\$ 4,440,000	\$ 4,440,000
Franchise fees	3,846,963	3,071,124
Royalties	1,488,668	83,830
	9,775,631	7,594,954
Operating expenses:		
Marketing and promotion	2,255,751	2,710,979
Salaries and related expenses	2,796,174	2,419,707
Professional services	632,813	441,142
Franchise costs	602,495	531,020
Travel and convention	1,143,218	1,046,687
Amortization and depreciation	356,307	7,283
Other operating expenses	1,044,764	247,104
Total operating expenses	8,831,522	7,403,922
Net income	\$ 944,109	\$ 191,032

See notes to financial statements.

Good Feet Worldwide, LLC

**Statements of Changes in Member's Equity
Years Ended December 31, 2023 and 2022**

Balance, December 31, 2021	\$ 3,580,339
Net income	191,032
Distributions	(3,500,000)
Equity-based compensation	90,008
Balance, December 31, 2022	361,379
Net income	944,109
Contributions	3,803,924
Equity-based compensation	100,716
Balance, December 31, 2023	<u>\$ 5,210,128</u>

See notes to financial statements.

Good Feet Worldwide, LLC

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income	\$ 944,109	\$ 191,032
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Amortization and depreciation	336,788	7,283
Amortization—right-of-use lease assets—finance	19,519	-
Equity-based compensation	100,716	90,008
Contingent liability	(790,869)	402,390
Changes in operating assets and liabilities:		
Receivable from Dr.'s Own, LLC	(992,852)	1,472,320
Prepaid expenses and other current assets	(501,514)	58,690
Accrued expenses	96,918	62,577
Net cash (used in) provided by operating activities	(787,185)	2,284,300
Cash flows from investing activities:		
Purchases of property and equipment	-	(79,758)
Net cash used in investing activities	-	(79,758)
Cash flows from financing activities:		
Distributions, net	(196,136)	(3,500,000)
Net cash used in financing activities	(196,136)	(3,500,000)
Net decrease in cash	(983,321)	(1,295,458)
Cash:		
Beginning	1,023,153	2,318,611
Ending	<u>\$ 39,832</u>	<u>\$ 1,023,153</u>
Supplemental schedule of noncash financing activities:		
Purchased equipment through finance leases	\$ 477,881	\$ -
Transfer of property and equipment through contribution	\$ 4,000,060	\$ -
Recognition of right-of-use lease assets—finance lease	\$ 469,445	\$ -

See notes to financial statements.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Nature of business and organization: Good Feet Worldwide, LLC (the Company) was formed in the state of Delaware on December 20, 2004, for the purpose of franchising Good Feet stores domestically and internationally. On April 6, 2020, the Company was acquired by Good Feet Holdings, LLC, which became the sole member of the Company. Prior to the acquisition, the sole member of the Company was Quest Acquisition, LLC.

A summary of the Company's significant accounting policies is as follows:

Basis of presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The following financial statements are presented on a historical basis and no pushdown accounting was applied from the acquisition by Good Feet Holdings, LLC on April 6, 2020.

Use of estimates: The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Significant estimates include the contingent liability, allowance for credit losses, useful lives of long-lived assets, valuation of equity-based compensation, payroll and bonus allocation rates and related expense accruals. Actual results could differ from those estimates.

Cash: The Company considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. The Company maintains its cash accounts at a certain U.S. financial institution, which is insured by the Federal Deposit Insurance Corporation. The Company's accounts at this institution, at times, may exceed the federally insured limits. The Company has not experienced any losses in such accounts. There were no cash equivalents held by the Company as of December 31, 2023 or 2022.

Accounts receivable: Accounts receivable are recorded and carried at the original invoiced amount, less an allowance for credit losses. The Company reviews accounts receivable regularly and makes estimates for the allowance for credit losses when there is doubt as to the ability to collect individual balances. In evaluating the ability to collect outstanding receivable balances, the Company considers many factors, including the age of the balance, the customer's payment history and current creditworthiness, and current economic trends. Bad debts are charged against the allowance after all collection efforts have ceased. The Company does not require collateral from its customers. There was no allowance as of December 31, 2023 or 2022.

Property and equipment: Property and equipment are carried at cost less accumulated depreciation by the straight-line method over the estimated useful lives of the individual assets, ranging from three to seven years. Maintenance and repairs are charged to expense as incurred. Expenditures that extend the useful lives of assets are capitalized. Depreciation expense related to property and equipment was approximately \$338,000 and \$5,200 for the years ended December 31, 2023 and 2022, respectively.

Intangibles: Intangibles consist of licensing rights for the use of domestic and foreign patents for inventions owned by Dr.'s Own, LLC (Dr.'s Own, related party). The intangibles are amortized using the straight-line method over the estimated useful lives of patents. Intangible assets are reviewed for impairment annually or when events or circumstances indicate their carrying amount may not be recoverable. Based on management's review, no impairment was recorded for the years ended December 31, 2023 and 2022.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue recognition: The Company recognizes revenues when the transfer of control of promised goods or services passes to its customers, in amounts that reflect the consideration to which it expects to be entitled in exchange for those goods or services (see Note 2).

Franchise fees: As discussed in Note 2, the Company charges initial franchise fees, monthly advertising fees and royalty fees. Initial franchise fees relating to area franchise sales are recognized when all material services or conditions relating to the sales have been substantially performed or satisfied by the franchisor. Revenue that may have to be refunded because future services are not performed is not recognized by the Company until the franchisee has no right to receive a refund. Continuing franchise fees are considered to have a single performance obligation which is satisfied over time. Costs relating to continuing franchise fees are expensed as incurred. As discussed in Note 2, during 2022, the Company started collecting royalties on new stores opened in 2022 at a rate of 0.5% of the store revenue. Beginning January 1, 2023, the Company started collecting royalties on all eligible stores open-to-date, at a rate of 0.5% of the store revenue.

Exclusive vendor agreement: Monthly fees relating to the exclusive vendor agreement are considered to have a single performance obligation, which is recognized over time (see Note 4).

Equity-based compensation: The Company recognizes compensation expense for unit-based compensation based on the estimated fair value and substance of the awards. Compensation expense for all unit-based awards is based on the grant-date fair value and recorded over the requisite service period.

Income taxes: The Company operates as a single-member limited liability company (LLC) and disregarded entity under the provisions of the Internal Revenue Code. Consequently, federal income taxes are not payable by, or provided by, the Company. As an LLC, the Company's taxable income or loss is allocated to the sole member in accordance with the LLC agreement. Therefore, no provision or liability for federal income taxes has been included in the financial statements. For state income tax purposes, California law requires a minimum annual tax of \$800 in addition to a fee based on total revenue. Several other states also have a minimum tax.

Accounting for uncertain tax positions: The Company adheres to the accounting standards related to the recognition of uncertain tax positions. These standards provide detailed guidance for financial statements recognition, measurement and disclosure of uncertain tax positions taken or expected to be taken on the income tax returns. The Company will record a liability for uncertain tax positions when it is more likely than not that the position would not be sustained if examined by the taxing authority. Management has determined that the Company does not have any uncertain tax positions as of December 31, 2023 or 2022. The Company files income tax returns in the United States and various state and local jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by U.S. federal, state or local authorities for years before 2020.

Advertising: Advertising expense is related to the preparation of advertising and marketing material and is expensed as incurred. Advertising expense was approximately \$2,256,000 and \$2,711,000 for the years ended December 31, 2023 and 2022, respectively.

Fair value of financial instruments: The Company's financial instruments consist of cash and notes receivable for which their current carrying amounts approximate fair market value.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Variable interest entities (VIE): U.S. GAAP addresses the consolidation of business enterprises in which the usual condition (ownership of a majority voting interest) of consolidation does not normally apply. The interpretation focuses on controlling financial interests that may be achieved through arrangements that do not involve voting interests. It concludes that in the absence of clear control through voting interests, a company's exposure (variable interest) to the economic risks and potential rewards from the variable interest entity's assets and activities are the best evidence of control. Based on the Company's initial determination and events occurring subsequent to that determination, the Company has determined that none of its related-party entities are VIEs that require consolidation, including, but not limited to, Dr.'s Own.

Reclassification: Certain amounts on the statements of income as of and for the year ended December 31, 2022, have been reclassified, with no effect on net income, to be consistent with the classifications adopted for the year ended December 31, 2023.

Recent accounting pronouncements—recently adopted: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. This ASU was effective for the Company beginning on January 1, 2023. The adoption of ASU 2016-13 did not have a material impact on the financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Accounting Standards Codification (ASC) 740 and also clarifies and amends existing guidance to improve consistent application. This ASU was effective for the Company beginning on January 1, 2022. The adoption of ASU 2019-12 did not have a significant impact on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

A modified retrospective transition approach is required and early adoption is permitted. An entity may adopt the guidance either: (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company adopted the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment, and did not present comparative periods. The Company has elected the package of practical expedients permitted in Topic 842. Accordingly, the Company accounted for its existing operating leases as operating leases, without reassessing: (a) whether the contracts contain a lease under Topic 842, (b) whether classification of the leases would be different in accordance with Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in Topic 842 at lease commencement. No cumulative-effect adjustment was recognized to the 2021 opening balance of members' equity.

Lastly, the Company elected the practical expedient for nonpublic business entities under Accounting Standards Codification (ASC) 842-20-30-3, which allows a lessee to use a risk-free rate for a period comparable to the lease term. This standard did not have any impact on the Company's financial statements.

Note 2. Revenue Recognition

Adoption of ASC Topic 606, Revenue From Contracts With Customers: Effective January 1, 2020, the Company adopted the requirements of Topic 606. The Company elected to utilize the modified retrospective transition method, which allows the Company to evaluate the impact of contract modifications as of the adoption date rather than evaluating the impact of the modifications at the time they occurred prior to the adoption date.

Revenue recognition: The Company recognizes revenue in accordance with ASC Topic 606, Revenue From Contracts With Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when, or as, performance obligations are satisfied

Identification of the contract(s) with a customer: The Company considers the terms and conditions of the contract, customary business practices and implied obligations to the customer in identifying contracts under ASC 606. The Company determines that it has a contract with a customer when the contract is approved, it can identify each party's rights regarding the services to be transferred, the payment terms for the services, it can determine the customer has the ability and intent to pay, and the contract has commercial substance. For franchise revenue, the Company has determined that collection of substantially all of the amount to which it will be entitled in exchange for its services transferred to the customer is probable, as the customer is required to have an active payment account on file.

Note 2. Revenue Recognition (Continued)

Identification of the performance obligations in the contract: Promised and implied performance obligations in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own, and are distinct in the context of the contract, whereby the transfer of the service is separately identifiable from other promises in the contract. If these criteria are not met, the promised services are accounted for as a combined performance obligation.

Determination of the transaction price: The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer. The current standard franchise agreement provides for payment to the Company of a nonrefundable initial franchise fee of \$25,000 per territory and \$10,000 per additional retail store opened within the territory. Continuing franchise fees are calculated as a percentage of franchise sales that are related entirely to performance obligations under the franchise agreements.

For the years ended December 31, 2023 and 2022, the Company charged a monthly advertising fee of \$1,500 per month per store or 3% of monthly store sales, whichever is less. As discussed in Note 1, during 2022, the Company started collecting royalties on new stores opened in 2022 at a rate of 0.5% of the store revenue. Beginning January 1, 2023, the Company started collecting royalties on all eligible stores open-to-date, at a rate of 0.5% of the store revenue.

The Company has a Franchise Incentive Plan for all qualified existing franchisees in substantial compliance with the franchise agreements. Under the Plan, if an existing franchisee wants store development rights in a new territory, the franchisee will not be subject to any development or initial franchise fees for the new stores to be developed. The Company may end the Franchise Incentive Plan at its discretion.

There were no initial franchise fees for new franchise owners, nor were there renewal fees for both the years ended December 31, 2023 and 2022.

Allocation of the transaction price to the performance obligations in the contract: If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative stand-alone selling price.

Recognition of revenue when, or as, the Company satisfies a performance obligation: Revenue is recognized at the time the related performance obligation is satisfied by transferring the control of the promised goods or service to a customer. Consideration received in advance of a performance obligation being satisfied is recorded as deferred revenue. The Company recognizes revenue in an amount that reflects the consideration it expects to receive in exchange for those goods and services. The Company generates all its revenue from contracts with customers.

Practical expedients:

Portfolio contracts: The Company elected to apply the portfolio practical expedient as all customer contracts have the same terms and conditions.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 2. Revenue Recognition (Continued)

Pre-opening services: The Company elected to apply the practical expedient for private-company franchisors to account for the pre-opening services provided to a franchisee as distinct from the franchise license. Pre-opening services include the assistance in the site selection, obtaining and preparing facilities for their intended use; training of the franchisee's personnel or the franchisee; preparation and distribution of manuals and similar material concerning operations, administration and record keeping; bookkeeping, information technology and advisory services; and inspection, testing and other quality control programs. The Company will recognize the related initial franchise fee at a point in time once those services have been completed.

Taxes: The Company elected the practical expedient to exclude from transactions all sales and similar taxes.

Franchise agreements: The franchise agreements include: (a) the right to operate a Good Feet store, in accordance with certain proprietary information; (b) nonexclusive license to Good Feet intellectual property, including trademarks and copyrighted materials; and (c) the right to use proprietary software. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

The following were the number of operating franchises as of December 31, 2023 and 2022:

	2023	2022
Total stores:		
Sold	-	-
Closed	4	2
In operation as of December 31	257	222
Transferred to new/existing franchisees	1	2
Opened	38	35
Stores owned and operated by Dr.'s Own as of December 31	27	26

Note 3. Advertising Fund

The Advertising Fund is accounted for separately from other monies and is not used for general operating expenses, except for costs, salaries, travel expenses, administrative costs and overhead incurred in activities reasonably related to administering the Advertising Fund and its marketing programs, including conducting market research, preparing advertising and marketing materials, general production costs and accounting for the Advertising Fund contribution and expenses. The Company may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from others (paying reasonable interest) and invest any surplus for future use. The Company may collect for deposit into the Advertising Fund any advertising or promotional monies. During 2022, spending on advertising costs exceeded contributions to the Advertising Fund for the year by approximately \$76,000. During 2023, there was excess funds of approximately \$735,000 related to the Advertising Fund which is included in the receivable from Dr.'s Own, LLC, and will be utilized during 2024.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 4. Related-Party Transactions

The Company shares employees and other operating expenses with Dr.'s Own related to the franchising business. Dr.'s Own directly incurs all payroll and operating expenses and charges the Company for its share of the expenses on a monthly basis. During 2023 and 2022, the Company paid Dr.'s Own approximately \$3,507,000 and \$1,927,000, respectively, for its share of payroll-related expenses, recorded within salary and related expenses on the statement of income. During 2023 and 2022, the Company paid Dr.'s Own approximately \$3,755,000 and \$2,273,000, respectively, for other operating expenses (excluding payroll expenses and advertising funds in Note 3).

A portion of the franchise revenue relates to stores owned and operated by Dr.'s Own, which contribute to the Advertising Fund (see Note 3). Revenue from these corporate-owned stores totaled approximately \$458,000 and \$367,000 for 2023 and 2022, respectively.

Effective January 1, 2009, the Company entered into an Exclusive Vendor Agreement with Dr.'s Own. In accordance with the agreement, Dr.'s Own has purchased the exclusive right to use the Good Feet brand on its merchandise in exchange for a fee of \$115,000 per month. Effective January 1, 2022, the Company amended the original Exclusive Vendor Agreement with Dr.'s Own and increased the fee to \$370,000 per month, with no updates in 2023. During both years ended December 31, 2023 and 2022, the Company recognized \$4,440,000 in revenue under this agreement, which has been recorded as operating income. At December 31, 2023 and 2022, the Company had a net receivable from Dr.'s Own of approximately \$1,189,000 and \$196,000, respectively.

