



**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE DISCLOSURE DOCUMENT

Franchisor:
ActionCOACH USA, Inc.
A Nevada Corporation
5781 S. Fort Apache Rd.
Las Vegas, Nevada 89148
1-888-483-2828
www.actioncoach.com



The franchisee (also known as a Business Coach) will operate a business that provides business coaching, mentoring and training to business owners in the small to medium-sized business sector.

The estimated total investment necessary to begin operation of an ActionCOACH business coaching franchise ranges from \$318,820 to \$360,600 for the FIRM, from \$83,820 to \$104,980 for a Practice Business Coach franchise and from \$68,820 to \$89,980 for an Associate Business Coach franchise. These figures include the following fees that must be paid to the master licensee, franchisor or an affiliate: \$301,250 to \$306,750 for the FIRM, \$76,250 for a Practice Business Coach Franchise Agreement and \$61,250 for an Associate Business Coach Franchise Agreement. See Items 5, 6 and 7 for more information.

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

The terms of your contract will govern your franchise relationship. 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: September 30, 2008.

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH THE FRANCHISOR, ActionCOACH USA, INC. ("ACUI"), BY ARBITRATION IN THE STATE IN WHICH ACUI HAS ITS PRINCIPAL OFFICE (CURRENTLY, NEVADA) WHEN THE ARBITRATION IS FILED. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT OF DISPUTES. IT ALSO MAY COST YOU MORE TO ARBITRATE IN NEVADA OR ANOTHER STATE THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE IN WHICH ACUI HAS ITS PRINCIPAL OFFICE (CURRENTLY NEVADA) IS THE LAW THAT GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. ACUI AND ITS AFFILIATES HAVE THE RIGHT TO ESTABLISH ACROSS-AREA MARKETING PROGRAMS (INCLUDING SALES OVER THE INTERNET AND TV INFOMERCIALS) TO SELL PRODUCTS AND SERVICES (FOR EXAMPLE, BOOKS, CDs, DVDs, AUDIO TAPES, VIDEO TAPES, SEMINARS, WORKSHOPS AND SOFTWARE) UNDER THE ActionCOACH TRADEMARK (OR OTHER TRADEMARKS). ACROSS-AREA MARKETING PROGRAMS MAY COMPETE WITH YOUR FRANCHISE IN THE SALE OF THESE PRODUCTS AND SERVICES.
4. THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY A MONTHLY ROYALTY FEE OF \$1,800, EVEN IF YOUR FRANCHISE HAS NO REVENUE.
5. IF WE TERMINATE THE FRANCHISE BASED ON YOUR DEFAULT, YOU MUST PAY LIQUIDATED DAMAGES EQUAL TO THE PRESENT VALUE OF THE ROYALTY FEE AND MARKETING AND ADVERTISING FEE STREAM FOR THE LESSER OF TWO YEARS OR THE REMAINING TERM OF THE FRANCHISE, MINUS OUR EXPENSES SAVED.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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

Effective Date: October 1, 2008

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- C. Associate Business Coach Franchise Agreement
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- E. Coaching Agreement and Consent Letter (for support services arrangement between Primary Business Coach and Associate Business Coach)
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RECEIPT (2 copies)

ITEM 1

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

This disclosure document describes ActionCOACH business coaching subfranchises. xxxxxxxx is a Master Licensee of ActionCOACH USA, Inc., the franchisor of the ActionCOACH concept in the U.S.A.

In this disclosure document:

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

“ACUI” means ActionCOACH USA, Inc., the U.S. franchisor of the ActionCOACH concept;

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

We offer the franchise rights described in this disclosure document.

Master Licensee’s Business Form, Predecessors, and Affiliates

Franchisor's Business Form, Predecessors, and Affiliates.

ACUI is a corporation with its principal business address at 5781 S. Fort Apache Rd., Las Vegas, Nevada 89148. ACUI incorporated in Nevada on April 30, 1998 under the name Brad Sugars Action International Inc., and changed its name to ActionCOACH USA, Inc. in December 2006. ACUI is owned by Bradley J. Sugars. ACUI has appointed agents for service of process in certain states; those agents are listed in Exhibit K.

Through its Master Licensees and Business Coaches, ACUI provides business coaching, mentoring and training programs and services to business owners ("Clients") in the small to medium-size business sector. Exhibit L to this disclosure document is a list of ActionCOACH Master Licensees and Business Coaches in the U.S.A. as of June 30, 2008.

Master Licensees and Business Coaches deliver services using a business format and materials created by Brad Sugars, an entrepreneur and business coach who founded the ActionCOACH concept (then known as Action International) in the early 1990s. ACUI is a member of a controlled group of companies owned by Mr. Sugars. Action International Pty Ltd ("AIPL") was incorporated in Australia in 1994 to develop the business, and offered franchises in Australia using the "Action International" marks from January 1995 until December 2006. Its address is Australia Fair Tower, Level 11, Suite 2, 32 Mains Parade, Southport, Queensland 4215, Australia. ACTIONCOACH LIMITED ("ActionCOACH Limited") owns the ActionCOACH marks and other intellectual property relating to the ActionCOACH System, and has licensed them to MindRich S.A.R.L. ("MindRich"). ActionCOACH Limited and MindRich were incorporated in 2006 in the British Virgin Islands and Luxembourg, respectively. The principal business address of both entities is 2, Rue Siggy vu Lëtzebuerg, L-1933 Luxembourg. ACUI operates in the U.S.A. under license from MindRich. Other companies in the group engage in the same business activity in other regions of the world.

ACUI grants Master Licenses in specific geographic territories by means of a separate disclosure document. Each Master Licensee recruits and supports non-exclusive Business Coach franchisees in the Master Licensee's assigned territory. This disclosure document does not describe the Master License opportunity. ACUI also grants non-exclusive Business Coach franchises directly to Business Coach franchisees in areas where ACUI does not have a Master Licensee, and may also have direct relationships with Business Coaches in areas where a Master Licensee has exited the System.

ACUI offered Master Licenses and direct Business Coach franchises using the "Action International" trademark in the U.S.A. from August 1999 until December 2006, at which time ACUI ceased licensing the "Action International" trademark in most states. Since January 2007, ACUI offers Master Licenses and direct Business Coach franchises using the "ActionCOACH" trademark. Existing franchisees were required to begin using the ActionCOACH marks by March 31, 2007. ACUI has no predecessor as franchisor of the ActionCOACH concept in the U.S.A. Neither ACUI nor its affiliates have ever offered franchises in any other line of business

The Business Coach Franchise

ActionCOACH Business Coaches provide a number of services to owners of small and medium-sized businesses. The major offerings are coaching, mentoring and training in sales, marketing and business management. Business Coaches also market a range of business-building products designed to help Clients enhance their business knowledge and personal development. Business Coaches, however, are not trained or authorized by us to offer legal or accounting advice to Clients.

This disclosure document describes the terms and conditions upon which we currently offer Business Coach franchises. We reserve the right, in our sole discretion, to grant, or not to grant, an ActionCOACH franchise to any prospective franchisee, regardless of the stage of the franchise application process or costs expended by the prospective franchisee. There may be instances where we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction.

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

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

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

Sub-Franchise Models:

The FIRM – Business Coach Binder Agreement (See Exhibit A)

This is the top level of franchise investment, consisting of eight (8) individual Business Coach Franchise Agreements operating together as one team, or “FIRM”. The owner of the FIRM owns all of the franchises in the FIRM and may operate any of the individual business coach franchises and employ or contract with other individuals known as Nominated Business Coaches (see below and Exhibit F) to operate the remaining franchises. Generally, the owner of the FIRM will hold the position of FIRM Master Coach in either the coaching or the sales areas of the business.

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

The Practice is a business coaching business which runs as a single unit operation.

Associate Business Coach Franchise Agreement (See Exhibit C)

ACUI and Master Licensee do not contemplate the sale of Associate Business Coach Franchise Agreements, except in territories which include pre-existing Primary Business Coaches. This type of license is currently only available to Primary Business Coaches who entered into a Primary Franchise agreement on or before October 1, 2006. An Associate Business Coach franchise is a single unit operation, similar to the Practice, but an Associate Business Coach can not operate without the support services of a “Primary” Business Coach. If there are no Primary Business Coaches in our Territory, we will not issue this type of franchise agreement.

ACUI’s Master Licensees previously offered “Primary” Business Coach franchises, which authorized the Primary Business Coach to enter into support arrangements with Associate Business Coaches. Typically, the Primary Business Coach develops a strategic plan for establishing the Associate Business Coach’s business, and provides support services and charges fees that are negotiated on a case-by-case basis between the Primary Business Coach and each Associate Business Coach. Fees typically include: (1) a one-time fee of \$1,000 to \$3,500; (2) continuing fees for providing coaching services for Clients, in the range of \$1,000 to \$3,500 per month; and (3) fees for providing workshops for Clients (approximately \$500 per day, per person). The Primary Business Coach’s support services supplement the general support that we provide. The form of Coaching Agreement that Primary Business Coaches must use appears in Exhibit E to this disclosure document. Neither we nor ACUI is a party to the Coaching Agreement and neither has obligations nor receives any payments under it. A Primary Business Coach who intends to enter into a Coaching Agreement with an Associate Business Coach must request our approval by sending us the Consent Letter in Exhibit E. If we approve the arrangement, we will sign the Consent Letter and return it to the Primary Business Coach.

Because an Associate Business Coach receives some of its support services from a Primary Business Coach rather than from us, the franchise fee is lower for Associate Business Coaches. However, as noted above, an Associate Business Coach must pay the Primary Business Coach a negotiated fee for support services.

After at least one year as an Associate Business Coach, you can request that we change your status to a Practice or a FIRM Business Coach, if you are not in default under your Coaching Agreement or Franchise Agreement. We will make our decision based on factors such as: (i) whether you no longer need the support of a Primary Business Coach; and (ii) whether you

satisfy the business, personal, and financial criteria we are then using to approve Practice or FIRM Business Coaches. If we approve the change of status, you must sign a new Business Coach Franchise Agreement and pay the difference between the then-current franchise fee for Practice or FIRM Business Coaches and the franchise fee you paid to become an Associate Business Coach. You must also pay your Primary Business Coach a fee for early termination of your Coaching Agreement, as specified in the Coaching Agreement. The early termination fees typically range from zero to \$30,000 depending on the support services specified in the Coaching Agreement.

Nominated Business Coach (See Exhibit F)

An important term in the ActionCOACH program is the “Nominated Business Coach.” The “Nominated Business Coach” is the specific individual whom you authorize to provide coaching services to Clients on behalf of your Business Coach franchise. Because the personal relationship between coach and Client is so critical to the ActionCOACH concept, only one person may be the Nominated Business Coach for a Business Coach franchise at any given time.

In a FIRM, the FIRM owner(s) may appoint an individual to serve as Nominated Business Coach for each Business Coach Franchise Agreement within the FIRM, provided that each of those individuals: (i) has been approved by us and trained by ACUI; and (ii) has signed a Nominated Business Coach Agreement with you.

With respect to the Practice, you (or, if an entity, a 50% or more owner of the franchise) must personally serve as the Nominated Business Coach for the first year of operation, unless we agree to shorten this period. After the first year, you may appoint another individual to serve as Nominated Business Coach if that individual: (i) has been approved by us and trained by ACUI; (ii) has signed a Nominated Business Coach Agreement with you; and (iii) has direct responsibility for all business operations of the Business Coach franchise and the authority to bind you in any dealings with us or ACUI. If you purchase additional Business Coach franchises, you may appoint a Nominated Business Coach for the additional franchises immediately upon purchasing the additional franchises.

ACUI’s current approved form of Nominated Business Coach Agreement is in Exhibit F to this disclosure document.

The Market For Our Services

The market is developing for the type of business coaching services and executive coaching Business Coaches offer. Because Business Coaches do not have exclusive territories, you may compete for Clients with other Business Coaches operating in the Territory. You may also have to compete with other national and local coaching businesses offering business and executive coaching, consulting, mentoring and business training programs and similar products and services. You will face both typical and special business risk factors, including changing market conditions; competition; cost of supplies, equipment, capital and labor; your own health and continuity of your management; availability of financing; recession or depression locally, nationally, or internationally; wars; strikes; emergencies; natural and manmade disasters; litigation; and liability and casualty losses. Your success is primarily dependent upon your financial, management and other resources, your personal business, marketing, management judgment and other skills, your willingness to work hard, as well as your proper use of the System. We cannot and do not guarantee your success.

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

Applicable Laws

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

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

ITEM 2

BUSINESS EXPERIENCE

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

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

Chairman, President, Secretary, Treasurer and CEO: Bradley J. Sugars

Mr. Sugars is currently Chairman, President, Secretary, Treasurer and Chief Executive Officer of ACUI. He has been Chairman, President, Secretary and Treasurer since August 2002 and Chief Executive Officer since August 2007. He previously served as Chief Executive Officer from April 1998 to March 2003. Mr. Sugars is the founder of the ActionCOACH business concept (formerly known as Action International), and serves as Chairman of the ActionCOACH group of companies. He has held leadership positions with various entities within the group, including serving as Chief Executive Officer and Managing Director of Action International Pty Ltd since he formed that company in August 1994. He is the author of 14 books in the Instant book series, a seminar speaker and the ActionCOACH spokesperson. Mr. Sugars resides in Las Vegas, Nevada.

Director of Marketing: Jodie Shaw

Ms. Shaw is currently Director of Marketing. She previously served as Chief Marketing Officer from May 2006 to September 2007. Prior to that, Ms. Shaw was Global Marketing Director and Manager for AIPL from January 2005 to May 2006. From January 2004 to December 2004, Ms. Shaw served as Account Director for the De Pasquale advertising agency in Brisbane, Australia. From May 2001 to January 2004, she served as General Manager for Wilsons, a recruiting and training organization in Brisbane, Queensland. She resides in Las Vegas, Nevada.

Director of Finance: Wayne Anthony McCarthy

Mr. McCarthy is currently Director of Finance. He served as AIPL's Global Financial Controller from April 2006 to May 2007. From January 1993 to April 2006, Mr. McCarthy held a National Accounting position for Australasia with Caroma Industries Limited, a bathroom products company in Brisbane, Australia. Mr. McCarthy resides in Las Vegas, Nevada.

General Counsel: Jason Cooksey

Mr. Cooksey is currently General Counsel of the ActionCOACH companies, having re-joined the company in April 2008. Mr. Cooksey previously served in the same role in Milton, Queensland, Australia, from August 2005 to January 2007. From February 2007 to March 2008, Mr. Cooksey was Chief Operating Officer for DD Franchising Pty Ltd, the franchisor of a retail food operation located in Brisbane, Australia. From March 2004 to August 2005, Mr. Cooksey served as in-house counsel for National Transport Insurance, a financial services company in Brisbane, Australia. Prior to that, Mr. Cooksey was an attorney with Moray & Agnew Solicitors, a law firm in Brisbane, Australia, from December 2002 to March of 2004. Mr. Cooksey resides in Las Vegas, Nevada.

Director of Systems & IT: Nathan Smith

Mr. Smith is currently Director of Systems and Information Technology, a position he has held since August 2007. From June 2006 to August 2007, Mr. Smith served as Director of IT for AIPL in Brisbane, Australia. From January 2003 to May 2008, Mr. Smith was self-employed as Director of Smith Acquisitions Group Pty Ltd, a development company in Brisbane, Australia. Mr. Smith resides in Las Vegas, Nevada.

Director of Training and Coaching: David Holland

Mr. Holland is currently Director of Training & Coaching, a position that he has held since March 2008. From April 2003 to March 2008 Mr. Holland was a Business Coach for Action International UK & Ireland Ltd in Richmond, United Kingdom. He resides in Las Vegas, Nevada.

Director of Franchise Development: Michael Kiick

Mr. Kiick has served as Director of Franchise Development since March 2008. From July 2007 to March 2008, he was Vice-President of Business Development for Retail Store Services, LLC, a retail business development company in Las Vegas, Nevada. From March 2003 to April 2007, he was the National Licensing Director for Navis Logistics, a franchisor in the packing and shipping industry. Mr. Kiick resides in Las Vegas, Nevada.

Director of Strategic Alliances: Nicholas Rucker

Mr. Rucker is currently Director of Strategic Alliances, a position he has held since May 2008. Previously, Mr. Rucker was Director of Training and Support from July 2007 to May 2008. From January 2003 to July 2007, Mr. Rucker was a self-employed Action Business Coach in Lakewood, Colorado. He resides in Las Vegas, Nevada.