The Company, Good Feet Holdings, LLC and Dr.'s Own, collectively, had a joint and several obligation under a term note from a financial institution that originally matured in February 2025, which was collateralized by substantially all assets of Good Feet Holdings, LLC, Dr.'s Own and the Company. On December 10, 2021, the Company refinanced its existing credit agreement with a new financial institution. As a result of the refinancing, all of the previously issued debt was fully paid and replaced with the new facility.

The new loan agreement includes the Company and Dr.'s Own as borrowers and matures on December 10, 2027. The new agreement includes credit facilities not to exceed \$95,000,000, consisting of term loans and up to \$5,000,000 in a revolving line. The obligations under the new facility are also guaranteed by Good Feet Holdings, LLC and its subsidiaries. The Company did not receive any proceeds from the loan and, as a result, has not recorded a liability as of December 31, 2023 and 2022. In the event of default, the Company may be liable for payment of any outstanding amount under the facility.

On June 28, 2023, the First Amendment of the credit agreement was executed (First Amendment), which modified the existing London Interbank Offered Rate (LIBOR) to Base Rate Term Loans or Secured Overnight Financing Rate (SOFR,) with an interest period as specified in the notice of conversion or continuation, effective as of expiration date of the original credit agreement.

On October 31, 2023, the Second Amendment of the credit agreement was executed (Second Amendment), which extended \$5,000,000 in additional term loan commitments.

The balance due on the term loans as of December 31, 2023 and 2022, was approximately \$93,188,000 and \$89,100,000, respectively.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 5. Management Bonus Plan

On April 6, 2020, the Board of Managers approved and adopted the Good Feet Holdings, LLC 2020 Management Bonus Plan to encourage certain employees to continue to work for Good Feet Holdings, LLC after the closing date of the acquisition (see Note 1), and to incentivize employees to continue to grow the overall business. The Board of Directors, and seller of the Company, at the time of the acquisition, agreed that the management bonus is to be paid by the seller as a component of the contingent consideration (earnout) received by the seller in the transaction. As of December 31, 2023, the earnout period had concluded, and the seller had received certain consideration under the earnout plan. As a result, the contingent liability recorded by the Company of approximately \$791,000 was reversed through salaries and related expenses on the statement of income for the year ended December 31, 2023. Any future amounts to be paid out under the management bonus plan are the responsibility of the seller.

Note 6. Commitments and Contingencies

Litigation: The Company is subject to legal proceedings and claims that arise in the normal course of business. In the opinion of management, the amount of ultimate liability with respect to currently pending or threatened actions is not expected to materially affect the financial position or results of operations of the Company.

Note 7. Class C Incentive Plan

In April 2020, a Class C Incentive Units (Class C Units) plan was formed. In accordance with the Class C Member Instrument and Contribution Agreements (Class C Agreements), Class C Units are granted to employees of the Company in return for services provided. The Class C Units vest over 10 years from the grant date, provided that the grantee continues to be employed by the Company or retained as a consultant. The value of incentive unit awards is determined based on the fair value of the award at the date of grant. As of December 31, 2023 and 2022, the plan has authorized the issuance of 1,000 Class C Units.

The plan allows the option, but not the obligation, to repurchase vested Class C Units held by grantees in the event the grantee ceases to provide services to the Company as an employee or nonemployee consultant. The repurchase price will be determined in accordance with the terms of the Class C Agreements.

The significant assumptions used to calculate the fair value of the Class C Units granted during the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Risk-free rate	4.00%	4.00%
Dividend yield	0%	0%
Volatility factor	60%	60%
Expected term	10 years	10 years

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 7. Class C Incentive Plan (Continued)

The following represents Class C Unit award activity with employees during the years ended December 31, 2023 and 2022:

	Number of Units	Weighted- Average Grant-Date Fair Value
Outstanding at December 31, 2021	412	\$ 2,076
Granted	10	5,150
Exercised	-	-
Forfeited/canceled	-	-
Outstanding at December 31, 2022	422	2,145
Granted	10	2,642
Exercised	-	-
Forfeited/canceled	(71)	2,215
Outstanding at December 31, 2023	361	2,642
Vested at December 31, 2023	135	\$ 2,169

Compensation cost of approximately \$101,000 and \$90,000 was recognized related to the fair value of outstanding employee Class C Units for the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, there was approximately \$595,000 and \$706,000, respectively, of unrecognized compensation expense related to employee Class C Units that will be recognized in future years. The compensation expense is recognized in salaries and related expenses on the statements of income.

Note 8. Lease Commitments

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company leased furniture and equipment from an unrelated party under a finance lease agreement. The lease includes a bargain purchase option exercisable at the end of lease term. The Company's leases generally do not contain any material restrictive covenants. Short-term lease expense is not material to the Company's financial statements.

Finance lease costs is recognized as a combination of the amortization expense of the right of-use asset and interest expense for the outstanding lease liabilities.

Weighted-average remaining lease term is approximately 4.9 years and the weighted-average discount rate is 4.45%.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 8. Lease Commitments (Continued)

Future undiscounted cash flows for each of the next five years and reconciliation to the lease liabilities recognized on the balance sheet as of December 31, 2023, are as follows:

Years ending December 31:

2024	\$ 111,289
2025	111,289
2026	111,289
2027	111,289
2028	97,687
Total lease payments	<u>542,843</u>
Less imputed interest	<u>(53,879)</u>
Total present value of lease liabilities	<u><u>\$ 488,964</u></u>

Note 9. Subsequent Events

The Company has evaluated subsequent events through May 17, 2024, which is the date the financial statements were available to be issued. Management believes that other than the items below, there are no additional subsequent events requiring recognition or disclosure.

Subsequent to year-end, the Company received payment of approximately \$1,189,000 toward the outstanding related-party receivable.

Subsequent to year-end, the Company opened 13 new stores which are owned and operated by franchisees.

Good Feet Worldwide, LLC

Financial Report
December 31, 2022

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Independent Auditor's Report

Audit Committee
Good Feet Worldwide, LLC

Opinion

We have audited the financial statements of Good Feet Worldwide, LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of income, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 issued or 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.

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.

RSM US LLP

Irvine, California
May 2, 2023

Good Feet Worldwide, LLC

Balance Sheets

December 31, 2022 and 2021

	2022	2021
Asset		
Current assets:		
Cash	\$ 1,023,153	\$ 2,318,611
Receivable from Dr.'s Own, LLC, net	195,942	1,668,262
Prepaid expenses and other current assets	231,711	290,401
Total current assets	1,450,806	4,277,274
Noncurrent assets:		
Property and equipment, net	74,524	-
Patent rights, net	4,519	6,568
Total noncurrent assets	79,043	6,568
Total assets	\$ 1,529,849	\$ 4,283,842
Liabilities and Member's Equity		
Current liabilities:		
Accrued expenses	\$ 377,601	\$ 315,024
Total current liabilities	377,601	315,024
Noncurrent liabilities:		
Contingent liability	790,869	388,479
Total noncurrent liabilities	790,869	388,479
Total liabilities	1,168,470	703,503
Commitments and contingencies (Notes 4, 6, 7 and 8)		
Member's equity	361,379	3,580,339
Total liabilities and member's equity	\$ 1,529,849	\$ 4,283,842

See notes to financial statements.

Good Feet Worldwide, LLC**Statements of Income****Years Ended December 31, 2022 and 2021**

	2022	2021
Income:		
Vendor fees from Dr.'s Own, LLC	\$ 4,440,000	\$ 3,420,000
Franchise fees	3,154,954	1,368,428
	<u>7,594,954</u>	<u>4,788,428</u>
Operating expenses:		
Marketing and promotion	2,710,979	1,127,222
Salaries and related expenses	2,419,707	1,839,224
Professional services	441,142	461,042
Franchise costs	531,020	450,380
Travel and convention	1,046,687	437,757
Amortization and depreciation	7,283	2,220
Other operating expenses	247,104	63,952
Total operating expenses	<u>7,403,922</u>	<u>4,381,797</u>
Income from operations	191,032	406,631
Other income:		
Interest income	-	519
Net income	<u><u>\$ 191,032</u></u>	<u><u>\$ 407,150</u></u>

See notes to financial statements.

Good Feet Worldwide, LLC

Statements of Changes in Member's Equity
Years Ended December 31, 2022 and 2021

Balance, December 31, 2020	\$ 82,241
Net income	407,150
Contributions	3,000,000
Equity-based compensation	90,948
Balance, December 31, 2021	<u>3,580,339</u>
Net income	191,032
Distributions	(3,500,000)
Equity-based compensation	<u>90,008</u>
Balance, December 31, 2022	<u><u>\$ 361,379</u></u>

See notes to financial statements.

Good Feet Worldwide, LLC

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	\$ 191,032	\$ 407,150
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization and depreciation	7,283	2,220
Equity-based compensation	90,008	90,948
Contingent liability	402,390	230,531
Changes in operating assets and liabilities:		
Receivable from Dr.'s Own, LLC	1,472,320	(1,590,162)
Prepaid expenses and other current assets	58,690	(260,704)
Accrued expenses	62,577	202,254
Net cash provided by (used in) operating activities	2,284,300	(917,763)
Cash flows from investing activities:		
Purchases of property and equipment	(79,758)	-
Net cash used in investing activities	(79,758)	-
Cash flows from financing activities:		
Distributions	(3,500,000)	-
Contributions	-	3,000,000
Net cash (used in) provided by financing activities	(3,500,000)	3,000,000
Net (decrease) increase in cash	(1,295,458)	2,082,237
Cash, beginning	2,318,611	236,374
Cash, ending	\$ 1,023,153	\$ 2,318,611

See notes to financial statements.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Nature of business and organization: Good Feet Worldwide, LLC (the Company) was formed in the state of Delaware on December 20, 2004, for the purpose of franchising Good Feet stores domestically and internationally. On April 6, 2020, the Company was acquired by Good Feet Holdings, LLC, which became the sole member of the Company. Prior to the acquisition, the sole member of the Company was Quest Acquisition, LLC.

A summary of the Company's significant accounting policies is as follows:

Basis of presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The following financial statements are presented on a historical basis and no pushdown accounting was applied from the acquisition by Good Feet Holdings, LLC on April 6, 2020.

Use of estimates: The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Significant estimates include the contingent liability, allowance for doubtful accounts, useful lives of long-lived assets, payroll and bonus allocation rates and related expense accruals. Actual results could differ from those estimates.

Cash: The Company considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. The Company maintains its cash accounts at a certain U.S. financial institution, which is insured by the Federal Deposit Insurance Corporation. The Company's accounts at this institution, at times, may exceed the federally insured limits. The Company has not experienced any losses in such accounts. There were no cash equivalents held by the Company as of December 31, 2022 or 2021.

Accounts receivable: Accounts receivable represents franchise fees earned but not collected. It is the policy of management to review outstanding accounts receivable at year-end for past-due balances, as well as historical write-offs, to establish an allowance for doubtful accounts. Accounts receivable are written off against the allowance when deemed uncollectible. There was no allowance as of December 31, 2022 or 2021.

Property and equipment: Property and equipment are carried at cost less accumulated depreciation by the straight-line method over the estimated useful lives of the individual assets, ranging from three to seven years. Maintenance and repairs are charged to expense as incurred. Expenditures that extend the useful lives of assets are capitalized. Depreciation expense related to property and equipment was approximately \$5,200 and \$0 for the years ended December 31, 2022 and 2021, respectively.

Intangibles: Intangibles consist of licensing rights for the use of domestic and foreign patents for inventions owned by Dr.'s Own, LLC (Dr.'s Own, related party). The intangibles are amortized using the straight-line method over the estimated useful lives of patents. Intangible assets are reviewed for impairment annually or when events or circumstances indicate their carrying amount may not be recoverable. Based on management's review, no impairment was recorded for the years ended December 31, 2022 and 2021.

Revenue recognition: The Company recognizes revenues when the transfer of control of promised goods or services passes to its customers, in amounts that reflect the consideration to which it expects to be entitled in exchange for those goods or services (see Note 2).

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Franchise fees: As discussed in Note 2, the Company charges initial franchise fees, monthly advertising fees and royalty fees. Initial franchise fees relating to area franchise sales are recognized when all material services or conditions relating to the sales have been substantially performed or satisfied by the franchisor. Revenue that may have to be refunded because future services are not performed is not recognized by the Company until the franchisee has no right to receive a refund. Continuing franchise fees are considered to have a single performance obligation which is satisfied over time. Costs relating to continuing franchise fees are expensed as incurred. As discussed in Note 2, effective January 1, 2022, the Company started collecting monthly royalties on new stores opened in 2022 at a rate of 0.5% on the store revenue.

Exclusive vendor agreement: Monthly fees relating to the exclusive vendor agreement are considered to have a single performance obligation, which is recognized over time (see Note 4).

Equity-based compensation: The Company recognizes compensation expense for unit-based compensation based on the estimated fair value and substance of the awards. Compensation expense for all unit-based awards is based on the grant-date fair value and recorded over the requisite service period.

Income taxes: The Company operates as a single-member limited liability company (LLC) and disregarded entity under the provisions of the Internal Revenue Code. Consequently, federal income taxes are not payable by, or provided by, the Company. As an LLC, the Company's taxable income or loss is allocated to the sole member in accordance with the LLC agreement. Therefore, no provision or liability for federal income taxes has been included in the financial statements. For state income tax purposes, California law requires a minimum annual tax of \$800 in addition to a fee based on total revenue. Several other states also have a minimum tax.

Accounting for uncertain tax positions: The Company adheres to the accounting standards related to the recognition of uncertain tax positions. These standards provide detailed guidance for financial statements recognition, measurement and disclosure of uncertain tax positions taken or expected to be taken on the income tax returns. The Company will record a liability for uncertain tax positions when it is more likely than not that the position would not be sustained if examined by the taxing authority. Management has determined that the Company does not have any uncertain tax positions as of December 31, 2022 or 2021. The Company files income tax returns in the United States and various state and local jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by U.S. federal, state or local authorities for years before 2018.

Advertising: Advertising expense is related to the preparation of advertising and marketing material and is expensed as incurred. Advertising expense was approximately \$2,711,000 and \$1,127,000 for the years ended December 31, 2022 and 2021, respectively.

Fair value of financial instruments: The Company's financial instruments consist of cash and notes receivable for which their current carrying amounts approximate fair market value.

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Variable interest entities (VIE): U.S. GAAP addresses the consolidation of business enterprises in which the usual condition (ownership of a majority voting interest) of consolidation does not normally apply. The interpretation focuses on controlling financial interests that may be achieved through arrangements that do not involve voting interests. It concludes that in the absence of clear control through voting interests, a company's exposure (variable interest) to the economic risks and potential rewards from the variable interest entity's assets and activities are the best evidence of control. Based on the Company's initial determination and events occurring subsequent to that determination, the Company has determined that none of its related-party entities are VIEs that require consolidation, including, but not limited to, Dr.'s Own.

Recent accounting pronouncements—recently adopted: In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-07, *Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards (a consensus of the Private Company Council)*. The practical expedient in this ASU is effective prospectively for all qualifying awards granted or modified during fiscal years beginning after December 15, 2021. As a practical expedient, a nonpublic entity is allowed to determine the current price input of equity-classified share-based awards issued to both employees and nonemployees using the reasonable application of a reasonable valuation method. The practical expedient describes the characteristics of the reasonable application of a reasonable valuation method including: (1) the date on which a valuation's reasonableness is evaluated, (2) the factors that a reasonable valuation should consider, (3) the scope of information that a reasonable valuation should consider, and (4) the criteria that should be met for the use of a previously calculated value to be considered reasonable. The adoption of this ASU did not have a significant impact on the Company's financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Accounting Standards Codification (ASC) 740 and also clarifies and amends existing guidance to improve consistent application. This ASU was effective for the Company beginning on January 1, 2022. The adoption of ASU 2019-12 did not have a significant impact on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

A modified retrospective transition approach is required and early adoption is permitted. An entity may adopt the guidance either: (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company adopted the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment, and did not present comparative periods. The Company has elected the package of practical expedients permitted in Topic 842. Accordingly, the Company accounted for its existing operating leases as operating leases, without reassessing: (a) whether the contracts contain a lease under Topic 842, (b) whether classification of the leases would be different in accordance with Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in Topic 842 at lease commencement. No cumulative-effect adjustment was recognized to the 2021 opening balance of members' deficit.

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Lastly, the Company elected the practical expedient for nonpublic business entities under ASC 842-20-30-3, which allows a lessee to use a risk-free rate for a period comparable to the lease term. This standard did not have any impact on the Company's financial statements.

Note 2. Revenue Recognition

Adoption of ASC Topic 606, Revenue From Contracts With Customers: Effective January 1, 2020, the Company adopted the requirements of Topic 606. The Company elected to utilize the modified retrospective transition method, which allows the Company to evaluate the impact of contract modifications as of the adoption date rather than evaluating the impact of the modifications at the time they occurred prior to the adoption date. This standard did not materially affect member's equity, net loss or cash flows as of and for the year ended December 31, 2020.

Revenue recognition: The Company recognizes revenue in accordance with ASC Topic 606, Revenue From Contracts With Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when, or as, performance obligations are satisfied.

Identification of the contract(s) with a customer: The Company considers the terms and conditions of the contract, customary business practices and implied obligations to the customer in identifying contracts under ASC 606. The Company determines that it has a contract with a customer when the contract is approved, it can identify each party's rights regarding the services to be transferred, the payment terms for the services, it can determine the customer has the ability and intent to pay, and the contract has commercial substance. For franchise revenue, the Company has determined that collection of substantially all of the amount to which it will be entitled in exchange for its services transferred to the customer is probable, as the customer is required to have an active payment account on file.

Identification of the performance obligations in the contract: Promised and implied performance obligations in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own, and are distinct in the context of the contract, whereby the transfer of the service is separately identifiable from other promises in the contract. If these criteria are not met, the promised services are accounted for as a combined performance obligation.

Determination of the transaction price: The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer. The current standard franchise agreement provides for payment to the Company of a nonrefundable initial franchise fee of \$25,000 per territory and \$10,000 per additional retail store opened within the territory. Continuing franchise fees are calculated as a percentage of franchise sales that are related entirely to performance obligations under the franchise agreements.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 2. Revenue Recognition (Continued)

For the years ended December 31, 2022 and 2021, the Company did not charge a continuing franchise fee. For the year ended December 31, 2022, the Company charged a monthly advertising fee of \$1,500 per month per store or 3% of monthly store sales, whichever is less. For the year ended December 31, 2021, the Company charged a monthly advertising fee of \$820 per month for the first store in a Designated Market Area (DMA), \$720 per month for the second store and \$640 per month for each additional store in the same DMA. In the event a Franchisee does not attend the Company's annual convention, the advertising fund contribution for the Franchisee's first store in a DMA increases by \$85 per month. Effective January 1, 2022, the Company started collecting royalties on new stores opened in 2022 at a rate of 0.5% on the store revenue. Royalty revenue was approximately \$90,000 during the year ended December 31, 2022, and is recorded within franchise fees revenue on the statement of income.

The Company has a Franchise Incentive Plan for all qualified existing franchisees in substantial compliance with the franchise agreements. Under the Plan, if an existing franchisee wants store development rights in a new territory, the franchisee will not be subject to any development or initial franchise fees for the new stores to be developed. The Company may end the Franchise Incentive Plan at its discretion.

There were no initial franchise fees for new franchise owners, nor were there renewal fees for both the years ended December 31, 2022 and 2021.

Allocation of the transaction price to the performance obligations in the contract: If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative stand-alone selling price.

Recognition of revenue when, or as, the Company satisfies a performance obligation: Revenue is recognized at the time the related performance obligation is satisfied by transferring the control of the promised goods or service to a customer. Consideration received in advance of a performance obligation being satisfied is recorded as deferred revenue. The Company recognizes revenue in an amount that reflects the consideration it expects to receive in exchange for those goods and services. The Company generates all its revenue from contracts with customers.

Practical expedients:

Portfolio contracts: The Company elected to apply the portfolio practical expedient as all customer contracts have the same terms and conditions.

Pre-opening services: The Company elected to apply the practical expedient for private-company franchisors to account for the pre-opening services provided to a franchisee as distinct from the franchise license. Pre-opening services include the assistance in the site selection, obtaining and preparing facilities for their intended use; training of the franchisee's personnel or the franchisee; preparation and distribution of manuals and similar material concerning operations, administration and record keeping; bookkeeping, information technology and advisory services; and inspection, testing and other quality control programs. The Company will recognize the related initial franchise fee at a point in time once those services have been completed.

Taxes: The Company elected the practical expedient to exclude from transactions all sales and similar taxes.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 2. Revenue Recognition (Continued)

Franchise agreements: The franchise agreements include: (a) the right to operate a Good Feet store, in accordance with certain proprietary information; (b) nonexclusive license to Good Feet intellectual property, including trademarks and copyrighted materials; and (c) the right to use proprietary software. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

The following were the number of operating franchises as of December 31:

	2022	2021
Total stores:		
Sold	-	-
Closed	2	6
In operation as of December 31	222	190
Transferred to new/existing franchisees	2	-
Opened	35	40
Stores owned and operated by Dr.'s Own as of December 31	26	16

Note 3. Advertising Fund

The Advertising Fund is accounted for separately from other monies and is not used for general operating expenses, except for costs, salaries, travel expenses, administrative costs and overhead incurred in activities reasonably related to administering the Advertising Fund and its marketing programs, including conducting market research, preparing advertising and marketing materials, general production costs and accounting for the Advertising Fund contribution and expenses. The Company may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from others (paying reasonable interest) and invest any surplus for future use. The Company may collect for deposit into the Advertising Fund any advertising or promotional monies. During 2022 and 2021, spending on advertising costs exceeded contributions to the Advertising Fund for the year by approximately \$76,000 and \$172,000, respectively.

Note 4. Related-Party Transactions

The Company shares employees and other operating expenses with Dr.'s Own related to the franchising business. Dr.'s Own incurs directly all payroll and operating expenses and charges the Company for its share of the expenses on a monthly basis. During 2022 and 2021, the Company paid Dr.'s Own approximately \$1,927,000 and \$1,453,000, respectively, for its share of payroll-related expenses. During 2022 and 2021, the Company paid Dr.'s Own approximately \$2,273,000 and 1,415,000, respectively, for other operating expenses (excluding payroll expenses and advertising funds in Note 3). At December 31, 2022 and 2021, the Company had a net receivable from Dr.'s Own of approximately \$196,000 and \$1,668,000, respectively.

A portion of the franchise revenue relates to stores owned and operated by Dr.'s Own, which contribute to the Advertising Fund (see Note 3). Revenue from these corporate-owned stores totaled approximately \$367,000 and \$125,000 for 2022 and 2021, respectively.

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 4. Related-Party Transactions (Continued)

Effective January 1, 2009, the Company entered into an Exclusive Vendor Agreement with Dr.'s Own. In accordance with the agreement, Dr.'s Own has purchased the exclusive right to use the Good Feet brand on its merchandise in exchange for a fee of \$115,000 per month. Effective January 1, 2022 and 2021, the Company amended the original Exclusive Vendor Agreement with Dr.'s Own and increased the fee to \$370,000 and \$285,000 per month, respectively. During 2022 and 2021, the Company recognized \$4,440,000 and \$3,420,000, respectively, in revenue under this agreement, which has been recorded as operating income.

The Company, Good Feet Holdings, LLC and Dr.'s Own, collectively, had a joint and several obligation under a term note from a financial institution that originally matured in February 2025, which was collateralized by substantially all assets of Good Feet Holdings, LLC, Dr.'s Own and the Company. The Company did not receive any proceeds from the loan, and as a result, had not recorded a liability as of December 31, 2021. On December 10, 2021, the Company refinanced its credit agreement with a new financial institution. As a result of the refinancing, all of the previously issued debt was fully paid and replaced with the new facility.

The new loan agreement includes the Company and Dr.'s Own as borrowers and matures on December 10, 2027. The new agreement includes credit facilities not to exceed \$95,000,000, consisting of term loans and up to \$5,000,000 in a revolving line. The obligations under the new facility are also guaranteed by Good Feet Holdings, LLC and its subsidiaries. The Company did not receive any proceeds from the loan, and as a result, has not recorded a liability as of December 31, 2022. In the event of default, the Company may be liable for payment of any outstanding amount under the facility. The balance due on the term loans as of December 31, 2022 and 2021, was \$89,100,000 and \$90,000,000, respectively.

Note 5. Patent Rights

In March 2005, the Company purchased licensing rights for the use of domestic and foreign patents for inventions owned by Dr.'s Own. The patents are being amortized over the estimated useful lives of 20 years.

Patent rights consist of the following at December 31:

	2022	2021
Patent rights	\$ 200,000	\$ 200,000
Less accumulated amortization	(195,481)	(193,432)
	<u>\$ 4,519</u>	<u>\$ 6,568</u>

Amortization of approximately \$2,000 was recognized in both the years ended December 31, 2022 and 2021.

Future amortization expense of patent rights is as follows:

Years ending December 31:	
2023	\$ 1,776
2024	1,229
2025	1,514
	<u>\$ 4,519</u>

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 6. Management Bonus Plan

On April 6, 2020, the Board of Managers approved and adopted the Good Feet Holdings, LLC 2020 Management Bonus Plan (the Bonus Plan) to encourage certain employees to continue to work for Good Feet Holdings, LLC after the closing date of the acquisition (see Note 1), and to incentivize employees to continue to grow the overall business. As of December 31, 2022 and 2021, the Bonus Plan has a maximum aggregate undiscounted award of approximately \$1,497,000 and \$966,000, respectively.

As of December 31, 2022 and 2021, a contingent liability of approximately \$791,000 and \$388,000, respectively, was recorded within noncurrent liabilities on the balance sheets for the portion of the Bonus Plan pertaining to the Company. The related compensation expense of approximately \$402,000 and \$231,000 is recorded within salaries and related expenses on the statements of income for the years ended December 31, 2022 and 2021, respectively, for the portion of the Bonus Plan pertaining to the Company.

Note 7. Commitments and Contingencies

Litigation: The Company is subject to legal proceedings and claims that arise in the normal course of business. In the opinion of management, the amount of ultimate liability with respect to currently pending or threatened actions is not expected to materially affect the financial position or results of operations of the Company.

Note 8. Class C Incentive Plan

In April 2020, a Class C Incentive Units (Class C Units) plan was formed. In accordance with the Class C Member Instrument and Contribution Agreements (Class C Agreements), Class C Units are granted to employees of the Company in return for services provided. The Class C Units vest over 10 years from the grant date, provided that the grantee continues to be employed by the Company or retained as a consultant. The value of incentive unit awards is determined based on the fair value of the award at the date of grant. As of December 31, 2022 and 2021, the plan has authorized the issuance of 1,000 Class C Units.

The plan allows the option, but not the obligation, to repurchase vested Class C Units held by grantees in the event the grantee ceases to provide services to the Company as an employee or nonemployee consultant. The repurchase price will be determined in accordance with the terms of the Class C Agreements.

The significant assumptions used to calculate the fair value of the Class C Units granted during the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Risk-free rate	4.00%	0.73%
Dividend yield	0%	0%
Volatility factor	60%	40%
Expected term	10 years	10 years

Good Feet Worldwide, LLC

Notes to Financial Statements

Note 8. Class C Incentive Plan (Continued)

The following represents Class C Unit award activity with employees during the year ended December 31, 2022:

	Number of Units	Weighted- Average Grant-Date Fair Value
Outstanding at December 31, 2020	314	\$ 1,475
Granted	98	4,005
Exercised	-	-
Forfeited/canceled	-	-
Outstanding at December 31, 2021	412	2,076
Granted	10	5,150
Exercised	-	-
Forfeited/canceled	-	-
Outstanding at December 31, 2022	422	\$ 2,145
Vested at December 31, 2022	50	\$ 1,793

Compensation cost of approximately \$90,000 and \$91,000 was recognized related to the fair value of outstanding employee Class C Units for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, there was approximately \$706,000 and \$754,000, respectively, of unrecognized compensation expense related to employee Class C Units that will be recognized in future years. The compensation expense is recognized in salaries and related expenses on the statements of income.

Note 9. Subsequent Events

The Company has evaluated subsequent events through May 2, 2023, which is the date the financial statements were available to be issued. Management believes that other than the items below, there are no additional subsequent events requiring recognition or disclosure.

Subsequent to year-end, the Company opened seven new stores of which are owned and operated by franchisees.

UNAUDITED FINANCIAL STATEMENTS

Good Feet Worldwide
Balance Sheet by Subsidiary
April 30, 2024

Financial Row	GFW Amount
ASSETS	
Current Assets	
Bank	\$45,581.84
Accounts Receivable	\$1,459,108.79
Other Current Asset	\$540,209.66
Total Current Assets	\$2,044,900.29
Fixed Assets	\$4,008,466.63
Other Assets	\$3,449,833.71
Total ASSETS	\$9,503,200.63
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$2,498,541.26
Other Current Liabilities	\$2,743,248.13
Total Current Liabilities	\$5,241,789.39
Long Term Liabilities	\$365,791.88
Equity	\$3,895,619.36
Total Liabilities & Equity	\$9,503,200.63

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Good Feet Worldwide
Income Statement
January 1, 2024 through April 30, 2024

Financial Row	Amount
Ordinary Income/Expense	
Income	
40180 - Income - Advertising Fund	\$1,422,807.54
40200 - Royalty on Franchisee Revenue	\$1,375,765.91
42000 - DRO Exclusive Vendor Agreement	\$1,480,000.00
45013 - Sales Returns - Retail	(\$528.94)
Total - Income	\$4,278,044.51
Cost Of Sales	
50110 - Cogs - Start Up Inventory	\$150,000.00
Cost Of Sales	\$150,000.00
Gross Profit	\$4,128,044.51
Operating Expenses	\$5,278,684.79
Net Ordinary Income	(\$1,150,640.28)
Other Income and Expenses	
Other Expense	\$163,870.79
Net Other Income	(\$163,870.79)
Net Income	(\$1,314,511.07)

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

EXHIBIT E

**STATE ADDITIONAL DISCLOSURES AND
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT RIDERS**

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO
GOOD FEET WORLDWIDE, LLC
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT**

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO THE EXECUTION OF ANY AGREEMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. Our websites have not been reviewed or approved by the California Department of Financial Protection & Innovation. Any complaints concerning the content of the websites may be directed to the California Department of Financial Protection & Innovation at www.dfpi.ca.gov.

4. The following language is added to the “Special Risks to Consider About *This Franchise*” page:

Spousal Liability. While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse’s marital and personal assets, including your house, could be lost if your franchise fails.

5. The following paragraph is added to the State Cover Page:

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

6. Item 3 of the Franchise Disclosure Document is amended to provide that neither the franchisor, nor any person in Item 2 of the Franchise 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 that association or exchange.

7. The following sentence is added to the “Remarks” column of the line-item titled “Interest” in Item 6 of the Franchise Disclosure Document:

The highest interest rate allowed under California law is 10% annually.

8. The following paragraphs are added ~~at~~to the end of Item 17 of the Franchise Disclosure Document:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

The Franchise Agreement and Area Development Agreement provide for termination upon insolvency. These provisions might not be enforceable under federal bankruptcy law (11 U.S.C.A. Secs. 101 et seq.).

The Franchise Agreement and Area Development Agreement contain covenants not to compete that extend beyond the termination of the franchise. These provisions might not be enforceable under California law.