Director of Coaching: Christopher Steely

Mr. Steely is currently Director of Coaching, a position he has held since May 2008. He previously served as Training and Support Executive since July 2007. Prior to that time, he was President of Hatteras Resource Group, Inc., an executive search firm in Las Vegas, Nevada from January 2005 to July 2007. From March 2004 to January 2005, he was Vice President of Harrington & Reed, Inc., an executive resource firm in Las Vegas, Nevada. From May 1997 to March 2004, Mr. Steely served as Channel Alliance Director for Indus International, a software company in San Francisco, California. He resides in Las Vegas, Nevada.

Director of Global Sales Development: Paul Martyr

Mr. Martyr is currently Director of Global Sales Development, a position that he has held since July 2008. From January 1999 to May 2008 he was a Senior Business Analyst for International Profit Associates Inc., located in Las Vegas, Nevada.

ITEM 3

LITIGATION

Litigation Regarding Master Licensee:

No litigation or administrative action involving us is required to be disclosed in this offering circular.

Litigation Regarding ACUI:

Concluded:

Robert and Eugenia Cerbone, Action Washington, Inc. and Action Oregon, Inc. v. Action International Pty Ltd., Brad Sugars Action International, Inc., and Vic Ciuffetelli (United States District Court, District of Oregon, Case No. 04-CV-490-BR).

On February 25, 2004, the Master Licensee for the State of Washington and its owners (collectively the “Cerbones”) filed a lawsuit against ACUI, AIPL, and Mr. Ciuffetelli (collectively “Action”) alleging misrepresentation in connection with the sale of the Master License. The Cerbones alleged that they entered into the transaction based on Action’s representation that the Licensed Coach Franchise Agreement would be a three-party agreement among the Master Licensee, the Licensed Coach, and ACUI (f/k/a Brad Sugars Action International, Inc.). The Cerbones alleged that this representation was false because the Licensed Coach Franchise Agreement provided to the Cerbones for use in Washington listed ACUI as a signatory in only limited third-party form. The Cerbones also alleged that Action misrepresented the proprietary nature of the *Action International* products (see Item 8 of this disclosure document). The allegations concerned discussions with ACUI from late 2002 to early 2004.

The Cerbones’ second amended complaint asserted claims for common law misrepresentation, negligent misrepresentation, violation of the Oregon Unlawful Trade Practices Act (ORS 646.608(1)(e), (g), (i), (q) and (t)), unjust enrichment, slander per se, violations of the Washington Franchise Investment Protection Act (misrepresentation or omission of a material fact (RCW 19.100.170) and unlawful offer to sell a franchise (RCW 19.100.170)), and violations of the federal and Oregon Racketeer Influenced Corrupt Organizations Acts (18 USC sec. 1962(c) and ORS 166.720(3)). The Cerbones sought \$770,000 in actual damages, treble damages, \$2 million in punitive damages, rescission of the Master License Agreement, and attorneys’ fees and costs.

On April 13, 2004, ACUI filed a motion to stay the lawsuit and enforce the obligation in the Master License Agreement to submit the dispute to mediation and arbitration in Nevada. On October 26, 2004, the court denied ACUI’s motion. ACUI filed an appeal of the court’s ruling on the arbitration clause, and the district court granted ACUI’s motion to stay the district court proceedings pending the appeal.

The parties subsequently reached a settlement pursuant to which the Master License Agreement was rescinded effective June 30, 2005. ACUI thus recovered the right to grant Licensed Coach Franchise Agreements in Washington. ACUI refunded the Cerbones’ master license fee payment and reimbursed them for other expenses and attorneys’ fees, and the district court case and the appeal were dismissed in early July 2005.

Peter Lin v. Action International, Inc., Performance Management Consulting LLC, and Jill Giesey (Court of Common Pleas, Summit County, Ohio, Case No. 2002-084672).

On August 21, 2002, Peter Lin, the owner of a Licensed Coach franchise in Solon, Ohio, brought an action alleging that Jill Giesey, who was then the Master Licensee for Northern Ohio, had made numerous misrepresentations during the franchise sales process. Although ACUI (f/k/a Brad Sugars Action International, Inc.) was not alleged to have made any misrepresentations, Lin named ACUI as a defendant based on the theory that the Master Licensee was an agent of ACUI. The complaint alleged that the offering circular was defective under the Ohio Business Opportunity Purchasers Protection Act (BOPPA) in that it lacked a list

of franchisees in the state of Ohio, a notice of his right of cancellation, and a form for cancellation of the agreement. The complaint also alleged that the Master Licensee fraudulently induced Lin to purchase the franchise. The complaint demanded compensatory damages in the amount of \$42,161, treble and punitive damages, and costs (including attorneys' fees). On May 21, 2003, the court issued an opinion: (1) ruling that the arbitration clause in Mr. Lin's franchise agreement was inapplicable to his BOPPA claim; (2) granting summary judgment against Ms. Giesey (but not against ACUI) on Mr. Lin's claim for violation of the BOPPA; (3) confirming that Mr. Lin properly cancelled the franchise agreement; and (4) declaring that Mr. Lin was entitled to statutory damages. In July 2004, ACUI entered into an agreement with Ms. Giesey and her operating company under which ACUI terminated the Master License, repurchased the territory, and exchanged mutual releases with Ms. Giesey. Mr. Lin was not a party to this agreement. On January 5, 2005, the parties reached a final settlement, pursuant to which the defendants paid \$51,000 to Mr. Lin and all claims in the case were dismissed with prejudice.

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

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

California Department of Corporations Desist and Refrain Order

On September 23, 1999, the California Department of Corporations (the "Department") issued a Desist and Refrain Order to Bradley J. Sugars, International Chairman of Action International, Inc. [sic], Claude G. Xuereb, President & CEO of Action International, Inc. [sic], and Action International, Inc. [sic]. The Department issued the Desist and Refrain Order based on its opinion that *Action International* franchises had been offered for sale in California without first being registered with the Department. In May 2002 and July 2002, ACUI (f/k/a Brad Sugars Action International, Inc.) voluntarily entered into agreements with two Licensed Coaches in

California to terminate the franchise relationships, and ACUI paid compensation to each franchisee. The Department has not contacted ACUI regarding this matter since November 2002. ACUI understands that the inquiry is closed; the Department approved ACUI's application to offer franchises in California in February 2005.

Other than these 4 items, no litigation or administrative action involving ACUI is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

No person identified in Items 1 or 2 of this disclosure document has, within the 10-year period immediately prior to the issuance of this disclosure document, either under the U.S. Bankruptcy Code or under any similar foreign bankruptcy law: (i) filed a petition as a debtor (or had one filed against it); (ii) obtained a discharge of its debts; or (iii) been a principal officer of a company or a general partner of a partnership that filed a petition (or had one filed against it) while or within one year after the person was an officer or general partner. Master Licensee nor of its officers or directors disclosed in Item 2 has been a debtor in bankruptcy proceedings during the last 10 years.

ITEM 5

INITIAL FEES

The franchise fee for a "FIRM" Business Coach franchise is \$275,000 and a "Practice" Business Coach franchise is \$50,000. The franchise fee for an "Associate" Business Coach franchise is \$35,000.

The franchise fee is payable in a lump sum and is non-refundable. The base franchise fee is uniform within each type of agreement for all FIRM Business Coaches, all Practice Business Coaches and all Associate Business Coaches, respectively. However, we participate in the Veterans Transition Franchise Initiative (VetFran) program, under which we offer a \$5,000 discount on the franchise fee to eligible military veterans.

You must also pay a non-refundable training fee (currently \$25,000) for each person who attends training. ACUI conducts the training program. The training fee includes a pre-training kit and media kit that contains all of the information and promotional material that you will need to start your business. You must pay the training fee to us at least 14 days before the trainee begins the training program.

You must pay ACUI a non-refundable technology fee of \$1,250 upon signing the franchise agreement and upon each renewal. This fee covers setup of your account and access to the ActionCOACH intranet.

Renewal and Transfer. If you are signing a Business Coach Franchise Agreement in connection with the renewal of a previous agreement or the transfer of an existing agreement, in lieu of the franchise fee described above, you will pay the renewal fee or transfer fee specified in that agreement (under the current Practice and Associate Franchise Agreements, both the renewal fee and the transfer fee are \$2,500; the renewal fee and the transfer fee for the FIRM are each \$5,000).

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	\$1,800 per month for each Business Coach	The 1 st of each month.	No fee for the month in which you complete the training program (for FIRM Business Coaches, the fee begins on the Start Date in the FIRM Business Coach Binder Agreement or the month after you or your Nominated Business Coach complete Training), whichever happens first. The Royalty Fee is a fixed amount and therefore independent of your Gross Revenues.
Marketing and Advertising Fee	5% of your Gross Revenues during the preceding month	The 5 th of each month.	No fee with respect to Gross Revenues in the month in which you complete the training program or in the following month (for FIRM Business Coaches, the fee begins with respect to Gross Revenues in the month after the earliest of the Start Date in the FIRM Business Coach Binder Agreement, commencement of the business or completion of training by a Nominated Business Coach). See Note 1 below for definition of "Gross Revenues."
Technology Fee	\$1,250 per Business Coach Franchise Agreement	Due on signing Franchise Agreement & at each renewal	Paid to ACUI. This fee covers setup of your account and access to the ActionCOACH Intranet. For the FIRM, the technology fee is \$6,750 for all 8 franchises if paid in full when the FIRM Business Coach Binder Agreement is signed; otherwise, the fee is \$1,250 per franchise, payable on the effective date of each Business Coach Franchise Agreement.
ActionCOACH Products	Invoiced price, plus reasonable shipping. We will provide you with a price list.	By credit card at time of order	Paid to ACUI or its affiliates. See Items 7, 8 and 11.
Coaching Fee (Associate Business Coaches only)	Negotiated between you and the Primary Business Coach	As negotiated	Paid to Primary Business Coach. See Item 1. We cannot predict accurately the actual fee because the provision and level of support and service varies on a case by case basis negotiated between you and your Primary Business Coach. See Note 3.

Type of Fee	Amount	Due Date	Remarks
Change in Status Fee (Associate Business Coaches only)	Difference between then-current franchise fee for a Practice or FIRM Business Coach and the franchise fee that you paid to become an Associate Business Coach	When we approve the change	See Item 1. You must also pay your Primary Business Coach an early termination fee to cancel the Coaching Agreement. The amount of the early termination fee is one of the points negotiated between you and the Primary Business Coach, but typically ranges from \$0 to \$30,000.
Advertising and Promotional Materials	Our actual costs plus 10%	When we provide materials at your request	See Section 5.1 of Franchise Agreement.
Renewal Fee	\$2,500	When you sign Renewal Franchise Agreement	See Item 17.
Transfer Fee	\$2,500	With submission of request for approval of transfer	See Item 17.
Relocation Fee	\$5,000 (Practice & Associate Business Coaches) \$10,000 (FIRM)	When we approve your request	This fee applies if you relocate your franchise from the Territory to the territory of another Master Licensee. See Item 12. It compensates us for the lost future income we would have received from you.
Termination Fee	\$10,000	On termination of Business Coach Franchise Agreement	Payable only if you die and your executor elects to buy out of the remaining term of the agreement.
Training	Currently \$25,000 per trainee for induction training; subject to change by ACUI. For other programs, the fee is determined when we announce the training session. We estimate the expense will range from \$5,000 to \$10,000 per trainee per session.	14 days before training session begins	If you appoint another person to be the Nominated Business Coach, that person must complete ACUI's training program at the then-current fee. We may require you to attend other training sessions after the training, but no more than once per calendar year, if travel is required. We may require you to attend more training within the Territory. See Note 4.
Mandatory Conferences	Approximately \$2,500 per year for conference fees, plus travel costs.	Before conference begins	Conference fee payable to us or ACUI; travel costs to third parties. See Note 5.

Type of Fee	Amount	Due Date	Remarks
Interest Charges	See Note 6.	With payment of underlying amount due	See Note 6.
Inspection and Audit Costs	Actual cost of examination or audit by a Big-4 accounting firm, including travel expenses for the examiner or auditor.	Within 5 business days after your receipt of inspection or audit report	Payable only if the inspection or audit shows an understatement of 5% or more of the correct amount due.
Management Fee	Reasonable amount, not to exceed \$5,000	As incurred	Payable only if the Nominated Business Coach dies or becomes incapacitated and we exercise our right to take over operation of the franchise until completion of a transfer.
Insurance Reimbursement	Amount expended by us or ACUI	On demand for reimbursement	Payable only if you fail to obtain coverage and we or ACUI purchase it on your behalf. See Note 7 and Item 7.
Liquidated Damages	Present value of Royalty Fee and Marketing and Advertising Fee stream for lesser of two years or remaining term, minus our expenses saved	On termination of Franchise Agreement	Payable only if we terminate your agreement for default.
Enforcement Costs	Amount expended by us or ACUI	On demand for reimbursement	You must pay all of our and ACUI's investigation costs, collection costs, and attorneys' fees resulting from your default under the Franchise Agreement, if we or ACUI prevail in any legal action or arbitration.
Indemnification Costs	Actual losses or expenses incurred by us, ACUI, ActionCOACH Limited and MindRich	On demand for reimbursement	You must indemnify us, ACUI, ActionCOACH Limited and MindRich against all claims, expenses, and liabilities arising from the operation of your Business Coach franchise. Does not apply to liabilities that arise from gross negligence or willful acts by us or ACUI or its affiliates.
Amendment Fee	Our reasonable costs	On demand for reimbursement	If you request an amendment to the Franchise Agreement during the term of your agreement, you must reimburse us (and ACUI, if applicable) for the reasonable costs we incur in connection with the amendment, including reasonable attorneys' fees.

NOTES:

(1) "Gross Revenues" means the total receipts derived from services performed and products sold by or in connection with your ActionCOACH business. Gross Revenues are determined on an accrual basis. Any property or services you receive from Clients in exchange for your services must be included in Gross Revenues at their fair market value at the time received. Gross Revenues also include any proceeds you may receive from business interruption insurance. Gross Revenues do not include sales taxes or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.

(2) You will also incur other costs payable to third parties. For example, most Business Coaches elect to conduct periodic seminars as a marketing tool and revenue generator, but you are not required to do so. If you conduct a seminar, you are responsible for all of the costs. These costs may include leasing conference rooms from third parties. If you invite outside speakers to give presentations, you may have to pay speakers' fees.

(3) Associate Business Coaches must enter into a Coaching Agreement with and pay a support fee to a Primary Business Coach. The support services that a Primary Business Coach will provide are negotiated with the Associate Business Coach on a case-by-case basis. We do not determine the required support services or assist a Primary Business Coach in establishing support services. Based on information reported to ACUI by Business Coaches, ACUI estimates that the Primary Business Coach's fee for client coaching services will range from \$1,000 to \$3,500 per month, with the average being \$1,800; the Primary Business Coach's fee for client workshops is approximately \$500 per person per day; and the Primary Business Coach's fee for development of your strategic plan will range from \$1,000 to \$3,500.

(4) You must attend a refresher training session approximately 90 days after completing the induction training. You are responsible for your own travel expenses and out-of-pocket costs (sessions are currently held in Las Vegas, Nevada).

(5) ACUI organizes a North American conference and a Global conference, each at least once a year, which may be held outside of the U.S. Attendance is mandatory. You will have to pay a registration fee and your own travel costs. We may also organize interim regional or national conferences which you will be invited to attend. Attendance at interim conferences is strongly encouraged but not mandatory.

(6) Interest is 1½% per month (or the maximum rate allowed by law, if less than 1½%). Interest begins to accrue from the due date for payment and compounds daily until payment is received in full.

(7) You must obtain a reasonable amount of insurance, currently \$1 million of professional liability insurance, \$1 million of general liability insurance, disability or business interruption insurance, workers compensation insurance, and any other insurance required by law or by your office lease or mortgage.