The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur in the city of the franchisor's then-current headquarters (currently Carlsbad, California), with the costs being borne equally by the parties (and with each party also bearing all of its own travel and related expenses during the arbitration). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

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

HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A

STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

2. Exhibit H (Franchisee Acknowledgment Statement) to the Franchise Disclosure Document is hereby deleted in its entirety.

ILLINOIS

1. The following statements are added to the end of Item 17 of the Franchise Disclosure Document:

Except for the Federal Arbitration Act that applies to arbitration and other federal law, Illinois law governs the Franchise Agreement and Area Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

MARYLAND

1. The "Summary" sections of Items 17(c) and (m) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document, captioned "Requirements for franchisee to renew or extend" and "Conditions for franchisor approval of transfer," are amended by adding the following:

Any general releases you sign will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

2. The "Summary" section of Item 17(h) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document, captioned "'Cause' defined – non-curable defaults," is amended by adding the following:

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

3. The “Summary” section of Item 17(v) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document, captioned “Choice of Forum,” is amended to read as follows:

Subject to arbitration requirements, litigation generally must be in state or federal court closest to where we have our principal business address at the time the action is commenced (it currently is in San Diego County, California), although you may, subject to your arbitration obligations, commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added ~~at~~to the end of the charts in Item 17 of the Franchise Disclosure Document:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

1. **Trademarks.** The following language is added to the end of the next-to-last paragraph of Item 13 of the Franchise Disclosure Document:

Despite the foregoing, if you have complied with all of our requirements that apply to the Marks, we will protect your right to use the Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits, or demands regarding your use of the Marks, in accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g).

2. **Renewal, Termination, Transfer, and Dispute Resolution.** The following paragraphs are added ~~at~~to the end of the charts in Item 17 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes Section 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 of non-renewal of the franchise agreement.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by law with respect to claims arising under Minn. Rule 2860.4400D.

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

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

1. The following language is added to the state cover page of the Franchise Disclosure Document as an additional RISK FACTOR:

OUR AFFILIATE, DR.'S OWN, LLC, MAY REFUSE TO SELL PRODUCTS TO YOU IF YOU ARE IN DEFAULT OF THE FRANCHISE AGREEMENT OR IF YOU OR YOUR AFFILIATES OWE MONEY TO US OR DR.'S OWN, LLC UNDER ANY OTHER AGREEMENT FOR A GOOD FEET STORE.

2. 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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following language is added ~~at~~to the end of Item 3 of the Franchise Disclosure Document:

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 language is added ~~at~~to the end of Item 4 of the Franchise Disclosure Document:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following language is added ~~at~~to the end of Item 5 of the Franchise Disclosure Document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following language 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), titled “Conditions for franchisor approval of transfer” of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee,” of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document:

You may terminate the agreement on any grounds available by law.

7. The following language is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor,” of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document:

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

8. The following language 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,” of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The “Summary” sections of Items 17(c) and 17(m) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document are amended by adding the following:

Any release will not apply to the extent prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

2. The “Summary” section of Item 17(v) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document is amended by adding the following:

; however, to the extent required by the North Dakota Franchise Investment Law, but subject to your arbitration obligations, you may bring an action in North Dakota.

3. The “Summary” section of Item 17(w) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document is amended to read as follows:

Except for federal law, North Dakota law applies.

4. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

RHODE ISLAND

1. The “Summary” section of Item 17(v) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document is amended to read as follows:

Subject to arbitration requirements, litigation generally must be in state or federal court closest to where we have our principal business address at the time the action is commenced (it currently is in San Diego County, California), except that, to the extent required by applicable law, but subject to your arbitration obligations, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section of Item 17(w) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

Except for federal law, and except as required by the Rhode Island Franchise Investment Act, the law of the state in which your Store (or Development Area, as applicable) is located governs, without regard to its conflict of laws principles.

VIRGINIA

The “Summary” section of Item 17(h) of both the Franchise Agreement and Area Development Agreement charts in the Franchise Disclosure Document is amended by adding the following:

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 rights 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.

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 ground 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.

WASHINGTON

1. The following paragraphs are added ~~atto~~ to the end of the charts in Item 17 of the Franchise Disclosure Document:

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 the 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.

**ASSURANCE OF DISCONTINUANCE
STATE OF WASHINGTON**

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance (“AOD”) with the State of Washington, where we have agreed to remove from our form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of our other franchisees and/or our employees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN HAWAII**

THIS RIDER is entered into as of _____, 20____, by and between GOOD FEET
WORLDWIDE, LLC, a Delaware limited liability company located at 12636 High Bluff Drive, Suite 200, San
Diego, California 92130 ("Good Feet"), and _____, a
_____, ("Franchisee") located at _____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated
_____, 20____ that has been signed concurrently with the signing of this Rider (the
"Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being
signed because (a) any of the franchise offer or sales activity occurred in Hawaii, or (b) Franchisee is a resident of
Hawaii.

2. Other Definitions. The final five (5) paragraphs of Section 16.20 of the Franchise Agreement are
hereby deleted in their entirety and will have no force or effect.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first
above written.

"FRANCHISEE"

By: _____

Name: _____

Title: _____

Date: _____

"GOOD FEET"

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ ******

**** Effective Date of Franchise Agreement**

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED
AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 ("Good Feet"), and _____, a _____ ("Franchisee") located at _____.

1. **Background.** Good Feet and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Store that Franchisee will operate under the Franchise Agreement was made in the State of Illinois and the Store will be operated in Illinois, or (b) Franchisee is a resident of Illinois.

2. **Governing Law.** Section 16.5 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration and other federal law, Illinois law governs the Franchise Agreement.

3. **Choice of Forum.** Section 16.6 of the Franchise Agreement is deleted in its entirety and replaced with the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. **Jury Trial Waiver.** The following language is added to the end of Section 16.8 of the Franchise Agreement:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. **Illinois Franchise Disclosure Act.** The following language is added as new Section 17 of the Franchise Agreement:

ILLINOIS FRANCHISE DISCLOSURE ACT.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

[Signature Page Follows]

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ **

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 ("Good Feet"), and _____, a _____ ("Franchisee") located at _____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Maryland, or (b) Franchisee's Store will be located or operated in Maryland.

2. Agreements/Releases. Sections 2.2.G (part of the "Renewal" section) and 12.2.D (part of the "Transfer by Franchisee" section) of the Franchise Agreement are amended by adding the following:

, provided, however, that the general release will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

3. Good Feet's Right to Terminate After Opening. Section 13.2.B.6 of the Franchise Agreement is amended by adding the following:

Termination upon Franchisee's insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Good Feet intends to enforce this provision to the extent enforceable.

4. Governing Law. Section 16.5 of the Franchise Agreement is amended by adding the following language:

Despite anything to the contrary stated above, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Choice of Forum. Section 16.6 of the Franchise Agreement is amended by adding the following language:

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. Limitation of Actions. Section 16.10 of the Franchise Agreement is amended by adding the following language:

; provided, however, that the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

7. Other Definitions. The final five (5) paragraphs of Section 16.20 of the Franchise Agreement are hereby deleted in their entirety and will have no force or effect.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ **

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“Good Feet”), and _____, a _____ (“Franchisee”) located at _____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Store that Franchisee will operate under the Franchise Agreement was made in the State of Minnesota, or (b) the Store will be operated in Minnesota.

2. Agreements/Releases. Sections 2.2.G and 12.2.D of the Franchise Agreement are amended by adding the following:

, provided, however, that such general releases will not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D.

3. Trademarks. The following language is added to the end of Section 6.3 of the Franchise Agreement:

Provided Franchisee has complied with all provisions of the Franchise Agreement applicable to the Marks, Good Feet will protect Franchisee’s right to use the Marks and indemnify Franchisee from any loss, costs, or expenses arising out of any claims, suits or demands regarding Franchisee’s use of the Marks, in accordance with Minn. Stat. Section 80C.12. Subd.1(g).

4. Default & Termination. The following language is added ~~at~~ to the end of Section 13 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Section 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 of non-renewal of the franchise agreement.

5. Governing Law/Choice of Forum. The following language is added to the end of Sections 16.5 and 16.6 of the Franchise Agreement:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. However, Good Feet and Franchisee will enforce these provisions in our Franchise Agreement to the extent the law allows.

6. Jury Trial Waiver. Section 16.8 of the Franchise Agreement is deleted to the extent unenforceable under the Minnesota Franchises Law.

7. Limitation of Actions. The following sentence is added to the end of Section 16.10 of the Franchise Agreement:

Minnesota law provides that no action may be commenced pursuant to Minn. Stat. §80C.17 more than three (3) years after the cause of action accrues. Minn. Stat. §80C.17, Subd. 5.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ **

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 ("Good Feet"), and _____, a _____ ("Franchisee") located at _____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Store that Franchisee will operate under the Franchise Agreement was made in the State of New York, or (b) Franchisee is a resident of New York and will operate the Store in New York.

2. Agreements/Releases. Sections 2.2.G and 12.2.D of the Franchise Agreement are amended by adding the following:

, provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee's 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. Assignment by Good Feet. Section 12.1 of the Franchise Agreement is amended by adding the following language at the end:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Good Feet's good faith judgment, is willing and able to assume Good Feet's obligations under this Agreement.

4. Default & Termination. Section 13 of the Franchise Agreement is amended by adding the following as new Section 13.4:

13.4 Termination by Franchisee. Franchisee may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law/Choice of Forum. The following language is added to the end of Sections 16.5 and 16.6 of the Franchise Agreement:

; however, the governing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York.

6. Binding Effect. Section 16.15 of the Franchise Agreement is amended by adding the following language:

Modifications to the Operations Manual will not unreasonably affect Franchisee's obligations, including economic requirements, under this Agreement.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ **

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“Good Feet”), and _____, a _____ (“Franchisee”) located at _____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of North Dakota and Franchisee’s Store will be located or operated in North Dakota, or (b) the offer or sale of the franchise for the Store that Franchisee will operate under the Franchise Agreement was made in North Dakota.

2. Agreements/Releases. Sections 2.2.G and 12.2.D of the Franchise Agreement are amended by adding the following language:

Any release will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

3. Covenant Not to Compete. The following language is added to the end of Section 15 of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, Franchisee acknowledges and agrees that we intend to seek enforcement of these provisions to the extent allowed under the law.

4. Governing Law. Section 16.5 of the Franchise Agreement is amended to read as follows:

North Dakota law applies.

5. Arbitration. Section 16.4.C of the Franchise Agreement is amended to read as follows:

The arbitration must take place in Carlsbad, California (or in the city of the Good Feet franchisor’s then-current headquarters), provided, however, that to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which Good Feet and Franchisee agree.

6. Choice of Forum. Section 16.6 of the Franchise Agreement is amended by adding the following language:

However, to the extent required by the North Dakota Franchise Investment Law, but subject to Franchisee’s arbitration obligations, Franchisee may bring an action in North Dakota.

7. Jury Trial Waiver. If required by North Dakota law, Section 16.8 of the Franchise Agreement is deleted.

8. Damages. If required by North Dakota law, Section 16.9 of the Franchise Agreement is deleted.

9. Limitation of Actions. Section 16.10 of the Franchise Agreement is amended by adding the following language:

The time limitations set forth in this Section might be modified by North Dakota law.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ **

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 ("Good Feet"), and _____, a _____ ("Franchisee") located at _____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Store that Franchisee will operate under the Franchise Agreement was made in the State of Rhode Island, or (b) Franchisee is a resident of Rhode Island and will operate the Store in Rhode Island.

2. Governing Law. Section 16.5 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Except to the extent governed by federal law and except to the extent required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, this Agreement and the relationship of the parties will be governed, interpreted, and construed according to the laws of the State in which the Store is located.

3. Choice of Forum. Section 16.6 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Subject to Franchisee's and Good Feet's arbitration obligations, and except as otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, Good Feet and Franchisee agree that any action brought by one of them against the other must be instituted in a state or federal court having subject matter jurisdiction thereof located closest to where the Good Feet franchisor has its principal business address at the time the action is commenced, and they irrevocably waive any objection they may have to the jurisdiction of or the venue in such courts. Nonetheless, Franchisee and its owners agree that the Good Feet franchisor may enforce this Agreement or an arbitration award in the courts of the state in which the Store is located.

[Signature Page Follows]

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____ **

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, FRANCHISEE
ACKNOWLEDGMENT STATEMENT, AND RELATED AGREEMENTS**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET
WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High
Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“Good Feet”), and
_____, a _____ (“Franchisee”) located at
_____.

1. Background. Good Feet and Franchisee are parties to that certain Franchise Agreement dated
_____, 20__ that has been signed concurrently with the signing of this Rider (the
“Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being
signed because (a) Franchisee is a resident of the State of Washington, (b) Franchisee’s Store will be located or
operated in Washington, or (c) the offer or sale of the franchise for the Store that Franchisee will operate under the
Franchise Agreement was made in Washington.

2. Addition of Paragraphs. The following paragraphs are added to the end of the Franchise
Agreement:

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.

IN WITNESS WHEREOF, Good Feet and Franchisee have respectively signed this Rider as of the day and year first above written.

“FRANCHISEE”

By: _____

Name: _____

Title: _____

Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____

Name: _____

Title: _____

Date: _____**

** Effective Date of Franchise Agreement

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
AREA DEVELOPMENT AGREEMENT**

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in the State of Illinois and the Stores that you will develop and operate under the ADA will be located in Illinois, or (b) you are a resident of Illinois.

2. Governing Law. Section 22 of the ADA is deleted in its entirety and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration and other federal law, Illinois law governs this Agreement.

3. Choice of Forum. Section 23 of the ADA is deleted in its entirety and replaced with the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. Jury Trial Waiver. The following language is added to the end of Section 25 of the ADA:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. Illinois Franchise Disclosure Act. The following language is added as a new Section 34 of the ADA:

33. ILLINOIS FRANCHISE DISCLOSURE ACT.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

[Signature Page Follows]

IN WITNESS WHEREOF, we and you have respectively signed this Rider as of the day and year first above written.

Franchisor:

GOOD FEET WORLDWIDE, LLC

By: _____

Name Printed: Richard Moore

Title: Chief Executive Officer

EFFECTIVE DATE: _____

Area Developer:

[AREA DEVELOPER]

By: _____

(Authorized Representative)

Name Printed: _____

Title: _____

Date: _____

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) you are a resident of the State of Maryland, or (b) your Stores will be located or operated in Maryland.

2. Agreements/Releases. Sections 9.4.2.3 (part of the “Default, Termination, Extensions and Modifications” section) and 18.1.4 (part of the “Transfer by You” section) of the ADA are amended by adding the following:

, provided, however, that the general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Defaults. Section 9.1.1 of the ADA is amended by adding the following:

Termination upon your insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we intend to enforce this provision to the extent enforceable.

4. Governing Law. Section 22 of the ADA is amended by adding the following language:

Despite anything to the contrary stated above, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Choice of Forum. Section 23 of the ADA is amended by adding the following language:

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. Limitation of Actions. Section 27 of the ADA is amended by adding the following language:

; provided, however, that the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

8. In the ADA, the second sentence in Section 29 (“Entire Agreement”) and the sentence appearing immediately before the Area Developer’s signature line are hereby deleted and will have no force or effect.

[Signature Page Follows]

IN WITNESS WHEREOF, we and you have respectively signed this Rider as of the day and year first above written.

Franchisor: GOOD FEET WORLDWIDE, LLC
By: _____
Name Printed: Richard Moore
Title: Chief Executive Officer
EFFECTIVE DATE: _____

Area Developer: [AREA DEVELOPER]
By: _____
(Authorized Representative)
Name Printed: _____
Title: _____
Date: _____

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) the Stores that you will develop and operate under the ADA will be located in Minnesota, or (b) any of the franchise or sales activity occurred in Minnesota.

2. Agreements/Releases. Sections 9.4.2.3 and 18.1.4 of the ADA are amended by adding the following:

, provided, however, that such general releases will not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D.

3. Governing Law/Choice of Forum. The following language is added to the end of Sections 22 and 23 of the ADA:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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. However, we and you will enforce these provisions in this Agreement to the extent the law allows.

4. Jury Trial Waiver. Section 25 of the ADA is deleted to the extent unenforceable under the Minnesota Franchises Law.

5. Limitation of Actions. The following sentence is added to the end of Section 27 of the ADA:

Minnesota law provides that no action may be commenced pursuant to Minn. Stat. §80C.17 more than three (3) years after the cause of action accrues. Minn. Stat. §80C.17, Subd. 5.

[Signature Page Follows]

IN WITNESS WHEREOF, we and you have respectively signed this Rider as of the day and year first above written.

Franchisor: GOOD FEET WORLDWIDE, LLC
By: _____
Name Printed: Richard Moore
Title: Chief Executive Officer
EFFECTIVE DATE: _____

Area Developer: [AREA DEVELOPER]
By: _____
(Authorized Representative)
Name Printed: _____
Title: _____
Date: _____

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) the offer or sale of the franchise for the Stores that you will develop and operate under the ADA was made in New York, or (b) you are a resident of New York and the Stores that you will develop will be located in New York.

2. Agreements/Releases. 9.4.2.3 and 18.1.4 of the ADA are amended by adding the following:

, provided, however, that 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. Assignment by Good Feet. Section 17 of the ADA is amended by adding the following language at the end:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. Default & Termination. Section 9 of the ADA is amended by adding the following as a new Section 9.6:

9.6 Termination by Area Developer. You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law/Choice of Forum. The following language is added to the end of Sections 22 and 23 of the ADA:

; however, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

[Signature Page Follows]

IN WITNESS WHEREOF, we and you have respectively signed this Rider as of the day and year first above written.

Franchisor:

GOOD FEET WORLDWIDE, LLC

By: _____

Name Printed: Richard Moore

Title: Chief Executive Officer

EFFECTIVE DATE: _____

Area Developer:

[AREA DEVELOPER]

By: _____

(Authorized Representative)

Name Printed: _____

Title: _____

Date: _____

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) you are a resident of the State of North Dakota and the Stores that you will develop under the ADA will be located or operated in North Dakota, or (b) any of the franchise offer or sales activity occurred in North Dakota.

2. Agreements/Releases. Sections 9.4.2.3 and 18.1.4 of the ADA are amended by adding the following language:

Any release will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

3. Covenant Not to Compete. The following language is added to the end of Section 15 of the ADA:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.

4. Arbitration. Section 21.2.3 of the ADA is amended to read as follows:

The arbitration must take place in Carlsbad, California (or in the city of our then-current headquarters), provided, however, that to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree.

5. Governing Law. Section 22 of the ADA is amended to read as follows:

North Dakota law applies.

6. Choice of Forum. Section 23 of the ADA is amended by adding the following language:

However, to the extent required by the North Dakota Franchise Investment Law, but subject to your arbitration obligations, you may bring an action in North Dakota.

7. Jury Trial Waiver. If required by North Dakota law, Section 25 of the ADA is deleted.

8. Damages. If required by North Dakota law, Section 26 of the ADA is deleted.

9. Limitation of Actions. Section 27 of the ADA is amended by adding the following language:

The time limitations set forth in this Section might be modified by North Dakota law.

IN WITNESS WHEREOF, we and you have respectively signed this Rider as of the day and year first above written.

Franchisor:

GOOD FEET WORLDWIDE, LLC

By:_____

Name Printed: Richard Moore

Title: Chief Executive Officer

EFFECTIVE DATE:_____

Area Developer:

[AREA DEVELOPER]

By:_____

(Authorized Representative)

Name Printed:_____

Title:_____

Date:_____

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**RIDER TO THE GOOD FEET WORLDWIDE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) you are domiciled in Rhode Island and the franchised Stores that you will develop and operate under the ADA will be located in Rhode Island, or (b) any of the franchise offer or sales activity occurred in Rhode Island.

2. Governing Law. Section 22 of the ADA is deleted in its entirety and replaced with the following:

Subject to federal law, and except as required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, all controversies, disputes, or claims arising from or relating to this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to GOOD FEET Stores, our relationship with you, the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to GOOD FEET Stores, or any System standard or specification, will be governed, interpreted, and construed according to the laws of the state in which the Development Area is located, without regard to its conflicts of laws principles. However, if the Development Area encompasses portions of more than one state, the governing law will be the laws of the state in which you maintained your principal business address as of the Effective Date, without regard to its conflict of laws principles.

3. Choice of Forum. Section 23 of the ADA is deleted in its entirety and replaced with the following:

Subject to your arbitration obligations, and except as otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, we and you agree that any action brought by us or you against the other must be instituted in a state or federal court having subject matter jurisdiction thereof located closest to where the Good Feet franchisor has its principal business address at the time the action is commenced, and you irrevocably waive any objection you may have to the jurisdiction of or the venue in such courts. Nonetheless, you and your owners agree that the Good Feet franchisor may enforce this Agreement or an arbitration award in the courts of the state in which your GOOD FEET Stores are located.

[Signature Page Follows]

IN WITNESS WHEREOF, we and you have respectively signed this Rider as of the day and year first above written.

Franchisor:

GOOD FEET WORLDWIDE, LLC

By:_____

Name Printed: Richard Moore

Title: Chief Executive Officer

EFFECTIVE DATE:_____

Area Developer:

[AREA DEVELOPER]

By:_____

(Authorized Representative)

Name Printed:_____

Title:_____

Date:_____

Date:

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

**WASHINGTON ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT, FRANCHISEE
ACKNOWLEDGMENT STATEMENT, AND RELATED AGREEMENTS**

THIS RIDER is entered into as of _____, 20__, by and between GOOD FEET WORLDWIDE, LLC, a Delaware limited liability company located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. Background. We and you are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Rider (the “ADA”). This Rider is annexed to and forms part of the ADA. This Rider is being signed because (a) the offer or sale of the franchise for the Stores that you will develop and operate under the ADA was made in Washington, or (b) you are a resident of Washington, or (c) the Stores that you will develop under the ADA will be located in Washington.

2. Addition of Paragraphs. The following paragraphs are added to the end of the ADA:

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 Area Development 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 Area Development 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 Area Development Agreement, a developer 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 developer 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 Area Development 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 Area Development Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, Good Feet and Area Developer have respectively signed this Rider as of the day and year first above written.

Franchisor: GOOD FEET WORLDWIDE, LLC
By: _____
Name Printed: Richard Moore
Title: Chief Executive Officer
EFFECTIVE DATE: _____

Area Developer: [AREA DEVELOPER]
By: _____
(Authorized Representative)
Name Printed: _____
Title: _____
Date: _____

THIS RIDER SHALL NOT BE BINDING ON GOOD FEET UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF GOOD FEET.

EXHIBIT F

LISTS OF EXISTING FRANCHISEES AND FRANCHISEES WHO HAVE LEFT THE SYSTEM OR NOT COMMUNICATED WITH US

LIST OF FRANCHISED STORES AND AFFILIATE-OWNED STORES ("CORPORATE") OPEN (COMBINED)

AS OF DECEMBER 31, ~~2022~~2023

State	Owner Name	Street Address	City	Zip Code	Phone Number
ALABAMA	Corporate	315 Summit Boulevard, Suite 200	Birmingham	35243	(250) 961-3417
ALABAMA	Corporate	105 Brookridge Drive, Ste E	Madison	35757	(256) 297-7822
ALABAMA	Corporate	3691 Airport Blvd, Unit A	Mobile	36608	(251) 304-8181
ALABAMA	Corporate	7341 Eastchase Pkwy	Montgomery	36117	(334) 781-4299
ALABAMA	Corporate	1800 McFarland Blvd E, Suite 417	Tuscaloosa	35404	(250) 710-0016
ARIZONA	Eric Kaplan*	3131 S. Market Street	Gilbert	85297	(480) 641-5700
ARIZONA	Eric Kaplan*	20022 N 67th Ave	Glendale	85308	(623) 223-1169
ARIZONA	Eric Kaplan*	4810 E Ray Road	Phoenix	85044	(480) 496-2141
ARIZONA	Eric Kaplan*	13604 N Scottsdale Rd, Ste 102	Scottsdale	85254	(602) 952-8009
ARIZONA	Corporate	4811 E Grant Rd, Ste 125	Tucson	85712	(520) 327-3163
ARKANSAS	Lisa Gray*	637 E Joyce Blvd, Ste 14	Fayetteville	72703	(479) 202-9199
ARKANSAS	Lisa Gray*	2801 Parkwood Rd	Jonesboro	72401	(870) 520-1005
ARKANSAS	Ryan Gray*	11525 Cantrell Rd, Ste 918	Little Rock	72212	(501) 588-3331
CALIFORNIA	Jeff Ando	10424 Stockdale Hwy	Bakersfield	93311	(661) 735-3725
CALIFORNIA	Steve Fahringer*	53 Colma Blvd, Suite 00006	Colma	94014	(650) 488-8495
CALIFORNIA	Corporate	2785 Cabot Drive #130	Corona	92883	(909) 966-4033
CALIFORNIA	Beth Schneider	427 W Shaw Ave	Fresno	93704	(559) 222-3338
CALIFORNIA	Corporate	7661 Carson Blvd	Long Beach	90808	(562) 294-6960
CALIFORNIA	Beth Schneider	3080 M St	Merced	95348	(209) 722-3338
CALIFORNIA	Jeff Ando	3440 McHenry Ave	Modesto	95350	(209) 544-3734
CALIFORNIA	Corporate	40477 Murrieta Hot Springs Road, Suite D5	Murrieta	92563	(951) 277-6163
CALIFORNIA	Corporate	990 N. Ontario Mills, Suite A	Ontario	91764	(909) 324-6464
CALIFORNIA	Corporate	44-489 Town Center Way	Palm Desert	92260	(442) 277-8248
CALIFORNIA	Corporate	300 E Colorado Blvd, Ste 118	Pasadena	91101	(626) 343-5767
CALIFORNIA	Steve Fahringer*	2340 Monument Blvd, Suite B	Pleasant Hills	94523	(925) 349-9206
CALIFORNIA	Corporate	27310 W. Lugonia Ave., Suite C-3	Redlands	92374	(909) 406-9868

State	Owner Name	Street Address	City	Zip Code	Phone Number
CALIFORNIA	Jeff Ando	372 North Sunrise Avenue	Roseville	95661	(916) 780-7040
CALIFORNIA	Jeff Ando	3509 Fair Oaks Blvd	Sacramento	95864	(916) 972-8319
CALIFORNIA	Jim Hankee	2030 California Ave, Suite B	Sand City	93955	(619) 876-2990
CALIFORNIA	Corporate	11495 Carmel Mountain Rd Ste A	San Diego	92128	(858) 207-3789
CALIFORNIA	Corporate	5694 Mission Center Rd, Ste 603	San Diego	92108	(619) 278-0815
CALIFORNIA	Heather Campbell**	257 Madonna Rd	San Luis Obispo	93405	(805) 439-4044
CALIFORNIA	Corporate	125 S Las Posas, Suite 130	San Marcos	92078	(760) 471-1877
<u>CALIFORNIA</u>	<u>Heather Campbell**</u>	<u>2030 California Ave, Suite B</u>	<u>Sand City</u>	<u>93955</u>	<u>(619) 876-2990</u>
CALIFORNIA	Heather Campbell**	3905 State St, Suite 6	Santa Barbara	93105	(805) 869-6339
CALIFORNIA	Steve Fahringer*	5227 Stevens Creek Blvd.	Santa Clara	95051	(408) 564-7229
CALIFORNIA	Jeff Ando	858 West Benjamin Holt Drive	Stockton	95207	(209) 565-5190
CALIFORNIA	Corporate	17510 Hawthorne Blvd, Suite A	Torrance	90504	(424) 272-7693
CALIFORNIA	Corporate	2927 El Camino Real	Tustin	92782	(714) 709-8890
<u>CALIFORNIA</u>	<u>Steve Fahringer*</u>	<u>32256 Dyer St, B-4</u>	<u>Union City</u>	<u>94587</u>	<u>(510) 952-9146</u>
CALIFORNIA	Jeff Ando	1031 Nut Tree Parkway, Suite D1	Vacaville	95687	(707) 685-9183
CALIFORNIA	Corporate	27033 McBean Parkway	Valencia	91355	(661) 430-6268
CALIFORNIA	Beth Schneider	4025 West Caldwell Ave	Visalia	93277	(559) 203-7393
CALIFORNIA	Corporate	6320 Topanga Canyon Blvd, Suite 1633	Woodland Hills	91367	(818) 927-3700
COLORADO	Eric Kaplan*	4660 W 121st Ave	Broomfield	80020	(303) 832-4141
COLORADO	Eric Kaplan*	8283 S Akron St	Centennial	80112	(303) 339-9500
COLORADO	Brian Plumer	1739 Briargate Blvd	Colorado Springs	80920	(719) 599-9033
<u>COLROADO</u>	<u>Eric Kaplan*</u>	<u>201 University Blvd #104</u>	<u>Denver</u>	<u>80206</u>	<u>(303) 865-7960</u>
COLORADO	Eric Kaplan*	2350 E Harmony Rd	Fort Collins	80528	(970) 232-1100
COLORADO	Eric Kaplan*	1000 S Colorado Blvd	Glendale	80246	(303) 865-7960
COLORADO	Eric Kaplan*	98 N Wadsworth Blvd	Lakewood	80226	(303) 462-2026
CONNECTICUT	Rick Sciacca**	25 Climax Dr., Suite 100	Avon	06070	(860) 606-7995
FLORIDA	Dean Austad*	2450 W. Brandon Blvd.	Brandon	33511	(813) 684-0044
FLORIDA	Dean Austad*	2532 State Rd 580 Suite J	Clearwater	33761	(727) 725-9136
FLORIDA	Eric Kaplan*	1401 Cornerstone Blvd, Ste 1307-H	Daytona Beach	32114	(386) 888-0650
FLORIDA	Bridget Kelley	12640 S Cleveland Ave.	Ft. Myers	33907	(239) 931-1400