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

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Franchise Fee (note 2)	\$275,000 for The FIRM \$50,000 for Practice Business Coaches \$35,000 for Associate Business Coaches	Lump sum	When you sign Franchise Agreement	Master Licensee
Training Fee (note 3)	\$25,000 per trainee	Lump sum	At least 14 days before training	Master Licensee, but Master Licensee forwards to ACUI
Travel to Induction Training (note 3)	\$250 to \$1,000 per trainee	As incurred	Before training	Airlines, etc.
Travel to Refresher Training (note 3)	\$250 to \$1,000 per trainee	As incurred	Before training	Airlines, etc.
Registration Fees/ Travel Expenses for Conferences (note 3)	\$0 to \$2,500 depending on timing of conferences	As incurred	Before conference and/or as incurred	ACUI (registration fee), airlines, hotel, etc.
Technology Fee	\$1,250 (Practice & Associate Business Coaches) \$1,250 per franchise or \$6,750 for 8 franchises, depending on when paid (see Item 6) (FIRM)	Lump sum	Upon signing the Franchise Agreement and at each renewal	ACUI
Computer, Telephone & Office Equipment (note 4)	\$0 to \$4,000, depending on the equipment that you already own	As incurred	As incurred	Equipment suppliers
Non-Coach Email Addresses (note 5)	\$70 fee for setup per user	As incurred	As incurred	ACUI
Marketing Materials & Inventory (note 6)	\$1,000 to \$2,500	As incurred	Upon ordering or at delivery	ACUI or suppliers
Insurance (note 7)	\$1,000 to \$2,000	As incurred	Before you start business	Third party insurance providers
Additional Funds (for first 3 months of operation) (note 8)	\$5,000 to \$10,000 (Practice & Associate Business Coaches), \$15,000 to \$35,000 (FIRM)	As incurred	Varied times	Suppliers and/or Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made (note 1)
Own Web Site (Optional)	\$0 to \$5,000	As incurred	As incurred	Third Party supplier (WSI)
CRM (Optional) (note 9)	\$0 to \$660 (Practice & Associate Business Coaches), \$0 to \$780 (FIRM)	As incurred	As incurred	Third Party supplier (WSI)
TOTAL (note 10)	\$318,820 to \$360,600 (FIRM) \$83,820 to \$104,980 (Practice Business Coach) \$68,820 to \$89,980 (Associate Business Coach)			

NOTES:

(1) All payments to us and ACUI are non-refundable. Whether any of the costs payable to third parties are refundable will depend upon the arrangements you make with those parties.

(2) ACUI offers a \$5,000 VetFran discount on the franchise fee to eligible military veterans. If you are signing a Business Coach Franchise Agreement in connection with the renewal of a previous agreement or the transfer of an existing agreement, in lieu of the franchise fee, you will pay the renewal fee or transfer fee specified in that agreement (under the current Practice and Associate franchise agreements, both the renewal fee and the transfer fee are \$2,500). See Item 5 for details.

(3) All transportation costs to and from the induction training program, the refresher training and mandatory conferences are your responsibility. With respect to the induction training and refresher training, lodging and normal meals during training are included in the training fee. Any incidental costs incurred during any of the training sessions are your responsibility. The estimates are for travel by one trainee and assumes that training will be held in Las Vegas, Nevada. At least twice per year, ACUI organizes a conference that you must attend and which may be held outside of the U.S. You will have to pay a registration fee and your own travel costs. It is possible that one of the mandatory conferences will occur during the initial months of your franchise.

(4) You must have a computer, specific software, Internet access, printer, scanner, fax and general office equipment. If you already have equipment meeting ACUI's specifications, no expenditure will be necessary. See Item 11 for a list of recommended computer equipment. You should consider obtaining a toll-free telephone number if you plan to serve Clients outside of your local calling area.

(5) E-mail addresses are not transferable. New users cannot re-use by adjusting names on existing e-mail addresses. If you are renewing your franchise, you will not incur this fee unless you choose to set up e-mail addresses for new or additional users.

(6) At start-up, we will provide you with a small selection of marketing materials for initial publicity and marketing. The estimate is for additional products, media and stationery, and marketing materials. You will not incur this cost if you are renewing your franchise.

(7) You must obtain general business insurance meeting requirements that ACUI specifies periodically, but in no event less than the minimum insurance requirements under applicable law. We and ACUI must be listed as an additional insured in the policy or policies.

(8) This estimate is for additional funds that you may need before operations begin and during the first 3 months of operation. The estimate is based upon information reported by ACUI's existing Business Coaches and we have not verified it. The estimate includes, among other things, miscellaneous startup costs such as deposits, license fees (if any), and legal and accounting fees. The estimate does not include any ongoing operating expenses such as the Royalty Fee, Marketing and Advertising Fee, employee expenses, fees for seminar facilities or outside speakers, equipment leases, inventory, supplies, or any compensation you may choose to pay yourself. You will need capital to support these and other ongoing costs of your business. Your costs will depend on factors such as how closely you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business and competition. We do not guarantee that the estimated amounts will be adequate for your business. You may need substantial additional funds during the first 3 months of operation or afterwards. The figures provided are not an estimate of the funds you will need to reach "break-even" or any other financial position.

(9) The CRM set-up fee is \$495 for a FIRM or for a Practice or Associate Business Coach. The monthly user fee is \$55 per month for a Practice or Associate Business Coach (includes 3 users) or \$95 per month for a FIRM (includes 10 users).

(10) The above table outlines the estimated initial investment to establish a typical Business Coach franchise. As noted above, the figures listed are not all-inclusive. For example, they do not include tax obligations or provide for your cash needs to cover any financing incurred by you, Royalty Fees, Marketing and Advertising Fee, employee and management salaries and benefits, or other ongoing operating expenses. The table assumes that you will operate the business from a home office, and therefore does not include an estimate for purchase or lease of real property or for utilities. Your costs will vary, and may exceed the estimate set out above.

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

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

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

reserves. You should review all of these figures carefully with a business advisor before making any decision to invest in a franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

ActionCOACH products. ACUI offers a range of books, printed materials, CDs, DVDs, and board games for business owners. These items are proprietary to ActionCOACH Limited. Beginning in January 2007, some of the titles are published by McGraw-Hill and available through Amazon and Barnes and Noble. The remaining items are not available from other sources, so you must purchase them from ACUI or its preferred suppliers if you want them. In practice, most Business Coaches do purchase some of these products.

Other goods and services. Except for the proprietary products you purchase from ACUI, you may purchase your equipment, software, supplies, and other items from any reputable manufacturer or supplier. If ACUI publishes standards for non-proprietary equipment, software, telephone lines, Internet service, supplies, stationery, or other items, you must use only items meeting the applicable standards. If you receive notice from us of a change in the applicable standards, you must comply with the new or revised standards as soon as practicable.

You must acquire from sources of your choice, and at your expense, a computer and communications system and software and Internet access that meet ACUI's specifications. See Item 7, note 4 and Item 11.

Specifications and Supplier Approvals. All branded materials or items (those containing proprietary marks or information) must be acquired through a supplier approved by ACUI. There are no written criteria for supplier approval at this time. ACUI may issue specifications in the Manuals or separate directives, in writing or orally, and may modify them at any time. ACUI issues specifications based on its subjective determination of quality, value and appearance.

ACUI is no longer the only approved supplier for the copyrighted ActionCOACH books, printed materials, CDs, DVDs, and board games for business. Some of the titles are now published by McGraw-Hill and are available through other sources as listed below.

ACUI may derive revenue through (1) direct sale of goods or services to you, and (2) license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by third-party suppliers. In the fiscal year ended June 30, 2008, ACUI's total revenue from the purchase of goods and services by Master Licensees and Business Coaches was \$110,987. This was about 1% of ACUI's total revenue of \$8,937,872 for the fiscal year. Neither we nor ACUI received fees or payments from unaffiliated suppliers during the fiscal year ended June 30, 2008.

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

Strategic Alliance Relationships. ACUI occasionally establishes "Strategic Alliance" relationships with independent companies for the benefit of ActionCOACH franchisees (both

Master Licensees and Business Coaches). These relationships are formed so you may have access to the beneficial products and services these companies provide. These products and services will generally be made available to you at costs below what the general public or other users would pay for the same product, service, or information. Costs may include shipping fees, access fees, licensing fees, cost of goods fees, training fees, etc.

As of June 30, 2008, ACUI had Strategic Alliance relationships with the following independent companies:

Company	Product
Target Training International, Inc.	“DISC” personality analysis tools
University Associates, Inc.	“VAK” personal learning styles profile
Amazon Books	Training aids and reading library enhancements
Barnes & Noble	Training aids and reading library enhancements
Ad Giants	Customizable, advertising and marketing templates
Instant Imprints	Signage, clothing, awards and promotional products
WSI	Website creation and CRM
Henry Wurst	Stationery supplies, print materials, CDs and DVDs
Team Double-Click	Virtual assistants and staffing agency

While ACUI encourages you to form relationships with the above companies and to use their products and services, you are not required to use them unless (i) the products and services you require involve the use of ACUI’s proprietary marks or information; (ii) you are building or maintaining your web site; or (iii) for CRM software and related services. In those cases, you must use the applicable approved supplier. Other than ACUI itself, there are no approved suppliers in which any of our or ACUI’s officers owns an interest.

ACUI has also negotiated a global printing services agreement with Henry Wurst. Currently, Master Licensees and Business Coaches must purchase all print materials containing the ActionCOACH marks or logos (including, but not limited to, stationery and business cards) from Henry Wurst to help maintain uniformity and consistency of presentation of the ActionCOACH brand. Neither we nor ACUI is affiliated with Henry Wurst, and neither we nor ACUI currently receives direct rebates or forms of remuneration from Henry Wurst. However, ACUI has the right to place a surcharge on the printing services you purchase from Henry Wurst under ACUI’s billing arrangement with them. ACUI reserves the right to change suppliers.

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

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 9	Item 11
b. Pre-opening purchases/leases	Sections 3, 9, 12 & 13	Item 7
c. Site development and other pre-opening requirements	Sections 3, 9, 11.2(A), 11.2(B), 12 & 13	Item 11
d. Initial and ongoing training	Sections 7.1(A), 7.1(D), 7.2, 11.2(A), 18.3(B) & Attachment 1	Introduction, Item 5, 6, 15 & 17
e. Opening	Sections 2 & 11	Item 11
f. Fees	Sections 2.2(H), 2.2(I), 3–5, 16.7 & 19.3(E), Attachment 1	Item 5 & 6
g. Compliance with standards and policies/operating manual	Sections 7.1(F), 10 & 11	Item 11 & Exhibit P
h. Trademarks and proprietary information	Section 14 & 16.2(C) & Attachment 1	Item 13 & 14
i. Restrictions on products/services offered	Sections 1, 11 & 15	Item 8 & 16
j. Warranty and customer service requirements	Section 11	None
k. Territorial development and sales quotas	Section 8 & 11	Item 11 & 12
l. Ongoing product/service purchases	Sections 11 & 12	Item 16
m. Maintenance, appearance and remodeling requirements	Section 11.2(D)	None
n. Insurance	Section 13	Item 7
o. Advertising	Sections 4.2, 5, 7.1(C) & 8	Item 11
p. Indemnification	Section 13	None
q. Owner's participation/management/staffing	Section 11	Item 15
r. Records and reports	Section 6	None
s. Inspection and audits	Section 6	None
t. Transfer	Section 19	Items 1 & 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Sections 6.2, 11.7, 14 & 16	Item 17
w. Non-competition covenants	Section 15	Item 17
x. Dispute resolution	Section 21.9	Item 17

ITEM 10
FINANCING

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

ITEM 11
**MASTER LICENSEE'S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS, AND TRAINING**

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

Master Licensee's Obligations Before You Start Business

Before you begin your business, we will:

1. Arrange for you to attend the induction training program provided by ACUI (as well as a refresher training program approximately 90 days after you complete the induction training program). (Franchise Agreement - Section 7.1(A)).
2. Help you write the initial "Your Action Plan" document, which serves as a blueprint for your start-up. (Franchise Agreement – Section 7.1(B))
3. Supply you with an initial packet of advertising and promotional materials. (Franchise Agreement – Section 7.1(C)).
4. Loan you a copy of the *Confidential Operating Manuals* containing mandatory and suggested specifications, standards, operating procedures and guidelines prescribed from time to time by ACUI. (Franchise Agreement - Section 7.1(F)). The Manuals are confidential and remain the property of ACUI. ACUI modifies the Manuals from time to time, but the modifications will not alter your status and rights under the Franchise Agreement. The Table of Contents of the Manuals is in Exhibit P to this disclosure document.
5. Arrange for ACUI to provide you access to the ActionCOACH intranet (assuming that you have the necessary computer and communications equipment in place prior to opening; otherwise, access will be provided once the equipment is in place).

Time between Signing Franchise Agreement and Opening

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

Master Licensee's Obligations After Opening

After you open for business:

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

Marketing and Advertising

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

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

During ACUI's fiscal year ended June 30, 2008, ACUI spent \$506,853 from the Marketing and Advertising Fees remitted by Master Licensees and Direct Business Coaches. These expenditures were allocated as follows:

Media placement (including Business Coaches' website)	70%
Administrative Expenses	10%
Other (including R&D)	<u>20%</u>
Total	100%

During our fiscal year ended N/A (We have not completed a fiscal year), we spent N/A from the Marketing and Advertising Fees remitted by Business Coaches in the Territory. Our expenditures were allocated as follows:

Production	%
Media placement	%
Administrative Expenses	%
Other (including R&D)	<u>%</u>
Total	100%

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

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

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

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

Computer and Communications Systems

You must acquire, maintain, update and/or upgrade an information processing and communications system, including bandwidth, software and hardware. In addition, you must acquire from third-party vendors other commercially-available software that is compatible for use with the software that ACUI specifies. You must have a computer, specific software, Internet access, printer, scanner, fax and general office equipment. If you already have equipment meeting ACUI's specifications, no expenditure will be necessary. The estimated cost for these purchases is \$0 to \$4,000, depending on the equipment you may already own.

The current computer and communications system specifications are in Exhibit Q. ACUI reserves the right to make changes in the computer and communications system specifications.

You must acquire, maintain, upgrade and update hardware, software, and ISP or other communications system during the term of the franchise, at your own expense. There are no

limitations on ACUI's right to require upgrades and updates. ACUI does not currently recommend or require a specific type of maintenance, updating, upgrading or support contract.

You will use the information and communication system to report to and communicate with us, for your accounting, and for other tasks we may designate. You must transmit information to us daily or at other intervals that we specify, in the form and manner we specify. You must also give us and ACUI independent access to the ActionCOACH-related information in your system.

Operations Manual

The Manuals currently contain 539 pages. The table of contents of the Manuals is in Exhibit P.

Selection of Business Location

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

Training Program

TRAINING PROGRAM

Initial Training

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

Refresher Training

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Marketing	8	0	currently Las Vegas, NV
Sales	8	0	currently Las Vegas, NV
Coaching	8	0	currently Las Vegas, NV

Initial Training. The mandatory induction training program will take place in Las Vegas, unless ACUI designates a different location. We will inform you of the upcoming training dates and locations before you sign the Business Coach Franchise Agreement. The training program currently lasts 11 days. You will attend the training program after signing the Franchise Agreement and paying the franchise fee and training fee and before opening for business. See Items 5 and 6 for the training fees. Satisfactory completion of the training program is mandatory. If you fail to complete the training program, we may terminate your Business Coach Agreement. You will also attend a mandatory refresher training program approximately 90 days after completion of the induction training.

The training program and staff are under the direction of ACUI personnel, including David Holland, ACUI's Director of Training & Coaching since March 2008. Mr. Holland was previously an ActionCOACH business coach in the United Kingdom for nearly five years. The instructors are ActionCOACH business coaches who have varying lengths of personal experience in marketing, sales, coaching, and diagnostic methods that they have used in their own businesses. Instructional materials and techniques used include the Manuals, discussion notes, PowerPoint slides, case studies, flipcharts, and role-playing. See Exhibit O to this disclosure document for our current training outlines.

Subsequent Training. We may require you and any of your personnel to attend additional or advanced training periodically. You must pay whatever charge is made by third party trainers, if any, plus travel, food, and accommodations, and all other necessary expenses, which are subject to increase.

ITEM 12

TERRITORY

We define a territory for you in the Franchise Agreement (the "Territory"), but your Territory is not exclusive. You may face competition from other franchisees, from outlets that we or ACUI own, or from channels of distribution or competitive brands that we or ACUI control. We have franchised and/or will franchise other Business Coaches in the Territory, and you and they may compete for Clients anywhere in the Territory. Our Master License Agreement with ACUI obligates us to award a minimum number of Business Coach franchises in the Territory. Neither the Master License Agreement nor the Franchise Agreement imposes a maximum number of franchises that we can award in the Territory. Master Licensees whose Master License Agreements became effective before October 1, 2006 have the right to provide limited coaching services to Clients in the Territory; Master Licensees whose Master License Agreements became effective on or after October 1, 2006 do not have the right to provide coaching services to Clients in the Territory.

You can locate your office anywhere in the Territory. Your initial office location will be specified in the Franchise Agreement. You must notify us if you intend to change your office location.

You can market and provide your services in or to any part of the Territory, but you may not advertise in any media whose primary circulation or footprint is outside of the Territory, nor may you engage in direct marketing to prospective Clients outside of the Territory. If you receive a request from a Client or prospective Client to provide services outside of the Territory, you must refer the request to us. If the Client's or prospective Client's principal office is outside of the Territory and no Master Licensee or Business Coach has been licensed to operate in that area, we will refer the prospective Client back to you.

You may request our approval to relocate your Business Coach business to the territory of another ActionCOACH Master Licensee. If both we and the Master Licensee for the new territory approve, we will assign your Franchise Agreement to the Master Licensee for the new territory, and upon the assignment you must pay us a relocation fee of \$5,000 (\$10,000 for a FIRM) to compensate us for our lost future income from your franchise.


ActionCOACH Limited and ACUI have the right to establish Across-Area Marketing Programs that reach customers and potential customers in the Territory and elsewhere, without compensating you. Across-Area Marketing Programs can be any type of Internet, television, electronic, co-branding, alliance, or affinity program, policy or marketing strategy. For example, ActionCOACH Limited and/or its licensees sell products and speaker's services (see Item 8), over the Internet and on television, using the ActionCOACH marks. ACUI, ActionCOACH Limited and their affiliates have the right to establish other franchises, outlets, or distribution channels that may sell similar products and services under trademarks other than the ActionCOACH mark without compensating you, though we have no present plans to do so.

You will not have a sales quota. You maintain your franchise rights if you pay your fees on time and perform your other obligations under the Franchise Agreement. You do not receive any rights or options to acquire additional franchises.

ITEM 13

TRADEMARKS

ActionCOACH Limited has filed applications for registration of the following service marks on the Principal Register of the United States Patent and Trademark Office (USPTO):

Mark	Application Date	Serial Number	Class
ACTION COACH	October 17, 2006	77/023272	9, 16, 25, 28, 35
	October 17, 2006	77/023283	9, 16, 25, 28, 35

ActionCOACH Limited has received a notice of allowance from the USPTO, and filed affidavits of use with respect to the ActionCOACH marks on September 10, 2008. However, ActionCOACH Limited does not yet have a federal registration for the ActionCOACH marks. Therefore, the trademarks do not have many legal benefits and rights associated with a federally registered trademark. If ActionCOACH Limited's right to use and license the ActionCOACH marks is challenged, you may have to change to an alternate trademark, which may increase your expenses.

ActionCOACH Limited intends to file an affidavit of incontestability, when due, for each registered mark.

Under a license dated January 1, 2007, ActionCOACH Limited granted MindRich the exclusive right to license the ActionCOACH trademarks and other intellectual property. The license is for a term of 99 years, and is terminable by ActionCOACH Limited only if: (i) MindRich fails to cure a material default within 90 days after receiving notice of default from ActionCOACH Limited; (ii) MindRich or any of its directors or executive officers is convicted (or pleads no contest to) of a felony, crime involving moral turpitude, or other crime that is likely to harm ActionCOACH Limited's goodwill in the trademarks; (iii) MindRich's assets are attached pursuant to court order; (iv) MindRich becomes insolvent or the subject of bankruptcy or dissolution proceedings, or ceases to do business. The license provides that, if the license to MindRich expires or terminates for any reason, ACUI, as a sublicensee, will automatically become the direct licensee of ActionCOACH Limited.

Under a license dated January 1, 2007, ACUI is licensed by MindRich to use and sublicense, within the U.S.A., the trademarks and other intellectual property associated with the ActionCOACH concept. The license has a term of 99 years, and is terminable by MindRich only if: (i) ACUI fails to cure a material default within 90 days after receiving notice of default from MindRich, or (ii) ACUI or any of its directors or executive officers is convicted (or pleads no contest to) of a felony, crime involving moral turpitude, or other crime that is likely to harm ActionCOACH Limited's goodwill in the trademarks; (iii) ACUI's assets are attached pursuant to court order; (iv) ACUI becomes insolvent or the subject of bankruptcy or dissolution proceedings, or ceases to do business. The license provides that, if the license to ACUI expires or terminates for any reason, ACUI's direct Business Coaches and Master Licensees, as sublicensees, will automatically become direct licensees of MindRich; your Business Coach Franchise Agreement will remain in effect.

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

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

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

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

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

As noted in Item 1, the personal relationship between business coach and Client is critical. For that reason, *only one person* may be the Nominated Business Coach at any given time. You must personally serve as the Nominated Business Coach for the first year of operation, unless we agree to shorten this period. Thereafter, you may appoint another individual to serve as Nominated Business Coach, if that individual: (i) has been approved by us and trained by ACUI; (ii) has signed a Nominated Business Coach Agreement with you; and (iii) except in a FIRM, has direct responsibility for all business operations of the franchise and the authority to bind you in any dealings with us and ACUI. We generally give our approval unless the individual whom you wish to appoint has a poor record of business performance.

If you appoint someone else as Nominated Business Coach, that person need not have an ownership interest in your business, but he or she must agree to be subject to the same noncompete and confidentiality restrictions that apply to you. These commitments are in the sample Nominated Business Coach Agreement in Exhibit F. You must pay the training fee specified in Item 5 for the new Nominated Business Coach to attend ACUI's training program.

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

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

As discussed in Item 12, you may market and provide services anywhere in the Territory, but you may not advertise in any media whose primary circulation or footprint is outside of the Territory, nor may you engage in direct marketing to customers or prospects outside of the Territory. Web advertising will be subject to the terms and conditions ACUI specifies. If you receive a request from a Client or prospective Client to provide services outside of the Territory, you must refer the request to ACUI. If the prospective Client's principal office is outside of the Territory and no Business Coach has been licensed to operate in that area, then ACUI will refer the prospective Client back to you for coaching services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Business Coach Franchise Agreements and related agreements. You should read these provisions in the agreements in Exhibits A, B and C to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2	7 years
b. Renewal or extension of the term	Section 2	Successive terms of 7 years each. If you are presently renewing your preexisting franchise, the number and length of your renewal term(s) will be modified if and as necessary to conform to the rights granted in your preexisting agreement.
c. Requirements for franchisee to renew or extend	Section 2	Give notice at least 6 months before expiration, be current in payments and remedy any specified breaches, have received no more than 1 notice of default in last 24 months, good record of compliance with Agreement and Manual, sign updated form of franchise agreement (which may contain materially different terms and conditions than your original agreement), upgrade image and appearance of business as needed, pay renewal fee, sign release.

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	Section 16.1	You can terminate if we commit a material default and fail to cure within 60 days.
e. Termination by franchisor without cause	None	N/A
f. Termination by franchisor for cause	Section 16.2 & 16.3	See g. and h. below
g. "Cause" defined - curable defaults	Section 16.3	You have 30 days to cure for non-payment of fees, non-submission of reports, and any other default not listed in h. below.
h. "Cause" defined – non-curable defaults	Section 16.2	Non-curable defaults: abandonment, conviction of crime, trademark misuse, health or public safety hazard, unapproved ownership transfer, failure to maintain a business office, understatement of Gross Revenues by 3% or more twice within 12 months, failure to submit reports, pay fees, or pay creditors 3 times in 12 months, misrepresentations in franchise application or reports.
i. Franchisee's obligations on termination/ non-renewal	Sections 6.2, 11.7, 13.4, 14, 15.2 & 17	Obligations include notification to Clients and prospective clients, payment of amounts due, complete de-identification and cessation of use of marks, surrender of Client and prospective client database, withdrawal of fictitious name filings, payment of liquidated damages (if we terminate based on your default), and compliance with indemnification clause and post-term noncompete.
j. Assignment of contract by franchisor	Section 19.1, 18.2	No restriction on our right to assign. If our Master License Agreement expires or is terminated, our interest in your agreement is automatically assigned to ACUI, which will be responsible only for obligations after the date of its assumption of your agreement.
k. "Transfer" by franchisee - defined	Section 19.2, 20	Includes assignment of the Franchise Agreement and sale or other transfer of any ownership interest in the business.
l. Franchisor approval of transfer by franchisee	Section 19.2	We have the right to approve all transfers.

Provision	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 19.3, FIRM Addendum (if applicable)	We approve proposed transferee, transferee pays training fee and completes training, you pay outstanding obligations and cure other defaults, you sign general release and pay transfer fee, transferee signs new franchise agreement (at our option). If you are a FIRM owner, you may not transfer any of your individual Business Coach Franchise Agreements unless you are transferring all 8 franchise agreements together as a complete FIRM.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 20	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 20	Only after notice of your intention to sell to a third party. See n. above.
p. Death or disability of franchisee	Section 19.5	Your heirs or personal representatives must apply within 120 days for consent to transfer your interest. Standard conditions apply, except no transfer fee required. In case of death, your executor can buy out of remaining term of Franchise Agreement.
q. Non-competition covenants during the term of franchise	Section 15	No involvement in any business that offers business coaching or mentoring services in the U.S.A. ("Competing Business"). You may not employ or otherwise interfere with the employment relationship of any person who is employed by us, ACUI or any Master Licensee.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	You may not engage in any of the activities described in q. above for 2 years after expiration, termination, or transfer. You may not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the 2 years immediately before expiration, termination or transfer. All of the above applies in the Territory and for 100 miles outside of the Territory.
s. Modification of the agreement	Sections 10.3 & 21.5	Amendments must be in writing. ACUI has the right to make changes to the Manuals.
t. Integration/merger clause	Section 21.5	Only the terms of the Franchise Agreement are binding (subject to state law; see Exhibit J). Any other promises may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this disclosure document.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 21.9	All disputes are to be resolved by mediation and arbitration. However, any party can seek preliminary, provisional or declaratory relief in court.
v. Choice of forum	Section 21.9	If ACUI is a party, then the exclusive venue for arbitration is the city or county where ACUI has its headquarters at the time the arbitration demand is filed (currently Las Vegas, Nevada). No forum selection clause for litigation. State franchise statutes may supersede this choice of forum, but may be preempted by the Federal Arbitration Act; see Exhibit J.
w. Choice of law	Section 21.8	The law of the state where ACUI has its headquarters at the time of the dispute governs the contract (currently, Nevada). State law may override this provision; see Exhibit J.

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

ITEM 18

PUBLIC FIGURES

Neither we nor ACUI currently uses any public figure or personality to promote Business Coach franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Neither we nor ACUI makes 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 Jason Cooksey, General Counsel, 5781 S. Fort Apache Rd., Las Vegas, NV 89148, tel. 888-483-2828, the Federal Trade Commission, and the appropriate state regulatory agency.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

For consistency, we have provided information as of the end of ACUI's fiscal year, which ends on June 30 of each year. Our fiscal year ends on December 31 of each year.

Tables 1 through 5 provide information on Master License franchises in the U.S.A. Tables 6 through 10 provide information on Business Coach franchises in the U.S.A. ACUI's fiscal year ends on June 30 of each year.

MASTER LICENSE FRANCHISES

Table 1
System Wide Outlet Summary (Master License Franchises)
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2006	28	32	+4
	2007	32	36	+4
	2008	36	38	+2
Company- Owned	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Total Outlets	2006	28	32	+4
	2007	32	36	+4
	2008	36	38	+2

Table 2
Transfers of Master License Outlets from Franchisees to New Owners
(other than Franchisor)
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

State (note 1)	Year	Number of Transfers
Florida – Miami-Dade	2006	1
	2007	0
	2008	0
Texas – South	2006	0
	2007	0
	2008	1
Total	2006	1
	2007	0
	2008	1

NOTE:

- (1) States that are not listed had no master license transfer activity during the fiscal years covered by the table.

Table 3
Status of Franchised Master License Outlets (note 1)
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Terminations	Non-Renewals	Reacquired by ACUI	Ceased Operations – other	Outlets (End of Year)
Arizona	2006	1						1
	2007	1						1
	2008	1						1
California (notes 3 & 4)	2006	0	1					1
	2007	1	3	1				3
	2008	3	1					4
Colorado	2006	1						1
	2007	1						1
	2008	1						1
Connecticut	2006	1						1
	2007	1						1
	2008	1						1
Florida	2006	4						4
	2007	4	1			1		4
	2008	4	2			2		4
Georgia	2006	1						1
	2007	1						1
	2008	1						1
Idaho	<i>See Utah</i>							
Illinois	2006	1						1
	2007	1						1
	2008	1						1
Indiana	2006	1						1
	2007	1						1
	2008	1						1
Iowa & Nebraska	2006	1						1
	2007	1						1
	2008	1						1
Kansas & W. Missouri	2006	1						1
	2007	1				1		0
	2008	0						0
Kentucky	2006	1						1
	2007	1				1		0
	2008	0						0

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Termin- ations	Non- Renewals	Reacquire d by ACUI	Ceased Operations – other	Outlets (End of Year)
Louisiana	2006	0						0
	2007	0	1					1
	2008	1						1
Maryland	2006	0						0
	2007	0	1					1
	2008	1						1
Massachu- setts (note 5)	2006	1						1
	2007	1				1		0
	2008	0						0
Michigan	2006	2						2
	2007	2				2		0
	2008	0						0
Minnesota	2006	1						1
	2007	1						1
	2008	1						1
Missouri	<i>See Kansas</i>							
Montana, N. Dakota & Wyoming	2006	0						0
	2007	0	1					1
	2008	1						1
Nebraska	<i>See Iowa</i>							
Nevada (note 4)	2006	1				1		0
	2007	0	1					1
	2008	1						1
New Jersey	2006	1						1
	2007	1						1
	2008	1						1
New Mexico	2006	0	1					1
	2007	1						1
	2008	1						1
New York	2006	1	1					2
	2007	2	1			1		2
	2008	2						2
North Carolina	2006	1						1
	2007	1						1
	2008	1						1
North Dakota	<i>See Montana</i>							
Ohio	2006	2						2
	2007	2						2
	2008	2						2
Oregon	2006	1						1
	2007	1						1
	2008	1						1

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Termin- ations	Non- Renewals	Reacquire d by ACUI	Ceased Operations – other	Outlets (End of Year)
Pennsylvania	2006	1	1					2
	2007	2						2
	2008	2						2
Puerto Rico	2006	0						0
	2007	0						0
	2008	0	1					1
Tennessee	2006	1						1
	2007	1						1
	2008	1						1
Texas (note 6)	2006	1	1					2
	2007	2						2
	2008	2						2
Utah & Idaho - South	2006	0						0
	2007	0	1					1
	2008	1						1
Virginia	2006	0						0
	2007	0	1					1
	2008	1						1
Washington	2006	0						0
	2007	0	1					1
	2008	1						1
Wisconsin	2006	1						1
	2007	1						1
	2008	1						1
Wyoming	<i>See Montana</i>							
Totals	2006	28	5	0	0	1	0	32
	2007	32	12	1	0	7	0	36
	2008	36	4	0	0	2	0	38

NOTES:

- (1) “Outlets (Beg. Of Year)” and “Outlets (End of Year)” include all franchises being actively operated as of the first and last day of the fiscal year, respectively.
- (2) States that are not listed had no master licensee activity during the fiscal years covered by the table and no Master Licensees operating at the end of those fiscal years. Blank spaces in the table indicate no activity. Several multi-state territories are or were each licensed under a single Master License Agreement, and are treated together.
- (3) From September 2005 to August 2006, the Master Licensee for California was an entity majority-owned by Brad Sugars, one of ACUI’s executives (see Item 2). After termination of that Master License Agreement, new Master License Agreements were issued for several territories within the state.
- (4) In fiscal year 2008, ACUI reacquired four counties in Southern Nevada from the Master Licensee that previously held a Master License Agreement for the entire state. The Master

Licensee, who retained the remainder of the Nevada territory, simultaneously acquired master license rights for four counties in California.

- (5) ACUI reacquired a territory comprising portions of Massachusetts in fiscal year 2007; the former Master Licensee became a Business Coach in Connecticut.
- (6) In fiscal year 2006, a portion of Texas was licensed to an entity owned by Vic Ciuffetelli, who was then one of ACUI's executives. Additional counties were later added to the two Texas territories so that they now encompass the entire state.

Table 4
Status of Company-Owned Master License Outlets
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

State (note 1)	Year	Outlets (Beg. of Year)	Outlets opened	Terminations	Non-Renewals	Reacquired by ACUI	Ceased Operations – other	Outlets (End of Year)
Totals	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0

NOTE:

- (1) States that are not listed had no company-owned master licensee activity during the fiscal years covered by the table and no company-owned Master Licensees operating at the end of those fiscal years.