State	Owner Name	Street Address	City	Zip Code	Phone Number
FLORIDA	Eric Kaplan*	3039 SW 45th Street, Suite T2035	Gainesville	32608	(352) 448-0448
FLORIDA	Arnold Pereira Exaltare**	4906 Town Center Pkwy Ste 108	Jacksonville	32246	(904) 570-3526
FLORIDA	Dean Austad*	3926 S. Florida Ave	Lakeland	33813	(863) 386-5803
FLORIDA	Dean Austad*	25934 Sierra Center Blvd, Suite 10	Lutz	33559	(813) 438-2025
FLORIDA	Eric Kaplan*	6729 Colonnade Ave #107	Melbourne	32940	(321) 768-3338
FLORIDA	Bridget Kelley	3545 Pine Ridge Road	Naples	34109	(239) 580-6433
FLORIDA	Eric Kaplan*	320 N Alafaya Trail	Orlando	32828	(407) 730-9024
FLORIDA	Eric Kaplan*	4684 Millenia Plaza Way	Orlando	32829	(407) 370-3338
FLORIDA	Eric Kaplan*	3425 Thomasville Rd Ste 12	Tallahassee	32309	(850) 848-2600
FLORIDA	Eric Kaplan*	1060 Bichara Boulevard	The Villages	32159	(352) 706-0207
FLORIDA	Dean Austad*	8512 Cooper Creek Blvd	University Park	34201	(941) 487-7974
GEORGIA	Dean Austad*	7300 North Point Pkwy, Ste 101-A	Alpharetta	30022	(770) 627-0812
GEORGIA	Dean Austad*	1797 Oconee Connector, Suite 120	Athens	30606	(706) 624-1595
GEORGIA	Dean Austad*	1144 Robert C Daniel Jr Pkwy, Suite 27B	Augusta	30909	(706) 247-8710
GEORGIA	Dean Austad*	3385 Woodward Crossing, Ste 340	Buford	30519	(678) 804-9338
GEORGIA	Dean Austad*	5413 Whittlesey Blvd Suite D	Columbus	31909	(706) 760-7973
GEORGIA	Dean Austad*	1300 Ernest Barrett Pkwy, Suite 500	Kennesaw	30144	(678) 389-7447
GEORGIA	Dean Austad*	5080 Riverside Dr	Macon	31210	(478) 306-6032
GEORGIA	Dean Austad*	335-E Newnan Crossing Bypass	Newnan	30265	(770) 740-4411
GEORGIA	Dean Austad*	5840 Roswell Road NE Suite 100	Sandy Springs	30328	(470) 231-4838
GEORGIA	Dean Austad*	7804 Abercorn Street	Savannah	31406	(912) 480-0554
GEORGIA	Dean Austad*	1350 Scenic Hwy S, Suite 1700	Snellville	30078	(678) 578-6005
HAWAII	Steve Fahringer*	1000 Kamehameha Hwy, Ste 205A	Pearl City	96782	(808) 888-3377
IDAHO	Dean Austad*	2274 N. Eagle Road	Meridian	83646	(208) 887-5478
ILLINOIS	Lawrence Buckman	5823 E Riverside Blvd	Rockford	61114	(815) 654-1900
ILLINOIS	Arnold Pereira Exaltare**	3244 Green Mt. Crossing Dr.	Shiloh	62269	(618) 589-0751
INDIANA	Corporate	945 N. Burkhardt Road, Suite C	Evansville	47715	(812) 777-4644
INDIANA	Mike McNeill*	4626 Coldwater Rd	Fort Wayne	46825	(260) 498-2915
INDIANA	Mike McNeill*	111 East University Drive	Granger	46530	(574) 544-2375

State	Owner Name	Street Address	City	Zip Code	Phone Number
INDIANA	Bridget Kelley	1279 Emerson Ave	Greenwood	46143	(317) 597-2011
INDIANA	Bridget Kelley	3969 E 82nd St	Indianapolis	46240	(317) 829-1040
IOWA	Ryan Gray*	880 Middle Road Unit 8	Bettendorf	52722	(563) 219-7880
IOWA	Ryan Gray*	1140 Blairs Ferry Rd NE, Suite 300	Cedar Rapids	52402	(319) 249-6190
IOWA	Arnold Pereira Exaltare**	7105 Mills Civic Pkwy	West Des Moines	50266	(515) 446-7766
KANSAS	Arnold Pereira Exaltare**	11524 W 95th St.	Overland Park	66214	(816) 272-2003
KANSAS	Arnold Pereira Exaltare**	8113 E Kellogg Dr.	Wichita	67207	(316) 226-8996
<u>KENTUCKY</u>	<u>Corporate</u>	<u>760 Campbell Lane, Suite 108</u>	<u>Bowling Green</u>	<u>42104</u>	<u>(502) 996-8300</u>
KENTUCKY	Corporate	2358 Nicholasville Road, Suite 165	Lexington	40503	(859) 788-3225
KENTUCKY	Corporate	970 Breckenridge Lane Suite 102	Louisville	40207	(502) 485-5735
LOUISIANA	Ryan Gray*	7539 Corporate Blvd, Ste 140	Baton Rouge	70806	(225) 257-7221
LOUISIANA	Ryan Gray*	101 Saloom Farm Road, Suite 103	Lafayette	70508	(337) 703-0342
LOUISIANA	Ryan Gray*	3559 Highway 190, Suite L	Mandeville	70471	(225) 267-5787
LOUISIANA	Ryan Gray*	3020 Veterans Memorial Blvd.	Metairie	70002	(504) 688-2203
LOUISIANA	Ryan Gray*	6535 Youree Drive, Ste 302	Shreveport	71105	(318) 524-9559
MARYLAND	Jonathan Cotten Cotten*	2490 Solomons Island Road	Annapolis	21401	(443) 402-3936
MARYLAND	Jonathan Cotten Cotten*	110 Shawan Rd, Ste 4	Cockeysville	21030	(410) 824-1127
MARYLAND	Jonathan Cotten Cotten*	2490 Market Street, NE 602	Fort Lincoln	20018	(202) 980-0134
<u>MARYLAND</u>	<u>Jonathan Cotten*</u>	<u>7820 Wormans Mill Rd, Suite 20</u>	<u>Frederick</u>	<u>21701</u>	<u>(240) 559-5755</u>
MARYLAND	Jonathan Cotten Cotten*	815 B Rockville Pike	Rockville	20852	(202) 932-8480
MASSACHUSETTS	Bridget Kelley	86 Burlington Mall Road	Burlington	01803	(781) 362-6001
MASSACHUSETTS	Bridget Kelley	136 Andover St	Danvers	01923	(508) 499-1775
MASSACHUSETTS	Bridget Kelley	1290 Worcester Street	Natick	01760	(508) 499-1802
MASSACHUSETTS	Bridget Kelley	84 Boston Turnpike	Shrewsbury	01545	(508) 719-0360
MASSACHUSETTS	Bridget Kelley	100 University Avenue, Suite No. S213	Westwood	02090	(781) 557-5000
MICHIGAN	Lee Szykowski*	G3613 Miller Rd	Flint	48507	(810) 780-4645
MICHIGAN	Mike McNeill*	5070 28th Street SE, Ste B	Grand Rapids	49512	(616) 942-9130
<u>MICHIGAN</u>	<u>Mike McNeill*</u>	<u>3415 E Saginaw St, Suite F</u>	<u>Lansing</u>	<u>48912</u>	<u>(517) 481-3836</u>
MICHIGAN	Mike McNeill*	6020 S Westnedge Ave	Portage	49002	(269) 323-4140

State	Owner Name	Street Address	City	Zip Code	Phone Number
MICHIGAN	Lee Szykowski*	3349 W South Airport Rd	Traverse City	49684	(231) 397-3577
MINNESOTA	Cindy Meltesen Meltesen-Biwer	9733 Lyndale Ave S	Bloomington	55420	(952) 500-9253
MINNESOTA	Cindy Meltesen Meltesen-Biwer	1605 County Rd 42 W	Burnsville	55306	(763) 326-1964
MINNESOTA	Cindy Meltesen Meltesen-Biwer	8063 Wedgewood Lane N	Maple Grove	55369	(763) 777-5361
MINNESOTA	Cindy Meltesen Meltesen-Biwer	1900 County Rd D East,	Maplewood	55109	(651) 289-2760
MINNESOTA	Carol Brannon	1221 3rd Ave SW	Rochester	55902	(507) 529-7904
MINNESOTA	Cindy Meltesen-Biwer	8144 Coller Way, Suite 100	Woodbury	55125	(952) 500-9253
MISSISSIPPI	Ryan Gray*	1896 Main Street, Ste E	Madison	39110	(601) 914-9956
MISSOURI	Lisa Gray*	3069 William Steet	Cape Girardeau	63701	(573) 803-0118
MISSOURI	Arnold Pereira Exaltare**	12349 Olive Blvd	Creve Coeur	63141	(314) 312-1717
MISSOURI	Arnold Pereira Exaltare**	1680 NW Chipman Rd, Ste B	Lee's Summit	64081	(816) 272-2003
MISSOURI	Arnold Pereira Exaltare**	2704 S Glenstone Ave	Springfield	65804	(417) 427-7251
NEBRASKA	Ryan Gray*	2801 Pine Lake Rd, Ste F	Lincoln	68516	(402) 817-1377
NEBRASKA	Arnold Pereira Exaltare**	7812 W Dodge Rd	Omaha	68114	(402) 513-8633
NEVADA	Steve Fahringer*	605 Mall Ring Circle, Suite 105	Henderson	89014	(702) 331-7787
NEVADA	Steve Fahringer*	2600 W Sahara Ave, Suite 116	Las Vegas	89102	(702) 247-1504
NEVADA	Jeff Ando	6629 S Virginia Street	Reno	89511	(775) 853-4889
NEW HAMPSHIRE	Bridget Kelley	655 South Willow Street, Suite 115	Manchester	03103	(603) 945-1460
NEW HAMPSHIRE	Bridget Kelley	219 Daniel Webster Highway	Nashua	03060	(603) 821-7399
NEW MEXICO	Jeff Ando	2201 Louisiana Blvd NE	Albuquerque	87110	(505) 738-3900
NEW YORK	Bridget Kelley	116 Wolf Rd	Albany	12205	(518) 458-2724
NEW YORK	Bridget Kelley	150 Township Blvd	Camillus	13031	(315) 909-8002
NEW YORK	Bridget Kelley	1746 Walden Ave	Cheektowaga	14225	(716) 892-3338

State	Owner Name	Street Address	City	Zip Code	Phone Number
NEW YORK	Rick Sciacca**	25427 Horace Harding Expy	Little Neck	11362	(929) 373-7343
NEW YORK	Rick Sciacca**	52 Manetto Hill Rd	Plainview	11803	(516) 216-9975
NEW YORK	Bridget Kelley	300 Hylan Dr.	Rochester	14623	(585) 424-4030
NORTH CAROLINA	Jonathan Cotten Cotten*	103 S. Elliott Rd	Chapel Hill	27514	(919) 276-5310
NORTH CAROLINA	Dean Austad*	7314 Waverly Walk Avenue	Charlotte	28277	(704) 247-7372
NORTH CAROLINA	Dean Austad*	8411 Ikea Blvd Suite A	Charlotte	28262	(704) 666-5741
NORTH CAROLINA	Dean Austad*	14126 RiverGate Parkway, Suite 200	Charlotte	28273	(704) 945-1069
NORTH CAROLINA	Jonathan Cotten Cotten*	2713-1 Freedom Parkway	Fayetteville	28314	(910) 475-8935
NORTH CAROLINA	Jonathan Cotten Cotten*	4215 West Wendover Ave	Greensboro	27407	(336) 360-5462
NORTH CAROLINA	Dean Austad*	16623 Birkdale Commons Pkwy, unit D2B	Huntersville	28078	(704) 941-3084
NORTH CAROLINA	Jonathan Cotten Cotten*	1111 Mercantile Drive Suite 130	Raleigh	27609	(919) 336-0466
NORTH CAROLINA	Jonathan Cotten*	6835 Conservation Way, #L140	Wilmington	28405	(910) 552-1830
NORTH CAROLINA	Jonathan Cotten Cotten*	276 S Stratford Rd	Winston-Salem	27103	(336) 930-7676
NORTH DAKOTA	Dean Austad*	4328 13th Ave, Ste C	Fargo	58103	(701) 476-0252
OHIO	Jonathan Cotten*	4131 Belden Village Mall Circle NW, Space B52	Canton	44718	(234) 266-0450
OHIO	Ron Paulchel	8010 Hosbrook Rd	Cincinnati	45236	(513) 434-8168
OHIO	Ron Paulchel	4412 Indian Ripple Road	Dayton	45440	(937) 280-5148
OHIO	Ron Paulchel	1722 Stringtown Rd	Grove City	43123	(614) 350-5623
OHIO	Mike McNeill*	5210 Monroe Street	Toledo	43623	(419) 500-0225
OHIO	Ron Paulchel	671 Worthington Rd #185	Westerville	43082	(614) 635-9541
OHIO	Jonathan Cotten* Cotten	177 Market Street	Westlake	44145	(216) 770-6063
OHIO	Jonathan Cotten* Cotten	28691 Chagrin Blvd	Woodmere	44122	(216) 770-6071
OKLAHOMA	Exaltare**	705 SW 19th St Suite 180	Moore	73060	(405) 666-5258
OKLAHOMA	Arnold Pereira Exaltare**	1841 Belle Isle Blvd	Oklahoma City	73118	(405) 437-4337
OKLAHOMA	Arnold Pereira Exaltare**	6837 S Memorial Dr.	Tulsa	74133	(918) 884-7044
OREGON	Dean Austad*	1063 Valley River Way, Suite 104	Eugene	97401	(541) 780-6219
OREGON	Dean Austad*	8967 SE 82nd Avenue	Happy Valley	97086	(503) 774-3277
OREGON	Dean Austad*	2035 NE Allie Avenue	Hillsboro	97124	(503) 617-9500
OREGON	Dean Austad*	737 Lancaster Dr. NE	Salem	97301	(971) 240-4078

State	Owner Name	Street Address	City	Zip Code	Phone Number
OREGON	Dean Austad*	7445 SW Nyberg Street	Tualatin	97062	(503) 598-2310
PENNSYLVANIA	Ryan Gray*	3539 Gettysburg Road	Camp Hill	17011	(717) 553-0393
PENNSYLVANIA	Ryan Gray*	580 Walker Rd	Chambersburg	17202	(412) 912-1123
PENNSYLVANIA	August D'Onofrio Ryan Gray*	20280 Rt 19	Cranberry Township	16066	(724) 742-0822
PENNSYLVANIA	Ryan Gray*	1945 Commerce Blvd. Ste 9	Dickson City	18519	(570) 534-0980
PENNSYLVANIA	Rick Sciacca**	155 Village St	King of Prussia	19406	(484) 680-7585
PENNSYLVANIA	Ryan Gray*	1601 Manheim Pike, Ste 102	Lancaster	17601	(717) 844-5505
PENNSYLVANIA	Rick Sciacca**	1315 East Lincoln Hwy #26	Levittown	19056	(267) 585-6250
PENNSYLVANIA	Rick Sciacca**	1460 Bethlehem Pike	North Wales	19454	(267) 219-5569
PENNSYLVANIA	August D'Onofrio Ryan Gray*	1938 Park Manor Blvd, Ste 1938	Robinson Township	15205	(412) 505-8080
RHODE ISLAND	Rick Sciacca**	2000 Chapel View Blvd	Cranston	02920	(401) 206-5255
SOUTH CAROLINA	Dean Austad*	702 Crosshill Rd, Ste 200B	Columbia	29205	(803) 630-1700
SOUTH CAROLINA	Dean Austad*	1025 Woodruff Rd, Ste K-102	Greenville	29607	(864) 438-5073
SOUTH CAROLINA	Dean Austad*	1040 Oak Forest Lane, Unit 3	Myrtle Beach	29577	(854) 444-8099
SOUTH DAKOTA	Dean Austad*	4021 West 41st Street	Sioux Falls	57106	(605) 988-6215
TENNESSEE	Jonathan Cotten*	426 Pinnacle Pkwy #334	Bristol	37620	(423) 279-8037
TENNESSEE	Corporate	5207 Highway 153	Chattanooga	37343	(423) 443-3468
TENNESSEE	Cathey Lee	2234 Trenton Rd, Suite C	Clarksville	37040	(930) 919-2694
TENNESSEE	Cathey Lee Evans *	1556 W McEwen Dr, Suite 136	Franklin	37067	(615) 905-4908
TENNESSEE	Cathey Lee Evans*	401 S Mt. Juliet Rd, Mt.	Juliet	37122	(615) 754-7300
TENNESSEE	Corporate	11389 Parkside Dr.,	Knoxville	37934	(865) 671-0265
TENNESSEE	Corporate	5853 Poplar Ave, Suite 120	Memphis	38119	(901) 757-7765
TENNESSEE	Cathey Lee*	401 S Mt. Juliet Rd, Mt.	Mount Juliet	37122	(615) 754-7300
TENNESSEE	Cathey Lee Evans *	833 N Thompson Ln.,	Murfreesboro	37129	(615) 217-7100
TENNESSEE	Cathey Lee Evans *	27 White Bridge Rd,	Nashville	37205	(615) 353-7200
TEXAS	Jim Waterman	190 East Stacy Road, Suite 216	Allen	75002	(214) 441-6971