Table 5
Projected Master License Openings as of June 30, 2008

State (note 1)	Master License Agreement Signed but Outlet Not Open as of June 30, 2008	Projected New Outlets in the Fiscal Year ending June 30, 2009	
		Franchised	Company-Owned
Arkansas/Kansas/Missouri	0	1	0
California	0	1	0
Delaware/D.C.	0	1	0
Hawaii	0	1	0
Kentucky	0	1	0
Maine/New Hampshire	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
New York	0	1	0
Oklahoma	0	1	0
Washington	0	1	0

State (note 1)	Master License Agreement Signed but Outlet Not Open as of June 30, 2008	Projected New Outlets in the Fiscal Year ending June 30, 2009	
		Franchised	Company-Owned
West Virginia	0	1	0
Total	0	12	0

NOTE:

- (1) States that are not listed had no Master License Agreements signed but not open as of June 30, 2008 and have no Master License Agreements projected for the fiscal year ending June 30, 2009.

BUSINESS COACH FRANCHISES

The numbers in these charts include Business Coach Franchise Agreements issued both by Master Licensees and directly by ACUI in areas where there is no Master Licensee.

**Table 6
System Wide Outlet Summary (Business Coach Franchises)
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2006	186	231	+45
	2007	231	272	+41
	2008	272	318	+46
Company-Owned	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Total Outlets	2006	186	231	+45
	2007	231	272	+41
	2008	272	318	+46

NOTE:

- (1) For fiscal years 2006 and 2007, franchises where a Nominated Business Coach ceased operating during the year but the Franchise Agreement remained in effect are not included. For fiscal year 2008, "Outlets at the End of the Year" includes 9 franchises that were not operating as of June 30, 2008; those franchises are designated "open license" in Exhibit L.

Table 7
Transfers of Business Coach Outlets from Franchisees to New Owners
(other than Master Licensee or Franchisor)
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

State (note 1)	Year	Number of Transfers
Arizona	2006	1
	2007	0
	2008	0
California	2006	1
	2007	2
	2008	0
Colorado	2006	0
	2007	2
	2008	0
Florida – Central/SW	2006	1
	2007	0
	2008	0
Florida - Northern	2006	1
	2007	0
	2008	0
Georgia	2006	7
	2007	0
	2008	0
Idaho	<i>See Utah</i>	
Iowa & Nebraska	2006	0
	2007	1
	2008	1
Michigan – Southeastern	2006	1
	2007	0
	2008	0
Michigan – Western	2006	0
	2007	1
	2008	0
Nebraska	<i>See Iowa</i>	
Nevada – North	2006	0
	2007	0
	2008	1
New Jersey	2006	3
	2007	1
	2008	0
New York	2006	1
	2007	0
	2008	0
North Carolina	2006	0
	2007	2
	2008	1

State (note 1)	Year	Number of Transfers
Ohio – Southern	2006	1
	2007	0
	2008	0
Pennsylvania – Eastern	2006	2
	2007	1
	2008	1
Pennsylvania – Western	2006	0
	2007	0
	2008	0
Tennessee	2006	1
	2007	0
	2008	1
Texas – North	2006	4
	2007	0
	2008	0
Texas – South	2006	0
	2007	1
	2008	2
Utah & S. Idaho	2006	0
	2007	0
	2008	3
Wisconsin	2006	0
	2007	1
	2008	0
Total	2006	24
	2007	12
	2008	10

NOTE:

- (1) States that are not listed had no business coach transfer activity during the fiscal years covered by the table. Several multi-state territories are or were each licensed under a single Master License Agreement, and are treated together.

Table 8
Status of Franchised Business Coach Outlets (note 1)
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Terminations	Non-Renewals	Reacquired by ACUI or ML	Ceased Operations – other	Outlets (End of Year)
Arizona (notes 3 & 4)	2006	5	1			1		5
	2007	5	2	1		2		6
	2008	6	5	3				9
Arkansas	2006	0	0					0
	2007	0	1					1
	2008	1	0	1				0

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Termin- ations	Non- Renewals	Reacquire d by ACUI or ML	Ceased Operations – other	Outlets (End of Year)
California (note 5)	2006	1	8					8
	2007	8	7	2				12
	2008	12	11	1				22
Colorado (note 4)	2006	9	2					10
	2007	10	3					13
	2008	13	2	2	1			11
Connecticut	2006	6	2					8
	2007	8	1					9
	2008	9	2	1				10
Florida – Central/SE	2006	1	0					1
	2007	1	2				1	2
	2008	2	1					3
Florida – Central/SW	2006	8	2			1		11
	2007	11	0	4	1			5
	2008	5	6	1				10
Florida – Miami-Dade Co.	2006	1	1					2
	2007	2	1					3
	2008	3	2					5
Florida – Northern	2006	1	2					2
	2007	2	1					3
	2008	3	0	1				2
Georgia	2006	17	5			2		23
	2007	23	3			2		25
	2008	25	5	5	2	4		19
Idaho	<i>See Utah</i>							
Illinois	2006	4	2			1		5
	2007	5	3					8
	2008	8	1	4				5
Indiana	2006	7	3					10
	2007	10	0	2		1		7
	2008	7	2	1				8
Iowa & Nebraska	2006	5	2			1		7
	2007	7	0					8
	2008	8	0	1				7
Kansas & W. Missouri	2006	0	1					1
	2007	1	2					3
	2008	3	1					4
Kentucky	2006	1	1	1				1
	2007	1	3					4
	2008	4	0					4
Louisiana	2006	0	0					0
	2007	0	0					0
	2008	0	2					2

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Termin- ations	Non- Renewals	Reacquire d by ACUI or ML	Ceased Operations – other	Outlets (End of Year)
Maine & New Hampshire	2006	0	0					0
	2007	0	1					1
	2008	1	0					1
Maryland	2006	3	1					4
	2007	4	0					4
	2008	4	1					5
Massachusetts	2006	2	1					3
	2007	3	2					5
	2008	5	1					6
Michigan – SE	2006	6	2	1		1		5
	2007	5	0	2				3
	2008	3	0	2				1
Michigan – W	2006	3	0					3
	2007	3	0	2				1
	2008	1	0					1
Minnesota	2006	3	1					4
	2007	4	2					6
	2008	6	5					11
Missouri	<i>See Kansas</i>							
Montana, N. Dakota & Wyo. (note 3)	2006	1	0					1
	2007	1	1					1
	2008	1	1					2
Nebraska	<i>See Iowa</i>							
Nevada – North	2006	0	0					0
	2007	0	1					1
	2008	1	0					1
Nevada - South	2006	2	0	2				0
	2007	2	0	2				0
	2008	0	2					2
New Hampshire	<i>See Maine</i>							
New Jersey	2006	24	2	1		1		24
	2007	24	6	6	1			22
	2008	22	1	4				19
New Mexico	2006	0	0					0
	2007	0	0					0
	2008	0	3					3
New York	2006	5	1					6
	2007	6	3	1				8
	2008	8	0					8
North Carolina	2006	8	1					9
	2007	9	2	1		1		9
	2008	9	4		1			12

State (note 2)	Year	Outlets (Beg. of Year)	Outlets opened	Termin- ations	Non- Renewals	Reacquire d by ACUI or ML	Ceased Operations – other	Outlets (End of Year)
Ohio – Northern	2006	4	1					5
	2007	5	3			1		7
	2008	7	0	1				6
Ohio – Southern	2006	13	4					17
	2007	17	4	1	1			19
	2008	19	6	3				22
Oklahoma	2006	1	0					1
	2007	1	0					1
	2008	1	1					2
Oregon	2006	1	1					2
	2007	2	2					4
	2008	4	1					5
Pennsylvania – Eastern (note 6)	2006	24	2	1				24
	2007	24	2	2	1	1		22
	2008	22	8	2				28
Pennsylvania – Western (note 6)	2006	2	0					3
	2007	3	1					4
	2008	4	1			1		4
Tennessee	2006	1	0			1		1
	2007	1	3		1			4
	2008	4	1			1		3
Texas – N (note 7)	2006	5	2	1				2
	2007	2	4			1	1	4
	2008	4	7	1				10
Texas – S (notes 5 & 7)	2006	0	1					6
	2007	6	4					8
	2008	8	5	3				10
Utah & S. Idaho	2006	1	1					2
	2007	2	6					8
	2008	8	3	1				10
Virginia	2006	2	1					3
	2007	3	4	2				5
	2008	5	0					5
Washington	2006	1	3					4
	2007	4	2					6
	2008	6	2					8
Wisconsin	2006	8	0					8
	2007	8	2					10
	2008	10	2					12
Totals	2006	186	57	7	0	9	0	231
	2007	231	84	28	5	9	2	272
	2008	272	95	38	4	6	0	318

NOTES:

- (1) "Outlets (Beg. Of Year)" and "Outlets (End of Year)" include all franchises being actively operated as of the first and last day of the fiscal year, respectively. "Outlets Opened" may not reflect franchises opened that year but sold in previous years. The table does not include franchises that were terminated without ever having been operated; for fiscal year 2008, such terminations are reflected in Exhibit M. For fiscal years 2006 and 2007, the table does not include franchises where a Nominated Business Coach ceased operating during the year but the Franchise Agreement remained in effect. For fiscal year 2008, "Outlets at the End of the Year" includes 9 franchises that were not operating as of June 30, 2008; those franchises are designated "open license" in Exhibit L.
- (2) States that are not listed had no business coach activity during the fiscal years covered by the table. Several multi-state territories are or were each licensed under a single Master License Agreement, and are treated together.
- (3) A Business Coach formerly located in Montana relocated to Arizona in fiscal year 2007.
- (4) A Business Coach formerly located in Colorado relocated to Arizona in fiscal year 2008.
- (5) A Business Coach formerly located in California relocated to Texas-South in fiscal year 2006.
- (6) A Business Coach formerly assigned to Pennsylvania-Eastern was reassigned to the Pennsylvania-Western territory in fiscal year 2006.
- (7) A second Master License Agreement was issued in Texas in fiscal year 2006; at that time, four existing Business Coaches were reassigned from the Texas-North Master License to the new Texas-South Master License.

Table 9
Status of Company-Owned Business Coach Outlets
for Fiscal Years Ended June 30, 2006, June 30, 2007 & June 30, 2008

State (note 1)	Year	Outlets (Beg. of Year)	Outlets opened	Terminations	Non-Renewals	Reacquired by ACUI	Ceased Operations – other	Outlets (End of Year)
Totals	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0

NOTE:

- (1) States that are not listed had no company-owned business coach activity during the fiscal years covered by the table and no company-owned Business Coaches operating at the end of those fiscal years.

Table 10
Projected Business Coach Openings as of June 30, 2008

State (note 1)	Franchise Agreement Signed but Outlet Not Open as of June 30, 2008 (note 2)	Projected New Outlets in the Fiscal Year ending June 30, 2009	
		Franchised	Company-Owned
Arizona	6	8	0
California	0	10	0
Colorado	7	6	0
Connecticut	4	3	0
Florida - Central/SE	0	2	0
Florida - Central/SW	8	12	0
Florida - Miami-Dade Co.	0	4	0
Florida - Northern	0	4	0
Georgia	19	8	0
Idaho	33	4	0
Illinois	4	3	0
Indiana	0	4	0
Iowa & Nebraska	0	8	0
Louisiana	0	4	0
Maryland	0	5	0
Massachusetts	0	2	0
Michigan - Southeastern	0	3	0
Michigan - Western	0	3	0
Minnesota	2	6	0
Montana/N. Dak./Wyoming	0	1	0
Nevada	0	2	0
New Jersey	0	6	0
New Mexico	8	4	0
New York - Man/Nas	1	10	0
New York - Stat/Suf	0	4	0
North Carolina	1	5	0
Ohio - Southern	7	4	0
Oregon	0	6	0
Pennsylvania - East	0	8	0

State (note 1)	Franchise Agreement Signed but Outlet Not Open as of June 30, 2008 (note 2)	Projected New Outlets in the Fiscal Year ending June 30, 2009	
		Franchised	Company-Owned
Pennsylvania - West	0	4	0
Tennessee	0	9	0
Texas - North	7	20	0
Texas - South	24	18	0
Utah	0	6	0
Virginia	3	12	0
Washington	4	8	0
Wisconsin	4	0	0
Total	142	227	0

NOTE:

- (1) States that are not listed had no Business Coach Franchise Agreements signed but not open as of June 30, 2008 and have no Business Coach Franchise Agreements projected for the fiscal year ending June 30, 2009.
- (2) These figures include franchises sold under a 2007 program for existing franchisees to purchase multiple additional franchises for future operation at reduced prices. The figures also include franchises that were sold as part of a FIRM (where the outlets are to be opened sequentially over time) but are not yet operating.

Exhibit L to this disclosure document is a list of all ActionCOACH Master Licensees and Business Coaches in the U.S.A. as of June 30, 2008.

Exhibit M to this disclosure document lists the name and last known home address and telephone number of every U.S. Master Licensee and Business Coach who had a Master License Agreement or Business Coach Franchise Agreement terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Master License Agreement or Business Coach Franchise Agreement during ACUI's fiscal year ending June 30, 2008. The list also identifies any U.S. Master Licensee who had not communicated with ACUI within 10 weeks of September 30, 2008 and any Business Coach who had not communicated with ACUI or the Master Licensee within 10 weeks of September 30, 2008. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances within the last three fiscal years, current and former franchisees have signed confidentiality clauses, provisions restricting their ability to speak openly about their experience with ActionCOACH. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21

FINANCIAL STATEMENTS

Exhibit N contains the following financial statements:

1. Audited financial statements of ACUI for the fiscal years ending June 30, 2008, June 30, 2007, and June 30, 2006.
2. Our fiscal year end is December 31 and we will complete our first fiscal year December 31, 2008. We cannot provide three years of audited financial statements required by the FTC's Franchise Rule because we have been in business for less than three years; rather, under the FTC's Franchise Rule, we are permitted to include only our unaudited opening balance sheet.

ITEM 22

CONTRACTS

Exhibit A	The FIRM - Business Coach Binder Agreement
Exhibit B	The Practice – Business Coach Franchise Agreement
Exhibit C	Associate Business Coach Agreement
Exhibit D	State-Required Addenda to Franchise Agreement
Exhibit E	Coaching Agreement and Consent Letter
Exhibit F	Nominated Business Coach Agreement
Exhibit G	Nondisclosure and Noncompete Agreement
Exhibit H	Release

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

ITEM 23

RECEIPTS

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



EXHIBIT A

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

THE FIRM – BUSINESS COACH BINDER AGREEMENT



THE FIRM

BUSINESS COACH BINDER AGREEMENT

U.S.A.

THE FIRM

BUSINESS COACH BINDER AGREEMENT

THIS AGREEMENT is entered into effective as of [date] between [Insert Master Licensee's Name] ("Master Licensee") and [Insert Firm Owner's Name] ("you").

RECITALS

- A. Master Licensee has been granted the right by ActionCOACH USA, Inc., a Nevada corporation ("Franchisor"), to sublicense the Marks, the System, and the Confidential Information within the area designated in Section 2.2 below ("Territory").
- B. ActionCOACH Limited has developed and owns the Marks, the System, and the Confidential Information.
- C. ActionCOACH Limited has granted MindRich S.A.R.L. (together with ActionCOACH Limited, "Licensor") the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information.
- D. Licensor has granted Franchisor the exclusive right to sublicense the Marks, the System, and the Confidential Information within the U.S.A.
- E. You wish to obtain the right to operate an ActionCOACH FIRM, a multi-unit business coaching and mentoring business in the Territory.
- F. You wish to obtain the right to operate eight (8) Business Coach franchises collectively referred to as the FIRM pursuant to the terms and conditions set forth in Exhibit A hereto.

THE PARTIES AGREE AS FOLLOWS:

1 General Provisions

- 1.1 Capitalized Terms not redefined in this Binder Agreement will have that meaning given to them in the Business Coach Franchise Agreement ("BCFA"), which is attached hereto as Exhibit A and is hereby incorporated herein by reference, and section references below are references to sections of the BCFA.
- 1.2 This Agreement incorporates eight (8) BCFAs as though eight (8) individual BCFAs were entered into and executed by the parties, including the applicable provisions for each respective BCFA set forth below in this Agreement.
- 1.3 Any failure by you to comply with this Agreement will be dealt with in accordance with the terms of the BCFA. A breach of any one BCFA will be treated as a breach of all BCFAs which comprise the FIRM.