State	Owner Name	Street Address	City	Zip Code	Phone Number
TEXAS	Bryson Lassiter	7402 SW 34th	Amarillo	79121	(806) 418-6295
TEXAS	Jim Waterman	4654 S. Cooper St, Ste 326	Arlington	76017	(214) 441-6940
TEXAS	Arnold Pereira Exaltare**	10900 Lakeline Mall Dr.	Austin	78717	(512) 387-7944
TEXAS	Exaltare**	9300 IH-35 South Bldg. G150	Austin	78748	(512) 549-6011
TEXAS	Exaltare**	6405 Garth Rd, Suite 200	Baytown	77521	(832) 232-7757
TEXAS	Jim Waterman	4400 State Hwy 6 South	College Station	77845	(979) 535-5060
TEXAS	Ryan Gray*	1302 Airline Rd	Corpus Christi	78412	(361) 541-6257
TEXAS	Jeff Ando	1115 Airway Blvd, Ste 200	El Paso	79925	(915) 444-8405
TEXAS	Jim Waterman	4837 Bryant Irvin Rd	Fort Worth	76132	(817) 761-7424
TEXAS	Jim Waterman	2217 N. Tarrant Parkway Ste. 211	Fort Worth	76177	(214) 225-6853
TEXAS	Arnold Pereira Exaltare**	5000 Westheimer Rd	Houston	77056	(832) 509-5019
TEXAS	Arnold Pereira Exaltare**	98 W Grand Pkwy	Katy	77494	(281) 371-6333
TEXAS	Ryan Gray*	2600 W Expressway 83, Suite #30	McAllen	78501	(956) 403-6580
TEXAS	Jim Waterman	3309 Dallas Pkwy	Plano	75093	(214) 609-1331
TEXAS	Jim Waterman	991 Interstate 30, Suite 109	Rockwall	75087	(469) 945-3200
TEXAS	Arnold Pereira Exaltare**	5539 W Loop 1604 North, Ste 110	San Antonio	78253	(210) 942-2553
TEXAS	Arnold Pereira Exaltare**	125 NW Loop 410,	San Antonio	78216	(210) 942-2553
TEXAS	Jim Waterman	2615 E Southlake Blvd	Southlake	76092	(682) 204-7299
TEXAS	Jim Waterman	3309 Dallas Pkwy	Plano	75093	(214) 609-1331
TEXAS	Jim Waterman	2668 S. 31st Street, Suite E	Temple	76501	(254) 651-6550
TEXAS	Arnold Pereira Exaltare**	9300 Six Pines Dr.	The Woodlands	77380	(832) 509-5005
TEXAS	Brandi McDonald	8934 S Broadway Ave, Suite 432	Tyler	75703	(903) 630-1256
TEXAS	Jim Waterman	2812 W Loop 340	Waco	76711	(254) 735-1684
TEXAS	Arnold Pereira Exaltare**	19325 Gulf Frwy	Webster	77598	(281) 672-6111
UTAH	Dean Austad*	258 N. University Drive	Farmington	84025	(385) 988-3295
UTAH	Dean Austad*	4534 W. Partridgehill Lane	Riverton	84065	(385) 434-3558
UTAH	Dean Austad*	11332 South Street	Sandy	84070	(385) 255-9723
VIRGINIA	Jonathan CottonCotton*	2050 Bond Street, Suite 160	Charlottesville	22901	(434) 290-3626
VIRGINIA	Jonathan CottonCotton*	11893 Grand Commons Ave	Fairfax	22030	(202) 517-9024

State	Owner Name	Street Address	City	Zip Code	Phone Number
VIRGINIA	Jonathan Cotten Cotten*	1601 Village Market Blvd SE, Ste 112	Leesburg	20175	(571) 200-1821
VIRGINIA	Jonathan Cotten Cotten*	4026 Wards Road	Lynchburg	24502	(434) 448-3334
VIRGINIA	Jonathan Cotten Cotten*	12090 Jefferson Ave, Suite 1720	Newport News	23606	(757) 249-7700
VIRGINIA	Jonathan Cotten Cotten*	12276 W Broad St	Richmond	23233	(804) 485-2692
VIRGINIA	Jonathan Cotten Cotten*	2205 Colonial Ave SW	Roanoke	24015	(540) 385-7471
VIRGINIA	Jonathan Cotten Cotten*	1624 Laskin Rd, Ste 751	Virginia Beach	23451	(757) 563-1233
VIRGINIA	Jonathan Cotten Cotten*	15101 Potomac Town Center Place 130	Woodbridge	22191	(571) 453-7647
WASHINGTON	Steve Fahringer*	2921 Alderwood Mall Blvd, Suite C	Lynnwood	98036	(425) 640-9677
WASHINGTON	Steve Fahringer*	10600 Silverdale Way NW Ste 102	Silverdale	98383	(360) 286-2722
WASHINGTON	Dean Austad*	15106 E. Indiana Avenue	Spokane Valley	99216	(509) 381-5059
WASHINGTON	Steve Fahringer*	2505 South 38th Street, Ste A-107	Tacoma	98409	(253) 267-0788
WASHINGTON	Steve Fahringer*	16831 Southcenter Pkwy, Ste A2	Tukwila	98188	(206) 575-6990
WASHINGTON	Steve Fahringer*	575 Trosper Rd. SW, Suite 102	Tumwater	98512	(360) 915-6001
WASHINGTON	Dean Austad*	8440 NE Vancouver Mall Drive, Suite 120	Vancouver	98662	(360) 524-6444
WASHINGTON	Dean Austad*	2401 S. 1st Street	Yakima	98903	(509) 588-7128
WISCONSIN	Arnold Pereira Exaltare**	4768 Integrity Way	Appleton	54913	(920) 944-9441
WISCONSIN	Exaltare	15280 W Bluemound Rd	Brookfield	53122	(262) 649-1050
WISCONSIN	Lisa Schwartzhoff**	2909 Mall Drive	Eau Claire	54701	(715) 598-1545
WISCONSIN	Lisa Schwartzhoff**	40 Copeland Ave	La Crosse	54603	(608) 781-8820
WISCONSIN	Arnold Pereira Exaltare**	2804 Prairie Lakes Dr. Suite 104	Sun Prairie	53590	(608) 453-4148
WISCONSIN	Buckman/Pioch	4107 Barbican Avenue, Suite 270	Wausau	54401	(715) 692-3433
WISCONSIN	Arnold Pereira Exaltare**	2711 North Mayfair Road	Wauwatosa	53222	(414) 436-7800

*These franchisees have development rights pursuant to an Area Development Agreement signed in 2022.

** These franchisees ~~currently~~ have development rights pursuant to an Area Development Agreement signed in 2023.

LIST OF FRANCHISED STORES WITH FRANCHISE AGREEMENTS SIGNED BUT STORES NOT YET OPEN
AS OF DECEMBER 31, 2023

<u>State</u>	<u>Owner Name</u>	<u>Street Address</u>	<u>City</u>	<u>Zip Code</u>	<u>Phone Number</u>
<u>CALIFORNIA</u>	<u>Heather Campbell**</u>	<u>266 Mount Hermon Road</u>	<u>Scotts Valley</u>	<u>35243</u>	<u>(831) 713-5493</u>
<u>FLORIDA</u>	<u>Rick Sciacca**</u>	<u>11300 Legacy Avenue, Suite 110</u>	<u>Palm Beach Gardens</u>	<u>35757</u>	<u>(561) 203-0125</u>
<u>IOWA</u>	<u>Ryan Gray*</u>	<u>2655 James Street, Suite 250</u>	<u>Coralville</u>	<u>36608</u>	<u>(319) 774-4958</u>
<u>MARYLAND</u>	<u>Jonathan Cotten*</u>	<u>5350 Campbell Blvd., Unit B</u>	<u>Nottingham</u>	<u>36117</u>	<u>(443) 589-8450</u>
<u>NEW JERSEY</u>	<u>Rick Sciacca*</u>	<u>50 Brick Plaza</u>	<u>Brick</u>	<u>35404</u>	<u>(732) 201-4595</u>

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** These franchisees have development rights pursuant to an Area Development Agreement signed in 2023.

**LIST OF FRANCHISED STORES AND AFFILIATE-OWNED STORES ("CORPORATE") OPEN (COMBINED) AFTER ~~JANUARY 1, 2023~~
JANUARY 1, 2024**

State	Owner Name	Street Address	City	Zip Code	Phone Number
California <u>ARIZONA</u>	Steve Fahringer <u>Eric Kaplan</u> *	53 Colma Blvd, Suite 00006 <u>15611 W Mcdowell Rd, 120</u>	Colma <u>Goodyear</u>	94014 <u>8539</u> <u>5</u>	(650)602 488-8495 <u>344-616</u> <u>0</u>
California <u>CALIFORNIA</u>	Steve Fahringer <u>Heather Campbell</u> **	2340 Monument Blvd, Suite B <u>266 S Mount Hermon Road</u>	Pleasant Hills <u>Scotts Valley</u>	94523 <u>9506</u> <u>6</u>	(925)831 349-9206 <u>713-549</u> <u>3</u>
California <u>FLORIDA</u>	Steve Fahringer <u>Johnathan Cotton</u> *	32256 Dyer St, B-4 <u>7890 SW 104th Street, B105</u>	Union City <u>Miami</u>	94587 <u>3315</u> <u>6</u>	(510)786 952-9146 <u>232-344</u> <u>5</u>
Florida <u>FLORIDA</u>	Eric Kaplan <u>Rick Sciacca</u> **	3039 SW 45th Street <u>11300 Legacy Ave, Suite T2035</u> <u>110</u>	Gainesville <u>Palm Beach Gardens</u>	32608 <u>3341</u> <u>0</u>	(352)561 448-0448 <u>203-012</u> <u>5</u>
Georgia <u>GEORGIA</u>	Dean Austad*	1797 Oconee Connector, Suite 120 <u>410 Peachtree Pkwy</u>	Athens <u>Cumming</u>	30606 <u>3004</u> <u>1</u>	(706)470 624-1595 <u>704-768</u> <u>6</u>
Georgia <u>IOWA</u>	Dean Austad <u>Ryan Gray</u> *	1144 Robert C Daniel Jr Pkwy, Suite 27B <u>2655 James St, Ste 250</u>	Augusta <u>Coralville</u>	30909 <u>5224</u> <u>1</u>	(706)319 247-8710 <u>774-495</u> <u>8</u>
Georgia <u>MARYLAND</u>	Dean Austad <u>Jonathan Cotten</u> *	5413 Whittlesey <u>5350 Campbell Blvd-Suite D, Unit B</u>	Columbus <u>Nottingham</u>	31909 <u>2123</u> <u>6</u>	(706)443 760-7973 <u>589-845</u> <u>0</u>
Georgia	Dean Austad *	5080 Riverside Dr	Macon	31210	(478) 306-6032
Maryland	Jonathan Cotton *	7820 Wormans Mill Rd, Suite 20	Frederick	21701	(240) 559-5755
Michigan	Lee Szykowski *	3349 W South Airport Rd	Traverse City	49684	(231) 397-3577
New York	Bridget Kelley	150 Township Blvd	Camillus	13031	(315) 909-8002
New York <u>NEW JERSEY</u>	Rick Sciacca **	25427 Horace Harding Expy <u>50 Brick Plaza</u>	Little Neck <u>Brick</u>	11362 <u>0872</u> <u>3</u>	(929)732 373-7343 <u>201-459</u>

					<u>5</u>
North Carolina <u>NEVADA</u>	Dean Austad <u>Steve Fahringer*</u>	16623 Birkdale Commons Pkwy, unit D2B <u>10870 W Charleston Blvd, Suite 150</u>	Birkdale <u>Las Vegas</u>	28078 <u>8913</u>	(704) 702-941-3084 <u>476-9946</u>
North Carolina	Jonathan Cotton*	6835 Conservation Way, #L140	Wilmington	28405	(910) 552-1830
Rhode Island <u>OHIO</u>	Rick Sciacca**	2000 Chapel View Blvd <u>17100 Royalton Road, Unit S</u>	Cranston <u>Strongsville</u>	02920 <u>4413</u>	(401) 440-206-5255 <u>220-8620</u>
Tennessee	Jonathan Cotton*	426 Pinnacle Pkwy #334	Bristol	37620	(423) 279-8037
Texas <u>WISCONSIN</u>	Exaltare**	9300 IH 35 South Bldg. G-150 <u>9740-9800 76th Street, Suite 104</u>	Austin <u>Pleasant Prairie</u>	78748 <u>5315</u>	(512) 262-549-6011 <u>777-6250</u>
Texas <u>WEST VIRGINIA</u>	Exaltare* <u>Ryan Gray*</u>	6405 Garth Rd, Suite 200 <u>412 Suncrest Towne Centre Drive</u>	Baytown <u>Morgantown</u>	77521 <u>2650</u>	(832) 681-232-7757 <u>412-4061</u>
Texas	Jim Waterman	991 Interstate 30, Suite 109	Rockwall	75087	(469) 945-3200
Texas	Brandi McDonald	8934 S Broadway Ave, Suite 432	Tyler	75703	(903) 630-1256
Wisconsin	Lisa Schwartzhoff**	2909 Mall Drive	Eau Claire	54701	(715) 598-1545

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**LIST OF FRANCHISE AGREEMENTS SIGNED BUT STORES
NOT YET OPENED AS OF DECEMBER 31, 2022**

None.

**LIST OF CLOSED FRANCHISED STORES AS OF
DECEMBER 31, ~~2022~~2023**

State	Owner Name	Street Address	City	Zip Code	Phone Number	Type
CALIFORNIA	Beverly Kuehler <u>Larry Schneider</u>	44 498 Town Center Way	Palm Desert <u>Merced</u>	92260	(760) 559-837-9400 <u>222-3338</u>	Reacquired by Franchisor <u>Ceased operations</u>
CONNECTICUT <u>MINNESOTA</u>	Joe Gallagher <u>Cindy Meltesen-Biwer/Thomas Biwer</u>	70 E Main St., Ste. 8	Avon <u>Bloomington</u>	06001	(860) 952-677-0151 <u>500-9253</u>	Ceased operations

**LIST OF CLOSED FRANCHISED
STORES ON OR AFTER JANUARY
1, ~~2023~~2024**

None.