2 General (BCFAs 1 – 8 inclusive):

For each BCFA the following will apply:

2.1 Master Licensee's Name: [Insert Master Licensee's Name]

2.2 Master Licensee's Territory: [Insert Territory]

2.3 Royalty Fee: [\$1,800/month]

The Royalty Fee under each respective BCFA commences the earlier of: (1) the Royalty Start Date listed in Section 6 below or, (2) the first day of the month following the month in which the Business Coach or the Nominated Business Coach completes the initial training. No Royalty Fee is due under subsection (2) for the month in which you or your Nominated Business Coach completes the induction training program.

2.4 Marketing & Advertising Fee: [5% of preceding month's Gross Revenue]

The Marketing and Advertising Fee is due on the 5th day of each calendar month, except that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you complete the induction training program or the following month.

2.5 Training Fee: [\$25,000.00]

Payable for each Business Coach and Nominated Business Coach.

2.6 Renewal Fee: [\$5,000] total for BCFAs 1-8

2.7 Transfer Fee: [\$5,000] total for BCFAs 1-8

2.8 Relocation Fee: [\$10,000] total for BCFAs 1-8

2.9 Termination Fee: [\$10,000] total for BCFAs 1-8

2.10 Technology Fee: \$2,500 total for BCFAs 1-8

2.11 Interest Rate: One and one half percent (1½%) per month (or the maximum rate permitted by applicable law, if less than 1½%).

2.12 FIRM Owner's Name(s) [a. Insert Firm Owner Name]

[b. Insert Firm Owner Name]

[c. Insert Firm Owner Name]

[d. Insert Firm Owner Name]

2.13 Employees: [Insert Employee Names]

2.14 FIRM Office Location: [Insert Firm Location]

3 Franchise Fees (BCFAs 1 – 8 inclusive):

For each BCFA the following Franchise Fees will apply:

3.1 BCFA 1: [\$ Insert Franchise Fee]

3.2 BCFA 2: [\$ Insert Franchise Fee]

3.3 BCFA 3: [\$ Insert Franchise Fee]

3.4 BCFA 4: [\$ Insert Franchise Fee]

3.5 BCFA 5: [\$ Insert Franchise Fee]

3.6 BCFA 6: [\$ Insert Franchise Fee]

3.7 BCFA 7: [\$ Insert Franchise Fee]

3.8 BCFA 8: [\$ Insert Franchise Fee]

4 Payment Terms (BCFAs 1 – 8 inclusive):

You agree to pay to Master Licensee the total of all Franchise Fees described in paragraph 3 as follows:

4.1 Total of FIRM Franchise Fees (BCFA 1 -8): [\$]

4.2 Less Initial Payment, payable upon execution of this Agreement [\$]

Vendor (i.e., Master Licensee) Balance: [\$]

4.3 [No. of monthly repayments] x [monthly repayments amount] = [\$Vendor Balance]

4.4 Your first Monthly Payment toward the Vendor Balance will be paid on [Insert Date] and will continue to be paid monthly on the [Insert Date] of each month until the Vendor Balance is paid in full.

5 Start Up Date (BCFAs 1 – 8 inclusive):

For each BCFA the following maximum Start Up Dates will apply:

5.1 BCFA 1: [Insert Start Up Date]

5.2 BCFA 2: [Insert Start Up Date]

5.3 BCFA 3: [Insert Start Up Date]

5.4 BCFA 4: [Insert Start Up Date]

5.5 BCFA 5: [Insert Start Up Date]

5.6 BCFA 6: [Insert Start Up Date]

5.7 BCFA 7: [Insert Start Up Date]

5.8 BCFA 8: [Insert Start Up Date]

6 Royalty Start Date (BCFAs 1 – 8 inclusive):

The Royalty Start Date for each BCFA shall be the earlier of (a) the date set forth below for the applicable BCFA, or (b) the first day of the month following the date on which the Nominated Business Coach or a FIRM Owner completes the induction training.

6.1 BCFA 1: [Insert Royalty Start Date]

6.2 BCFA 2: [Insert Royalty Start Date]

6.3 BCFA 3: [Insert Royalty Start Date]

6.4 BCFA 4: [Insert Royalty Start Date]

6.5 BCFA 5: [Insert Royalty Start Date]

6.6 BCFA 6: [Insert Royalty Start Date]

6.7 BCFA 7: [Insert Royalty Start Date]

6.8 BCFA 8: [Insert Royalty Start Date]

7 Nominated Business Coach (BCFAs 1 – 8 inclusive):

For each BCFA the following Nominated Business Coaches will be:

7.1 BCFA 1: [Name & Address of Nominated Business Coach]

7.2 BCFA 2: [Name & Address of Nominated Business Coach]

7.3 BCFA 3: [Name & Address of Nominated Business Coach]

7.4 BCFA 4: [Name & Address of Nominated Business Coach]

7.5 BCFA 5: [Name & Address of Nominated Business Coach]

7.6 BCFA 6: [Name & Address of Nominated Business Coach]

7.7 BCFA 7: [Name & Address of Nominated Business Coach]

7.8 BCFA 8: [Name & Address of Nominated Business Coach]

8 Addresses

8.1 **Master Licensee:** [Insert Address Line 1]

[Insert Address Line 2]

[Insert Phone]

[Insert Fax]

8.2 **FIRM Owner:** [Name]

[Insert Address Line 1]

[Insert Address Line 2]

[Insert Phone]

[Insert Fax]

[Name]

[Insert Address Line 1]

[Insert Address Line 2]

[Insert Phone]

[Insert Fax]

[Name]

[Insert Address Line 1]

[Insert Address Line 2]

[Insert Phone]

[Insert Fax]

[Name]

[Insert Address Line 1]

[Insert Address Line 2]

[Insert Phone]

[Insert Fax]

9 Acknowledgments

YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FIRM FRANCHISE CONSISTING OF EIGHT (8) INDIVIDUAL BUSINESS COACH FRANCHISES, AND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. MASTER LICENSEE EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SALES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

YOU ACKNOWLEDGE THAT YOU RECEIVED A COPY OF THIS AGREEMENT, INCLUDING THE ANNEXED FORM OF BUSINESS COACH FRANCHISE AGREEMENT AND ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT YOU RECEIVED A UNIFORM

FRANCHISE OFFERING CIRCULAR AT LEAST 10 BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.

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

THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.

APPROVED AND EXECUTED ON [DATE].

FIRM OWNER 1

By: _____ By: _____

Title: _____ Title: _____

Ownership %: _____ Ownership %: _____

FIRM OWNER 2

By: _____ By: _____

Title: _____ Title: _____

Ownership %: _____ Ownership %: _____

FIRM OWNER 3

By: _____ By: _____

Title: _____ Title: _____

Ownership %: _____ Ownership %: _____

FIRM OWNER 4

By: _____ By: _____

Title: _____ Title: _____

Ownership %: _____ Ownership %: _____

Each person with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guaranty attached to this Agreement.

MASTER LICENSEE

By: _____

Title: _____

EXHIBIT A – BUSINESS COACH FRANCHISE AGREEMENT



BUSINESS COACH FRANCHISE AGREEMENT

U.S.A.

BUSINESS COACH FRANCHISE AGREEMENT

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FIRM

BUSINESS COACH FRANCHISE AGREEMENT

THIS AGREEMENT is entered into effective as of [date] between [Master Licensee as named in Attachment 1] (“Master Licensee”) and [Firm Owner named in Attachment 1] (“you”).

RECITALS

- A. Master Licensee has been granted the right by ActionCOACH USA, Inc., a Nevada corporation (“Franchisor”), to sublicense the Marks, the System, and the Confidential Information (each as defined below) within the area designated in Attachment 1 to this Agreement (the “Territory”).
- B. ActionCOACH Ltd has developed and owns the Marks, the System, and the Confidential Information, all as defined below.
- C. ActionCOACH Ltd has granted MindRICH S.A. (together with ActionCOACH Ltd, “Licensor”) the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information.
- D. Licensor has granted Franchisor the exclusive right to sublicense the Marks, the System, and the Confidential Information within the U.S.A.
- E. You wish to obtain the right to operate an ActionCOACH business coaching and mentoring business in the Territory.

The parties agree as follows:

DEFINITIONS

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

“**Business**” means the ActionCOACH business coaching and mentoring business that you are authorized under this Agreement to conduct within the Territory.

“**Business Coach**” means the person providing Coaching Services to Clients under a Business Coach Franchise Agreement. The Business Coach may be either a FIRM Owner (if you are an individual or a general partnership, and not another form of business entity) or a Nominated Business Coach (in all other cases).

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

“**Coaching Services**” means the business coaching and mentoring services, training modules, business plan drafting assistance, and other services authorized by Franchisor from time to time for delivery to Clients.

“**Confidential Information**” has the meaning defined in Section 14 of this Agreement.

“**FIRM**” means an arrangement under which you have executed a FIRM Business Coach Binder Agreement which incorporates eight (8) Business Coach Franchise Agreements, including this Agreement. Any person who wishes to act as a Business Coach as part of a FIRM must either be a FIRM Owner (in any case where the FIRM Owner is an individual or a general partnership, and not

another form of business entity) or must execute Franchisor's then-current Nominated Business Coach Agreement approved for the FIRM owned by FIRM Owner.

"FIRM Owner" means the person or business entity who has executed the Business Coach Binder Agreement of which this Agreement and each other Business Coach Franchise Agreements in the FIRM is a part. The FIRM Owner is authorized, and required, to provide coaching support services and supervision to all Nominated Business Coaches within the FIRM under a Nominated Business Coach Agreement, in a form approved by Franchisor and Master Licensee and specific to the FIRM arrangement. Each coaching support arrangement must also be approved by Master Licensee.

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

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

"Marks" means the Marks listed in Attachment 2 and such other registered and unregistered trade names, trademarks, service marks, logos, commercial symbols, Internet domain names, web site identifiers, designs, color schemes, and trade dress as Franchisor may designate from time to time for use with the System.

"Nominated Business Coach" means the specific individual who is authorized by Master Licensee and FIRM Owner(s) to provide the Coaching Services to Clients on behalf of the Business. Only one person may be the Nominated Business Coach at any given time. You may appoint any individual to serve as Nominated Business Coach, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; and (ii) has signed a Nominated Business Coach Agreement with you.

"Royalty Start Date" means the date, as specified in Attachment 1, on which the Royalty Fee commences under this Agreement.

"Start Up Date" means the date, as specified in Attachment 1, by which you (and, if applicable, your approved Nominated Business Coach) must commence the Business.

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

"Term" has the meaning set forth in Section 2.1.

SECTION 1 – RIGHTS GRANTED

- 1.1 Master Licensee grants you the right, and you undertake the obligation, to:
 - A. Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis in the Territory; and
 - B. Use the Marks and the System in the operation of the Business.

- 1.2 This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.
- 1.3 You may not grant a sub-franchise or otherwise sublicense any of your rights under this Agreement.

SECTION 2 - TERM AND RENEWAL OPTIONS

- 2.1 The term of this Agreement commences on the date of its execution by Master Licensee. Unless sooner terminated under Section 16, this Agreement will expire seven (7) years from the date of its execution by Master Licensee (“Term”).
- 2.2 You will have the option to renew the right to operate the Business for successive periods of 7 years each. Master Licensee may refuse to renew your right to operate the Business if any of the following conditions have not been satisfied:
- A. You must give Master Licensee written notice of your election to renew (“Renewal Notice”) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.
 - B. You must be current in all payment obligations to Master Licensee and must remedy any breach of this Agreement specified by Master Licensee by written notice.
 - C. You must not have received more than one (1) written notice of default from Master Licensee in the 24 months preceding delivery of the Renewal Notice.
 - D. You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.
 - E. You must execute a new FIRM Binder/Business Coach Franchise Agreement on the then-current form designated by Franchisor, the terms of which may differ from this Agreement. Your failure to execute the updated FIRM Binder/Business Coach Franchise Agreement within 30 days after its delivery will be deemed an election not to renew.
 - F. You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.
 - G. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to reflect the then-current image of the ActionCOACH concept.
 - H. You must pay Master Licensee the Renewal Fee specified in Attachment 1.
 - I. You must concurrently renew the FIRM Business Coach Binder Agreement and all eight (8) Business Coach Franchise Agreements, including this Agreement.

SECTION 3 - INITIAL FEES

- 3.1 You will pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.
- 3.2 You will pay Master Licensee the Training Fee specified in Attachment 1 no later than 14 days before you or your Nominated Business Coach begin the ActionCOACH induction training program.
- 3.3 You will pay to Franchisor the Technology Fee specified in Attachment 1 upon signing this Agreement and at each renewal.
- 3.4 The Franchise Fee, Training Fee and Technology Fee are not refundable, in whole or in part, under any circumstances.

SECTION 4 – ONGOING FEES AND ROYALTIES

- 4.1 On or before the 1st day of each calendar month, commencing with the month after you or your Nominated Business Coach complete the induction training program but in no event later than the Royalty Start Date, you must pay Master Licensee a Royalty Fee as set forth in Attachment 1.
- 4.2 On or before the 5th day of each calendar month, you must pay Master Licensee a Marketing and Advertising Fee as set forth in Attachment 1; provided, however, that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your Nominated Business Coach, as applicable, complete the ActionCOACH induction training program. Each Marketing and Advertising Fee payment must be accompanied by a statement of the preceding month's Gross Revenues on a form approved by Master Licensee.
- 4.3 Any amount due under this Agreement that is not paid on or before the due date will accrue interest daily at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.
- 4.4 You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee.

SECTION 5 - ADVERTISING AND MARKETING

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

- 5.2 You acknowledge that, unless otherwise specified by Franchisor in writing, one hundred percent (100%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts.
- 5.3 You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location (unless you operate the Business from a home office) and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.
- 5.4 You acknowledge that your web site, if any, constitutes advertising and promotion subject to Section 5.1 above. You agree to comply with all policies and standards that Master Licensee or Franchisor issues from time to time with respect to web sites specifically. You also acknowledge that in the event you do want to create your own web site, you are required to obtain Franchisor's prior approval of the design, content and appearance of the website and to use Franchisor's approved supplier for design, development and web hosting to ensure compliance with Franchisor's requirements for branding and usage of the Marks. Master Licensee or Franchisor may: (i) require that your web site be accessible only by link from Master Licensee's site, and (ii) prohibit links between your web site and any other web site. You acknowledge that any copyright in your web site will be deemed to be owned by Franchisor. You agree to execute any documents that Master Licensee requires to affirm Franchisor's ownership of the copyright. You represent that you have, or will have, the lawful right to use any proprietary materials of others that appear in your web site.

SECTION 6 - RECORDS AND AUDITS

- 6.1 You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make an "earnings claim" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.
- 6.2 While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 19, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee,

Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds 5% of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts due, Master Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds \$50.00.

SECTION 7 – ASSISTANCE BY MASTER LICENSEE

7.1 Master Licensee will:

- A. Arrange for you or your Nominated Business Coach to attend Franchisor's induction training program.
- B. Assist you with the preparation of an initial business plan.
- C. Provide you with an initial packet of marketing and promotional materials, and with guidance on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This may include guidance on advertising and promotional programs.
- D. Each week for the first 90 days after you or your Nominated Business Coach completes the ActionCOACH induction training program, provide access via conference or personal calls to discuss any operational challenges and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls with you to discuss operational challenges and conduct ongoing training.
- E. Arrange for you or your Nominated Business Coach to attend an ActionCOACH refresher training session approximately 90 days after the induction training.
- F. Arrange for you or your Nominated Business Coach to attend Franchisor's annual conferences. There will be a conference fee, and you must pay all travel and living expenses of your attendee(s). Master Licensee may also hold such conferences within the Territory. Unless waived by Franchisor in writing, attendance by you or your Nominated Business Coach at Franchisor's Regional North American and Global Conferences is mandatory.
- G. Provide to you, on loan during the term of this Agreement, one set of the Manuals and any amendments thereto promulgated by Franchisor. The Manual for your Nominated Business Coach will be supplied to you for your Nominated Business Coach once Master Licensee receives an executed copy of the Nominated Business Coach Agreement and the Training Fee has been paid.
- H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.
- I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.

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

SECTION 8 - TERRITORY ISSUES

- 8.1 Your franchise is non-exclusive. There will be other Business Coaches providing Coaching Services in the Territory. In addition, Franchisor and Licensor may sell products in the Territory via Across-Area Marketing Programs. Master Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.
- 8.2 You may not advertise in any media whose primary circulation or footprint is outside of the Territory, nor may you engage in direct marketing to customers or prospects outside of the Territory. Franchisor and Master Licensee may establish terms and conditions under which you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the Territory, you must refer the request to Master Licensee. If the Client's or prospective client's principal office is outside of the Territory and Franchisor has not licensed any third party to operate in that Territory, Master Licensee will refer the request for services back to you.
- 8.3 You may request Master Licensee's approval to relocate your FIRM Business to the territory of another ActionCOACH master licensee; any such transfer must include all of the Business Coach franchises in the FIRM. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment, you must pay Master Licensee a relocation fee of \$10,000 to compensate Master Licensee for its lost future income from your franchise.

SECTION 9 – OFFICE LOCATION

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

SECTION 10 - MANUALS

- 10.1 You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You agree to immediately return the Manuals to Master Licensee if you cease to be a Business Coach for any reason.
- 10.2 Licensor or Franchisor may revise the Manuals at any time and from time to time. Master Licensee will communicate any such changes to you. Such revisions may include changes with respect to:
- A. The authorized Coaching Services;
 - B. Operating procedures;

- C. Advertising and promotions;
 - D. Equipment and supplies;
 - E. Dress codes;
 - F. Additions or modifications of Marks;
 - G. Accounting and reporting systems and forms; and
 - H. Insurance requirements.
- 10.3 You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.

SECTION 11 – YOUR DUTIES AND OBLIGATIONS

- 11.1 You agree to use your best efforts to increase the reputation of and demand for Coaching Services in the Territory.
- 11.2 You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:
- A. You or your Nominated Business Coach must (i) complete the ActionCOACH induction training program, at a location designated by Franchisor, before the Business opens and in any event not later than the Start Up Date; and (ii) attend an ActionCOACH refresher training session held approximately 90 days after the induction training. Unless waived by Franchisor in writing, attendance by you or your Nominated Business Coach at Franchisor’s Regional North American and Global Conferences is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.
 - B. You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.
 - C. You may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.
 - D. All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.
 - E. You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate

or other legal name, but you may append “d/b/a ActionCOACH” after your corporate or legal name.

- F. You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee. At your cost, you must display signs at such events in accordance with the Manuals’ specifications.
 - G. You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.
 - H. You must comply with all laws applicable to the Business.
 - I. You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.
 - J. You must provide the supervision, support and instruction required under any support agreement you enter into with your Nominated Business Coach.
 - K. You must require your employees and Nominated Business Coach to sign a nondisclosure and noncompete agreement in a form acceptable to Master Licensee and Franchisor.
 - L. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the Territory, whether franchised or operated by Franchisor (or its Affiliates).
- 11.3 You must submit to Master Licensee the reports and information specified in the Manuals from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:
- A. A report entitled “Action Plan,” which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee’s request.
 - B. A report entitled “Key Performance Indicators,” which summarizes the activities of the Business for the month. This report must be completed and delivered to Master Licensee no later than five (5) days following the end of each calendar month. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.
 - C. Weekly marketing results and sales performance reports.
- 11.4 You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system relating to your ActionCOACH Business.

- 11.5 You may appoint another individual to serve as the Nominated Business Coach, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; and (ii) has signed a Nominated Business Coach Agreement with you.
- 11.6 Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than 72 hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.
- 11.7 Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than four (4) per year. You will use your best endeavors to attend.
- 11.8 While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 19, you agree to supply Master Licensee with your home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.

SECTION 12 - PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

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

SECTION 13 - INSURANCE AND INDEMNIFICATION

- 13.1 You must purchase before the Business opens, and at all times thereafter maintain in full force and effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:
- A. Professional indemnity insurance;
 - B. Comprehensive general liability insurance;
 - C. Workers' compensation insurance;
 - D. Insurance required by the terms of any lease, mortgage or other loan for the Business; and
 - E. Any additional insurance that Master Licensee or Franchisor may inform you is required.
 - F. All liability policies must list Master Licensee and Franchisor as additional named insureds. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.
- 13.2 All policies of insurance must be with responsible companies qualified to do business and in good standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating

that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least 30 days' prior written notice from the insurer to Master Licensee and Franchisor. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.

- 13.3 If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. Within five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.
- 13.4 You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 19. This indemnity is not limited by the amount of insurance that you carry.
- 13.5 All property used in the Business will be maintained at your sole risk, and if any property is damaged in any way, Master Licensee will not compensate you except to the extent the damage was caused by Master Licensee 's gross negligence or willful acts.

SECTION 14 - TRADEMARKS AND CONFIDENTIAL INFORMATION

- 14.1 You acknowledge Licensor's exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of Licensor. You agree that you will not, during or after the term of this Agreement:
- A. contest or aid in contesting the validity or ownership of the Marks;
 - B. take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or
 - C. register or attempt to register the Marks in your own name. You may, however, register a "d/b/a" or a fictitious name certificate in connection with the operation of the Business.
- 14.2 You agree to:
- A. use the Marks only in connection with the Business;
 - B. use the Marks only in accordance with the Manuals;
 - C. reproduce the Marks exactly and accurately; and
 - D. change, discontinue, or substitute for any of the Marks, at your own expense, if Master Licensee notifies you that Licensor or Franchisor has modified the Marks to be used in the U.S.A.

- 14.3 You acknowledge that you will have access to the Manuals and other valuable trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the “Confidential Information”). The Confidential Information was developed by Licensor at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 19, you will return or destroy all Confidential Information.
- 14.4 You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.
- 14.5 You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 17 and not use any Client or prospective client data for any purpose contrary to Section 15.2.

SECTION 15 - RESTRICTIONS ON COMPETITION

- 15.1 During the term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a coach to, provide financial assistance to, or acquire any interest in any business that offers business coaching and mentoring services (“Competing Business”) to clients in the U.S.A.
- 15.2 The restriction in Section 15.1 will also apply for a continuous two-year period after the expiration or termination of this Agreement or after a transfer approved under Section 19, but only as to clients in the Territory and within 100 miles of the Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.
- 15.3 During the term of this Agreement and for a continuous two-year period after its expiration or termination or after a transfer approved under Section 19, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee.
- 15.4 Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in this Section 15 by written notice to you.
- 15.5 If a court or arbitrator determines that any restriction in this Section 15, strictly applied, would be invalid or unenforceable, then the restriction will be deemed modified to the extent necessary (but only to that extent) to make the restriction valid and enforceable. If a dispute

regarding the enforceability of Section 15.2 or 15.3 is resolved in favor of Master Licensee and Franchisor, the two-year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.

- 15.6 You acknowledge that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 14 or Section 15 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may seek injunctive relief under Section 21.9(G), without notice to you, in addition to any other relief that may be available to them for breach of Section 14 or Section 15.
- 15.7 This Section and Section 14 apply to your Nominated Business Coach, employees, individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee's request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 14 and 15.

SECTION 16 – DEFAULT AND TERMINATION

16.1 Termination by You.

If you are in compliance with this Agreement and Master Licensee materially breaches this Agreement and fails to cure the breach within 60 days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective 10 days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 17.

16.2 Termination by Master Licensee – No Right to Cure.

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

- A. voluntarily abandon the franchise relationship;
- B. are convicted of a criminal offense directly related to the Business, or convicted of any felony;
- C. fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within 24 hours after receiving written notice to cure;
- D. fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;
- E. make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;
- F. submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of 12 consecutive months, which understate by more than five percent (5%) the Gross Revenues of the Business;
- G. make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;

- H. fail to submit sales reports or financial statements when due on three (3) or more occasions in any 12-month period;
- I. fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any 12-month period;
- J. fail on three (3) or more occasions in a 12-month period to pay creditors, employees, or suppliers on a timely basis; or
- K. fail on three or more occasions in a 36-month period to achieve an overall score of at least 80% on Franchisor's compliance audit or a score of at least 70% for any section of the compliance audit.

16.3 Termination by Master Licensee – Failure to Cure.

Except as provided in Section 16.2, you will have 30 days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the 30-day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.

SECTION 17 – OBLIGATIONS UPON EXPIRATION OR TERMINATION

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

- A. Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;
- B. Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;
- C. Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor;
- D. Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee.
- E. Immediately amend or terminate your registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within 30 days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.
- F. Comply with the provisions of Section 15 (Restrictions on Competition).

- 17.2 The expiration or termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies that Master Licensee, Franchisor, or Licensor may have against you.
- 17.3 You acknowledge that injuries caused by your failure to comply with this Section 17 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 17.
- 17.4 If Master Licensee terminates this Agreement based on your default, you must pay Master Licensee liquidated damages, calculated as follows: (a) the average of your monthly Royalty Fees and Marketing and Advertising Fees due for the last 12 months before termination (not including the months before the Royalty Fee and Marketing and Advertising Fee obligations begin under Sections 4.1 and 4.2); (b) multiplied by the lesser of 24 or the number of months remaining in the then-current term under Section 2, (c) discounted to present value using the then-current prime rate of interest quoted by Master Licensee's principal commercial bank; (d) minus the present value (determined using the same period as in (b) and the same discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.

SECTION 18 – THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR

- 18.1 You acknowledge and agree that all of Master Licensee's rights and all of your obligations under this Agreement inure to the benefit of Franchisor and Licensor, and that they each have a third-party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.
- 18.2 Upon termination or expiration of the Master License Agreement for any reason, this Agreement will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.

SECTION 19 - TRANSFER

- 19.1 **By Master Licensee.** Master Licensee may transfer its rights under this Agreement as it sees fit without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.
- 19.2 **By You -- General.**
- A. None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 19. Any action contrary to this Section 19 will be a material breach of this Agreement and will be void.
 - B. If this Agreement has been transferred to an entity under Section 19.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 19.
 - C. No transfer that requires Master Licensee's consent may be completed until at least 60 days after Master Licensee receives written notice of the proposed transfer. You

agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 19.3.

- D. Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.
- E. All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.

19.3 **Conditions to Transfers.**

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

- A. The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Business Coach;
- B. The proposed transferee has paid the then-current training fee and has satisfactorily completed the ActionCOACH induction training program and is scheduled for the refresher training session, except that part or all of this requirement may be waived if the transferee has completed the training program within the last five (5) years;
- C. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;
- D. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;
- E. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement (“Transfer Fee”); and
- F. The transferee has executed a new FIRM Business Coach Binder Agreement and new Business Coach Franchise Agreements in the form then being offered by Master Licensee to new FIRM Owners in the Territory.
- G. You are not permitted to transfer a part of the FIRM. All eight (8) Business Coach Franchise Agreements must be transferred simultaneously to the same purchaser, together with the FIRM Business Coach Binder Agreement. Only a transfer of all eight Licenses as a complete FIRM may be transferred subject to the conditions of s.19.3 (A) –(F).

19.4 **Transfer to a Corporation, LLC, etc.**

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

- A. You concurrently assign the FIRM Business Coach Binder Agreement, of which this Agreement is a part, together with all other Business Coach Franchise Agreements incorporated therein, to the same entity;

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

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

19.5 Death, Incapacity or Personal Bankruptcy.

- A. If you (or any owner, if this Agreement has been transferred to an entity) dies, becomes incapacitated, or enters bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within 120 days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 19.2 and 19.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the Nominated Business Coach, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 19.3, the executor may transfer the decedent's interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- B. If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate the Agreement without paying a termination fee by signing a termination agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate

and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.

SECTION 20 – OPTION TO PURCHASE

- 20.1 Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 19.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.
- 20.2 Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within 30 days following receipt of notice from you under Section 19.2. You will have 14 days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 20.1 within 30 days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 19.
- 20.3 The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.

SECTION 21 – GENERAL PROVISIONS

21.1 Relationship of Parties.

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

21.2 No Conflict with Other Agreements.

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

21.3 Prevailing Party Reimbursement.

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

21.4 No Waiver.

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

21.5 Entire Agreement; Amendments.

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

21.6 Survival.

All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 19, including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 19.

21.7 Severability.

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

21.8 Governing Law.

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

21.9 Mediation and Arbitration.

- A. This dispute resolution clause applies to claims by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 19.
- B. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within 10 days, will be submitted to nonbinding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration

Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.

- C. Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within 60 days, must be resolved exclusively by mandatory arbitration in accordance with the rules of the American Arbitration Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.
- D. Notwithstanding Section 21.8, all issues relating to arbitrability or the enforcement of this Section 21.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.
- E. Each party to any arbitration or litigation under this Agreement waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.
- F. Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.
- G. Nothing in this Section 21.9 bars any person's right to seek preliminary, provisional, or declaratory relief in a court of competent jurisdiction.

21.10 Notices.

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

21.11 Successors.

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

21.12 Costs to alter contracts.

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

21.13 Acknowledgments.

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

YOU ACKNOWLEDGE THAT YOU RECEIVED A COPY OF THE BUSINESS COACH FRANCHISE AGREEMENT WITH ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT YOU RECEIVED A UNIFORM FRANCHISE OFFERING CIRCULAR AT LEAST 10 BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.

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

THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.

APPROVED AND EXECUTED ON [DATE].

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Ownership %: _____

Ownership %: _____

By: _____

By: _____

Title: _____

Title: _____

Ownership %: _____

Ownership %: _____

By: _____

By: _____

Title: _____

Title: _____

Ownership %: _____

Ownership %: _____

By: _____

By: _____

Title: _____

Title: _____

Ownership %: _____

Ownership %: _____

All persons with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guaranty attached to this Agreement.

MASTER LICENSEE

By: _____

Title: _____

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

FEES & SPECIFICATIONS

1. **Master Licensee's Territory:** [As per Firm Binder Agreement]
2. **FIRM Owner Name(s):** [As per Firm Binder Agreement]
3. **Franchise Fee:** [As per Firm Binder Agreement]
4. **Royalty Fee:** [As per FIRM Binder Agreement]
5. **Start up Date:** [As per FIRM Binder Agreement]
6. **Marketing and Advertising Fee:** [As per FIRM Binder Agreement]
7. **Training Fee:** [As per FIRM Binder Agreement]
8. **Renewal Fee:** [As per FIRM Binder Agreement]
9. **Transfer Fee:** [As per FIRM Binder Agreement]
10. **Relocation Fee:** [As per FIRM Binder Agreement]
11. **Termination Fee:** [As per FIRM Binder Agreement]
12. **Technology Fee:** [As per FIRM Binder Agreement]
13. **Interest Rate:** [As per FIRM Binder Agreement]
14. **Nominated Business Coach:** [As per FIRM Binder Agreement]
15. **Employees:** [As per FIRM Binder Agreement]
16. **Addresses:**
 - (a) **Master Licensee:** [As per FIRM Binder Agreement]
 - (b) **FIRM Owner(s):** [As per FIRM Binder Agreement]
 - (c) **Nominated Business Coach:** [As per FIRM Binder Agreement]
17. **Office Location:** [As per FIRM Binder Agreement]
18. **Trade Names and Marks:**
 - (a) **ActionCOACH**
 - (b) The logo for ActionCOACH business coaching. The word "Action" is in red, "COACH" is in blue, and "business coaching" is in a smaller, grey font below it.

**ATTACHMENT 2
TO FIRM BUSINESS COACH FRANCHISE AGREEMENT
PERSONAL GUARANTY**

We, the undersigned, in order to induce Master Licensee to enter into The FIRM Business Coach Binder Agreement (including the eight (8) Business Coach Franchise Agreements incorporated therein) (the "Agreement") with [Name of Firm Owner] ("FIRM Owner"), guarantee performance of FIRM Owner's obligations under the Agreement, including, without limitation, payment of all monetary obligations of Firm Owner to Master Licensee. In addition, we agree to be personally bound by the confidentiality, non-competition, transfer, and dispute resolution provisions of the Agreement. We acknowledge that our obligations under this Personal Guaranty are joint, several, personal and irrevocable.

GUARANTORS:

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____



EXHIBIT B

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

THE PRACTICE – BUSINESS COACH FRANCHISE AGREEMENT



THE PRACTICE

BUSINESS COACH FRANCHISE AGREEMENT

BUSINESS COACH FRANCHISE AGREEMENT

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THE PRACTICE

BUSINESS COACH FRANCHISE AGREEMENT

THIS AGREEMENT is entered into effective as of [date] between [Name of Master Licensee] (“Master Licensee”) and [Name of Business Coach] (“You”).