State	Owner Name	Street Address	City	Zip Code	Phone Number	Type
CALIFORNIA	Beth Schneider	3080 M St	Merced	95348	(209) 722-3338	Ceased operations <u>Other</u>

**LIST OF TRANSFERRED FRANCHISED STORES
AS OF DECEMBER 31, ~~2022~~2023**

~~None.~~

**LIST OF TRANSFERRED FRANCHISED STORES
AFTER JANUARY 1, ~~2022~~2023**

State	Former Owner Name	Street Address	City	Zip Code	Phone Number	Current Owner Name
CALIFORNIA	Jim Hankee	2030 California Ave, Suite B	Sand City	93955	(619) 876-2990	Heather Campbell**
FLORIDA	Arnold Pereira	4906 Town Center Pkwy Ste 108	Jacksonville	32246	(904) 570-3526	Exaltare**,**
ILLINOIS	Arnold Pereira	3244 Green Mt. Crossing Dr.	Shiloh	62269	(618) 589-0751	Exaltare**,**
IOWA	Arnold Pereira	7105 Mills Civic Pkwy	West Des Moines	50266	(515) 446-7766	Exaltare**,**
KANSAS	Arnold Pereira	11524 W 95th St.	Overland Park	66214	(816) 272-2003	Exaltare**,**
KANSAS	Arnold Pereira	8113 E Kellogg Dr.	Wichita	67207	(316) 226-8996	Exaltare**,**
MISSOURI	Arnold Pereira	12349 Olive Blvd	Creve Coeur	63141	(314) 312-1717	Exaltare**,**
MISSOURI	Arnold Pereira	1680 NW Chipman Rd, Ste B	Lee's Summit	64081	(816) 272-2003	Exaltare**,**
MISSOURI	Arnold Pereira	2704 S Glenstone Ave	Springfield	65804	(417) 427-7251	Exaltare**,**
NEBRASKA	Arnold Pereira	7812 W Dodge Rd	Omaha	68114	(402) 513-8633	Exaltare**,**
OHIO	Ron Paulchel	8010 Hosbrook Rd	Cincinnati	45236	(513) 434-8168	Terre Vacheresse**
OHIO	Ron Paulchel	4412 Indian Ripple Road	Dayton	45440	(937) 280-5148	Terre Vacheresse**
OKLAHOMA	Arnold Pereira	1841 Belle Isle Blvd	Oklahoma City	73118	(405) 437-4337	Exaltare**,**
OKLAHOMA	Arnold Pereira	6837 S Memorial Dr.	Tulsa	74133	(918) 884-7044	Exaltare**,**
<u>PENNSYLVANIA</u>	<u>August D'Onofrio</u>	<u>20280 Rt 19</u>	<u>Cranberry Township</u>	<u>16066</u>	<u>(724) 866-0822</u>	<u>Ryan Gray*</u>
<u>PENNSYLVANIA</u>	<u>August</u>	<u>1938 Park Manor Blvd, Ste 1938</u>	<u>Robinson</u>	<u>15205</u>	<u>(724) 866-0822</u>	<u>Ryan Gray*</u>

State	Former Owner Name	Street Address	City	Zip Code	Phone Number	Current Owner Name
	D'Onofrio		Township			
TEXAS	Arnold Pereira	10900 Lakeline Mall Dr.	Austin	78717	(512) 387-7944	Exaltare** / ***
TEXAS	Arnold Pereira	5000 Westheimer Rd	Houston	77056	(832) 509-5019	Exaltare** / ***
TEXAS	Arnold Pereira	98 W Grand Pkwy	Katy	77494	(281) 371-6333	Exaltare** / ***
TEXAS	Arnold Pereira	5539 W Loop 1604 North, Ste 110	San Antonio	78253	(210) 942-2553	Exaltare** / ***
TEXAS	Arnold Pereira	125 NW Loop 410 ⁷	San Antonio	78216	(210) 942-2553	Exaltare** / ***
TEXAS	Arnold Pereira	19325 Gulf Frwy	Webster	77598	(281) 672-6111	Exaltare** / ***
TEXAS	Arnold Pereira	9300 Six Pines Dr.	The Woodlands	77380	(832) 509-5005	Exaltare** / ***
WISCONSIN	Arnold Pereira	4768 Integrity Way	Appleton	54913	(920) 944-9441	Exaltare** / ***
WISCONSIN	Arnold Pereira	2804 Prairie Lakes Dr. Suite 104	Sun Prairie	53590	(608) 453-4148	Exaltare** / ***
WISCONSIN	Arnold Pereira	2711 North Mayfair Road	Wauwatosa	53222	(414) 436-7800	Exaltare** / ***

*These franchisees have ~~area~~ development rights pursuant to an Area Development Agreement signed in [2022](#).

** [These franchisees have development rights pursuant to an Area Development Agreement signed in 2023.](#)

***[Arnold Pereira, the transferor, maintains a partial ownership interest in these locations.](#)

LIST OF TRANSFERRED FRANCHISED STORES
AFTER JANUARY 1, 2024

<u>State</u>	<u>Former Owner Name</u>	<u>Street Address</u>	<u>City</u>	<u>Zip Code</u>	<u>Phone Number</u>	<u>Current Owner Name</u>
<u>ALABAMA</u>	<u>Corporate</u>	<u>315 Summit Blvd, Suite 200</u>	<u>Birmingham</u>	<u>35243</u>	<u>(205) 961-3417</u>	<u>Jonathan Cotten*</u>
<u>ALABAMA</u>	<u>Corporate</u>	<u>105 Brookridge Drive, Suite E</u>	<u>Madison</u>	<u>35757</u>	<u>(256) 297-7822</u>	<u>Jonathan Cotten*</u>
<u>ALABAMA</u>	<u>Corporate</u>	<u>3691 Airport Blvd, Mobile</u>	<u>Mobile</u>	<u>36608</u>	<u>(251) 304-8181</u>	<u>Jonathan Cotten*</u>
<u>ALABAMA</u>	<u>Corporate</u>	<u>7341 Eastchase Pkwy</u>	<u>Montgomery</u>	<u>36117</u>	<u>(334) 781-4299</u>	<u>Jonathan Cotten*</u>
<u>ALABAMA</u>	<u>Corporate</u>	<u>1800 McFarland Blvd E., Suite 417</u>	<u>Tuscaloosa</u>	<u>35404</u>	<u>(205) 710-0016</u>	<u>Jonathan Cotten*</u>
<u>TENNESSEE</u>	<u>Corporate</u>	<u>5207 Highway 153</u>	<u>Hixson</u>	<u>37343</u>	<u>(423) 443-3468</u>	<u>Jonathan Cotten*</u>
<u>TENNESEE</u>	<u>Corporate</u>	<u>11389 Parkside Drive</u>	<u>Knoxville</u>	<u>37934</u>	<u>(865) 671-0265</u>	<u>Jonathan Cotten*</u>

EXHIBIT G
OPERATIONS MANUAL TABLE OF CONTENTS

The Good Feet Store®
Franchise Operations Manual
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EXHIBIT H

FRANCHISEE ACKNOWLEDGMENT STATEMENT

(To be used in all states other than California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin)

GOOD FEET WORLDWIDE, LLC

FRANCHISEE ACKNOWLEDGMENT STATEMENT

DO NOT SIGN THIS FRANCHISEE ACKNOWLEDGMENT STATEMENT IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

Do not sign this Franchisee Acknowledgment Statement if you are a resident of Maryland or the business is to be operated in Maryland.

As you know, Good Feet Worldwide, LLC (“Good Feet”) and you are preparing to enter into a Franchise Agreement and other agreements for the operation of a Good Feet Store and, possibly, development of multiple Good Feet Stores. The purpose of this Statement is to determine whether any statements or promises were made to you that Good Feet has not authorized, that do not appear in or are inconsistent with Good Feet’s franchise documents. Good Feet also desires to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement, all other agreements you will sign, and each exhibit, schedule, and addendum attached to them?

Yes _____ No _____

2. Do you understand all of the information contained in the Franchise Agreement, the other agreements, and each exhibit and schedule attached to them?

Yes _____ No _____

3. If no, what parts of these documents do you not understand? (Attach additional pages, if necessary.)

4. Have you received and personally reviewed the Good Feet Franchise Disclosure Document we provided to you?

Yes _____ No _____

5. Did you receive the Good Feet Franchise Disclosure Document at least 14 calendar days before the execution of the Franchise Agreement and at least 14 calendar days before your payment of any consideration to us or an affiliate of ours in connection with this franchise?

Yes _____ No _____

6. Did you sign a Receipt for the Franchise Disclosure Document indicating the date on which you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes _____ No _____

If no, what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

8. If we unilaterally made material changes in your final, ready-to-be signed copies of the Good Feet Franchise Agreement and related documents (other than as a result of our negotiations with you), did you have those documents in your possession for at least seven (7) calendar days before you signed them?

Yes _____ No _____

9. Do you understand all of the information contained in the Franchise Agreement?

Yes _____ No _____

If no, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

10. Have you discussed the benefits and risks of operating a Good Feet Store with an attorney, accountant, or other professional advisor, and do you understand those risks?

Yes _____ No _____

If not, have you had the opportunity to do so?

Yes _____ No _____

Why did you not do so? _____

11. Do you recognize that the nature of the Good Feet Store may evolve and change over time, that an investment in the franchise involves business risks, and that the success of the venture depends primarily upon your business ability and efforts?

Yes _____ No _____

12. Have you had the opportunity to contact existing Good Feet franchisees?

Yes _____ No _____

13. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other Stores and businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?

Yes _____ No _____

14. Has any employee or other person speaking on behalf of Good Feet made any statement or promise concerning the sales, revenues, or profits of a Good Feet Store (other than what is in the Franchise Disclosure Document)?

Yes _____ No _____

15. Has any employee or other person speaking on behalf of Good Feet made any statement or promise regarding the amount of money you can or will earn in operating the Good Feet Store (other than what is in the Franchise Disclosure Document)?

Yes _____ No _____

16. Has any employee or other person speaking on behalf of Good Feet made any statement or promise concerning the total sales or revenue the Good Feet Store will generate (other than what is in the Franchise Disclosure Document)?

Yes _____ No _____

17. Has any employee or other person speaking on behalf of Good Feet made any statement or promise regarding the costs you can or will incur in operating the Good Feet Store (other than what is in the Franchise Disclosure Document)?

Yes _____ No _____

18. Has any employee or other person speaking on behalf of Good Feet made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Good Feet Store?

Yes _____ No _____

19. Has any employee or other person speaking on behalf of Good Feet made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that Good Feet will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document and the Franchise Agreement?

Yes _____ No _____

20. Has any employee or other person speaking on behalf of Good Feet made any statement, promise, or agreement concerning the anticipated income, earnings, and growth of Good Feet or the Good Feet System?

Yes _____ No _____

21. Do you understand that Good Feet has and reserves the right to grant franchises to other franchisees with terms different from those contained in your Franchise Agreement and other documents?

Yes _____ No _____

22. Do you understand that Good Feet is not making any representation or statement regarding your ability to procure any required license or permit that may be necessary to offer one or more of the services contemplated to be offered by a Good Feet Store?

Yes _____ No _____

23. Do you understand that Good Feet may sell or transfer its assets, its trademarks, or the Good Feet System outright to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, a recapitalization, a leveraged buy out, or other economic or financial restructuring?

Yes _____ No _____

24. Do you agree that the covenants not to compete set forth in the Franchise Agreement are fair and reasonable and will not impose any undue hardship on you (subject to applicable state law)?

Yes _____ No _____

25. Do you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors? Please describe:

26. Do you affirm that all information set forth in any and all applications, financial statements, and submissions to Good Feet is true, complete, and accurate in all respects?

Yes _____ No _____

27. You hereby confirm for us that you and your owners are residents of the State(s) of _____ and will operate your Good Feet Store in the State of _____.

28. If you have answered "Yes" to any of questions sixteen (16) through twenty-two (22), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

You understand that your answers are important to us and that we will rely on them.

By signing this Statement, you are representing that you have responded truthfully to the above questions.

APPLICANT

EXHIBIT I

FORM OF GENERAL RELEASE

GOOD FEET WORLDWIDE, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Good Feet Worldwide, LLC ("Good Feet") and the undersigned franchisee, _____ ("Franchisee"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated _____. Franchisee has asked Good Feet to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____

_____. Good Feet has the right under the Franchise Agreement to obtain a general release from Franchisee (and, if applicable, Franchisee's owners) as a condition of taking this action or agreeing to this request. Therefore, Good Feet is willing to take the action or agree to the request specified above if Franchisee (and, if applicable, Franchisee's owners) give Good Feet the release and covenant not to sue provided below in this document. Franchisee (and, if applicable, Franchisee's owners) are willing to give Good Feet the release and covenant not to sue provided below as partial consideration for Good Feet's willingness to take the action or agree to the request described above.

Consistent with the previous introduction, Franchisee, on Franchisee's own behalf and on behalf of Franchisee's successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge Good Feet and Good Feet's current and former officers, directors, members, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Good Feet Parties") from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, "Claims"), that Franchisee and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Good Feet Parties (1) arising out of or related in any way to the Releasing Parties' rights or the Good Feet Parties' obligations under the Franchise Agreement before the dates of the signatures below or (2) otherwise arising out of or related in any way to Franchisee's and the other Releasing Parties' relationship, from the beginning of time to the dates of the signatures below, with any of the Good Feet Parties. Franchisee, on Franchisee's own behalf and on behalf of the other Releasing Parties, further covenants not to sue any of the Good Feet Parties on any of the Claims released by this paragraph and represents that Franchisee has not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

Good Feet also is entitled to a release and covenant not to sue from Franchisee's owners. By his, her, or their separate signatures below, Franchisee's owners likewise grant to Good Feet the release and covenant not to sue provided above.

Each of the parties acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected the settlement with the debtor or released party."

Each of the parties providing this release recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this document. Each of the parties providing this release hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. Franchisee may commence a lawsuit against Good Feet in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law that are not released.

The following language applies only to transactions governed by the Washington Franchise Investment Act

The release provided above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

“FRANCHISEE”

By: _____
Name: _____
Title: _____
Date: _____

“GOOD FEET”

GOOD FEET WORLDWIDE, LLC

By: _____
Name: _____
Title: _____
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	October 10, 2023 Pending
Hawaii	October 10, 2023 Pending
Illinois	October 18, 2023 June 20, 2023 2024
Indiana	October 3, 2023 June 20, 2023 2024
Maryland	December 15, 2023 Pending
Michigan	September 28, 2023 June 18, 2023 2024
Minnesota	November 8, 2023 Pending
New York	February 1, 2024 Pending
North Dakota	October 9, 2023 Pending
Rhode Island	October 3, 2023 Pending
South Dakota	October 3, 2023 June 20, 2023 2024
Virginia	October 13, 2023 June 20, 2023 2024
Washington	November 20, 2023 Pending
Wisconsin	October 3, 2023 June 20, 2023 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.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Good Feet Worldwide, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this 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. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Good Feet Worldwide, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Good Feet Worldwide, LLC located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130. Its telephone number is (~~800~~ 760) ~~509-4535804~~ 0751.

The franchise sellers for this offering are Richard Moore and Joe Herlihy at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200 San Diego, California ~~92008~~ 92130, (747) 212-3412 and _____ . {We will complete blank only if applicable.}

Issuance Date: ~~September 28~~ June 18, 2023 2024

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I received a disclosure document from Good Feet Worldwide, LLC dated as of ~~September 28~~ June 18, 2023 2024, that included the following Exhibits:

- EXHIBIT A: LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- EXHIBIT B: FRANCHISE AGREEMENT
- EXHIBIT B-1: AMENDMENT TO FRANCHISE AGREEMENT FOR RENEWING FRANCHISEES
- EXHIBIT C: AREA DEVELOPMENT AGREEMENT
- EXHIBIT D: FINANCIAL STATEMENTS
- EXHIBIT E: STATE ADDITIONAL DISCLOSURES AND FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT RIDERS
- EXHIBIT F: LISTS OF EXISTING FRANCHISEES AND FRANCHISEES WHO HAVE LEFT THE SYSTEM OR NOT COMMUNICATED WITH US
- EXHIBIT G: OPERATIONS MANUAL TABLE OF CONTENTS
- EXHIBIT H: FRANCHISEE ACKNOWLEDGMENT STATEMENT
- EXHIBIT I: FORM OF GENERAL RELEASE

Prospective Franchisee _____ Date: _____

(Your copy)

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Good Feet Worldwide, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this 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. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

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The franchisor is Good Feet Worldwide, LLC located at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200, San Diego, California ~~92008~~ 92130. Its telephone number is ~~(800) 760-509-4535~~ 804-0751.

The franchise sellers for this offering are Richard Moore and Joe Herlihy at ~~5923 Farnsworth Ct., Carlsbad~~ 12636 High Bluff Drive, Suite 200 San Diego, California ~~92008~~ 92130, (747) 212-3412 and _____ . {We will complete blank only if applicable.}

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EXHIBIT I: FORM OF GENERAL RELEASE

Prospective Franchisee _____ Date: _____

After signing and dating the Receipt, you may return it to us by sending it to our address above or by emailing a scanned copy to jherlihy@goodfeet.com.