RECITALS

- A. Master Licensee has been granted the right by ActionCOACH USA, Inc., a Nevada corporation (“Franchisor”), to sublicense the Marks, the System, and the Confidential Information (each as defined below) within the area designated in Attachment 1 to this Agreement (the “Territory”).
- B. ActionCOACH Limited has developed and owns the Marks, the System, and the Confidential Information, all as defined below.
- C. ActionCOACH Limited has granted MindRich S.A.R.L. (together with ActionCOACH Limited, “Licensor”) the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information.
- D. Licensor has granted Franchisor the exclusive right to sublicense the Marks, the System, and the Confidential Information within the U.S.A.
- E. You wish to obtain the right to operate an ActionCOACH business coaching and mentoring business in the Territory.

The parties agree as follows:

DEFINITIONS

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

“**Business**” means the ActionCOACH business coaching and mentoring business that you are authorized under this Agreement to conduct within the Territory.

“**Business Coach**” means a person providing Coaching Services to Clients under a Business Coach Franchise Agreement.

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

“**Coaching Services**” means the business coaching and mentoring services, training modules, business plan drafting assistance, and other services authorized by Franchisor from time to time for delivery to Clients.

“**Confidential Information**” has the meaning defined in Section 14 of this Agreement.

“**Gross Revenues**” means the total receipts derived from services performed and products sold by or in connection with the Business. Any property or services received from Clients in exchange for Coaching Services will be included in Gross Revenues at their fair market value at the time received.

Gross Revenues also include any proceeds you may receive from business interruption insurance. Gross Revenues do not include sales taxes or other taxes that you collect from Clients and pay directly to the appropriate governmental authorities.

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

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

“Nominated Business Coach” means the specific individual who is authorized by Master Licensee and you to provide Coaching Services to Clients on behalf of the Business. Only one person may be the Nominated Business Coach at any given time. You must personally serve as the Nominated Business Coach for the first year of operation, unless Master Licensee agrees to shorten this period. Thereafter, you may appoint another individual to serve as Nominated Business Coach, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; (ii) has signed a Nominated Business Coach Agreement with you and the Master Licensee; and (iii) has direct responsibility for all operations of the Business and the authority to bind you in any dealings with Master Licensee or Franchisor.

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

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

SECTION 1 – RIGHTS GRANTED

- 1.1 Master Licensee grants you the right, and you undertake the obligation, to:
 - A. Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis in the Territory; and
 - B. Use the Marks and the System in the operation of the Business.
- 1.2 This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.
- 1.3 You may not grant a sub-franchise or otherwise sublicense any of your rights under this Agreement.

SECTION 2 - TERM AND RENEWAL OPTIONS

- 2.1 The term of this Agreement commences on the date of its execution by Master Licensee. Unless sooner terminated under Section 16, this Agreement will expire seven (7) years from the date of its execution by Master Licensee (“Term”).

- 2.2 You will have the option to renew the right to operate the Business for successive periods of 7 years each. Master Licensee may refuse to renew your right to operate the Business if any of the following conditions have not been satisfied:
- A. You must give Master Licensee written notice of your election to renew (“Renewal Notice”) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.
 - B. You must be current in all payment obligations to Master Licensee and must remedy any breach of this Agreement specified by Master Licensee by written notice.
 - C. You must not have received more than one (1) written notice of default from Master Licensee in the 24 months preceding delivery of the Renewal Notice.
 - D. You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.
 - E. You must execute a new Business Coach Franchise Agreement on the then-current form designated by Franchisor, the terms of which may differ from this Agreement. Your failure to execute the updated Business Coach Franchise Agreement within 30 days after its delivery will be deemed an election not to renew.
 - F. You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.
 - G. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to reflect the then-current image of the ActionCOACH concept.
 - H. You must pay Master Licensee the Renewal Fee specified in Attachment 1.

SECTION 3 - INITIAL FEES

- 3.1 You will pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.
- 3.2 You will pay Master Licensee the Training Fee specified in Attachment 1 no later than fourteen (14) days before you, or your Nominated Business Coach, begin the ActionCOACH induction training program.
- 3.3 You will pay to Franchisor the Technology Fee specified in Attachment 1 upon signing this Agreement and at each renewal.
- 3.4 The Franchise Fee, Training Fee and Technology Fee are not refundable, in whole or in part, under any circumstances.

SECTION 4 – ONGOING FEES AND ROYALTIES

- 4.1 On or before the 1st day of each calendar month, you must pay Master Licensee a Royalty Fee as set forth on Attachment 1. No Royalty Fee is due for the month in which you complete the ActionCOACH induction training program.
- 4.2 On or before the 5th day of each calendar month, you must pay Master Licensee a Marketing and Advertising Fee as set forth on Attachment 1; provided, however, that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your Nominated Business Coach, as applicable, complete the ActionCOACH induction training program or in the following month. Each Marketing and Advertising Fee payment must be accompanied by a statement of the preceding month's Gross Revenues on a form approved by Master Licensee.
- 4.3 Any amount due under this Agreement that is not paid on or before the due date will accrue interest daily at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.
- 4.4 You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee.

SECTION 5 - ADVERTISING AND MARKETING

- 5.1 You will advertise and promote the Business at your own expense and in accordance with the Manuals. However, you may not publish or distribute any advertising or promotional material unless it has been approved in writing by Master Licensee, which approval will not be unreasonably withheld or unduly delayed. If Master Licensee objects to any advertising or promotional material that you are using, you must immediately stop using it. Advertising and promotional materials furnished by Master Licensee may be used only in the manner and during the period specified by Master Licensee. Master Licensee has the right to charge reasonable fees for any materials that Master Licensee provides.
- 5.2 You acknowledge that, unless otherwise specified by Franchisor in writing, one hundred percent (100%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts.
- 5.3 You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location (unless you operate the Business from a home office) and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.

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

SECTION 6 - RECORDS AND AUDITS

- 6.1 You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make an "earnings claim" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.
- 6.2 While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 19, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds 5% of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts due, Master Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds \$50.00.

SECTION 7 – ASSISTANCE BY MASTER LICENSEE

- 7.1 Master Licensee will:
- A. Arrange for you or your Nominated Business Coach to attend Franchisor's induction training program.

- B. Assist you with the preparation of an initial business plan.
 - C. Provide you with an initial packet of marketing and promotional materials, and with guidance on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This may include guidance on advertising and promotional programs.
 - D. Each week for the first 90 days after you or your Nominated Business Coach completes the ActionCOACH induction training program, provide access via conference or personal calls to discuss any operational challenges and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls with you to discuss operational challenges and conduct ongoing training.
 - E. Arrange for you or your Nominated Business Coach to attend an ActionCOACH refresher training session approximately 90 days after the induction training.
 - F. Arrange for you or your Nominated Business Coach to attend Franchisor's annual conferences. There will be a conference fee, and you must pay all travel and living expenses of your attendee(s). Master Licensee may also hold such conferences within the Territory. Unless waived by Franchisor in writing, attendance by you or your Nominated Business Coach at Franchisor's Regional North American and Global Conferences is mandatory.
 - G. Provide to you, on loan during the term of this Agreement, one set of the Manuals and any amendments thereto promulgated by Franchisor. The Manual for your Nominated Business Coach will be supplied to you once Master Licensee receives an executed copy of the Nominated Business Coach Agreement and the Training Fee has been paid.
 - H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.
 - I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.
- 7.2 Master Licensee will offer you such additional guidance and assistance as Master Licensee deems necessary or advisable. Failure of Master Licensee to provide any particular service, either initial or continuing, will not excuse you from paying the Franchise Fee, Royalty Fees or Marketing and Advertising Fees.

SECTION 8 - TERRITORY ISSUES

- 8.1 Your franchise is non-exclusive. There will be other Business Coaches providing Coaching Services in the Territory. In addition, Franchisor and Licensor may sell products in the Territory via Across-Area Marketing Programs. Master Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.
- 8.2 You may not advertise in any media whose primary circulation or footprint is outside of the Territory, nor may you engage in direct marketing to customers or prospects outside of the Territory. Franchisor and Master Licensee may establish terms and conditions under which

you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the Territory, you must refer the request to Master Licensee. If the Client's or prospective client's principal office is outside of the Territory and Franchisor has not licensed any third party to operate in that Territory, Master Licensee will refer the request for services back to you.

- 8.3 You may request Master Licensee's approval to relocate your Business to the territory of another ActionCOACH master licensee. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment, you must pay Master Licensee a relocation fee of \$5,000 to compensate Master Licensee for its lost future income from your franchise.

SECTION 9 – OFFICE LOCATION

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

SECTION 10 - MANUALS

- 10.1 You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You agree to immediately return the Manuals to Master Licensee if you cease to be a Business Coach for any reason.
- 10.2 Licensor or Franchisor may revise the Manuals at any time and from time to time. Master Licensee will communicate any such changes to you. Such revisions may include changes with respect to:
- A. The authorized Coaching Services;
 - B. Operating procedures;
 - C. Advertising and promotions;
 - D. Equipment and supplies;
 - E. Dress codes;
 - F. Additions or modifications of Marks;
 - G. Accounting and reporting systems and forms; and
 - H. Insurance requirements.
- 10.3 You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.

SECTION 11 – YOUR DUTIES AND OBLIGATIONS

- 11.1 You agree to use your best efforts to increase the reputation of, and demand for, Coaching Services in the Territory.
- 11.2 You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:
- A. You or your Nominated Business Coach must (i) complete the ActionCOACH induction training program, at a location designated by Franchisor, before the Business opens; and (ii) attend an ActionCOACH refresher training session held approximately 90 days after the induction training. Unless waived by Franchisor in writing, attendance by you or your Nominated Business Coach at Franchisor's Regional North American and Global Conferences is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.
 - B. You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.
 - C. You may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.
 - D. All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.
 - E. You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate or other legal name, but you may append "d/b/a ActionCOACH" after your corporate or legal name.
 - F. You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee. At your cost, you must display signs at such events in accordance with the Manuals' specifications.
 - G. You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.
 - H. You must comply with all laws applicable to the Business.
 - I. You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.

- J. You must provide the supervision, support and instruction required under any support agreement you enter into with your Nominated Business Coach.
 - K. You must require your employees and Nominated Business Coach to sign a nondisclosure and noncompete agreement in a form acceptable to Master Licensee and Franchisor.
 - L. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the Territory, whether franchised or operated by Franchisor (or its Affiliates).
- 11.3 You must submit to Master Licensee the reports and information specified in the Manuals from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:
- A. A report entitled “Action Plan,” which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee’s request.
 - B. A report entitled “Key Performance Indicators,” which summarizes the activities of the Business for the month. This report must be completed and delivered to Master Licensee no later than five (5) days following the end of each calendar month. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.
 - C. Weekly marketing results and sales performance reports.
- 11.4 You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system relating to your ActionCOACH Business.
- 11.5 You may appoint another individual to serve as the Nominated Business Coach, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; (ii) has signed a Nominated Business Coach Agreement with you; and (iii) has direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.
- 11.6 Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than 72 hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.
- 11.7 Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than four (4) per year. You will use your best endeavors to attend.
- 11.8 While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 19, you agree to supply Master Licensee with your

home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.

SECTION 12 - PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

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

SECTION 13 - INSURANCE AND INDEMNIFICATION

- 13.1 You must purchase before the Business opens, and at all times thereafter maintain in full force and effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:
- A. Professional indemnity insurance;
 - B. Comprehensive general liability insurance;
 - C. Workers' compensation insurance;
 - D. Insurance required by the terms of any lease, mortgage or other loan for the Business; and
 - E. Any additional insurance that Master Licensee or Franchisor may inform you is required.
 - F. All liability policies must list Master Licensee and Franchisor as additional named insureds. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.
- 13.2 All policies of insurance must be with responsible companies qualified to do business and in good standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least 30 days' prior written notice from the insurer to Master Licensee and Franchisor. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.
- 13.3 If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. Within five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.
- 13.4 You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise

from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 19. This indemnity is not limited by the amount of insurance that you carry.

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

SECTION 14 - TRADEMARKS AND CONFIDENTIAL INFORMATION

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

- A. contest or aid in contesting the validity or ownership of the Marks;
- B. take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or
- C. register or attempt to register the Marks in your own name. You may, however, register a "d/b/a" or a fictitious name certificate in connection with the operation of the Business.

- 14.2 You agree to:

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

- 14.3 You acknowledge that you will have access to the Manuals and other valuable trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the "Confidential Information"). The Confidential Information was developed by Licensor at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 19, you will return or destroy all Confidential Information.

- 14.4 You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.
- 14.5 You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 17 and not use any Client or prospective client data for any purpose contrary to Section 15.2.

SECTION 15 - RESTRICTIONS ON COMPETITION

- 15.1 During the Term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a coach to, provide financial assistance to, or acquire any interest in any business that offers business coaching and mentoring services (“Competing Business”) to clients in the U.S.A.
- 15.2 The restriction in Section 15.1 will also apply for a continuous two-year period after the expiration or termination of this Agreement or after a transfer approved under Section 19, but only as to clients in the Territory and within 100 miles of the Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.
- 15.3 During the term of this Agreement and for a continuous two-year period after its expiration or termination or after a transfer approved under Section 19, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee.
- 15.4 Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in this Section 15 by written notice to you.
- 15.5 If a court or arbitrator determines that any restriction in this Section 15, strictly applied, would be invalid or unenforceable, then the restriction will be deemed modified to the extent necessary (but only to that extent) to make the restriction valid and enforceable. If a dispute regarding the enforceability of Section 15.2 or 15.3 is resolved in favor of Master Licensee and Franchisor, the 2-year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.
- 15.6 You acknowledge that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 14 or Section 15 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may seek injunctive relief under Section 21.9(G), without notice to you, in addition to any other relief that may be available to them for breach of Section 14 or Section 15.
- 15.7 This Section and Section 14 apply to your Nominated Business Coach, employees, individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee’s request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 14 and 15.

SECTION 16 – DEFAULT AND TERMINATION

16.1 Termination by You.

If you are in compliance with this Agreement and Master Licensee materially breaches this Agreement and fails to cure the breach within 60 days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective 10 days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 17.

16.2 Termination by Master Licensee – No Right to Cure.

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

- A. voluntarily abandon the franchise relationship;
- B. are convicted of a criminal offense directly related to the Business, or convicted of any felony;
- C. fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within 24 hours after receiving written notice to cure;
- D. fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;
- E. make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;
- F. submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of 12 consecutive months, which understate by more than five percent (5%) the Gross Revenues of the Business;
- G. make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;
- H. fail to submit sales reports or financial statements when due on three (3) or more occasions in any 12-month period;
- I. fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any 12-month period;
- J. fail on three (3) or more occasions in a 12-month period to pay creditors, employees, or suppliers on a timely basis; or
- K. fail on three or more occasions in a 36-month period to achieve an overall score of at least 80% on Franchisor's compliance audit or a score of at least 70% for any section of the compliance audit.

16.3 Termination by Master Licensee – Failure to Cure.

Except as provided in Section 16.2, you will have 30 days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the 30-day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.

SECTION 17 – OBLIGATIONS UPON EXPIRATION OR TERMINATION

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

- A. Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;
- B. Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;
- C. Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor;
- D. Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee.
- E. Immediately amend or terminate your registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within 30 days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.
- F. Comply with the provisions of Section 15 (Restrictions on Competition).

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

17.3 You acknowledge that injuries caused by your failure to comply with this Section 17 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 17.

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

discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.

SECTION 18 – THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR

- 18.1 You acknowledge and agree that all of Master Licensee's rights and all of your obligations under this Agreement inure to the benefit of Franchisor and Licensor, and that they each have a third-party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.
- 18.2 Upon termination or expiration of the Master License Agreement for any reason, this Agreement will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.

SECTION 19 - TRANSFER

- 19.1 **By Master Licensee.** Master Licensee may transfer its rights under this Agreement as it sees fit without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.
- 19.2 **By You -- General.**
- A. None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 19. Any action contrary to this Section 19 will be a material breach of this Agreement and will be void.
 - B. If this Agreement has been transferred to an entity under Section 19.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 19.
 - C. No transfer that requires Master Licensee's consent may be completed until at least 60 days after Master Licensee receives written notice of the proposed transfer. You agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 19.3.
 - D. Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.
 - E. All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.

19.3 **Conditions to Transfers.**

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

- A. The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Business Coach;
- B. The proposed transferee has paid the then-current training fee and has satisfactorily completed the ActionCOACH induction training program, and is scheduled for the refresher training session, except that part or all of this requirement may be waived if the transferee has completed the training program within the last five (5) years;
- C. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;
- D. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;
- E. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement (“Transfer Fee”); and
- F. The transferee has executed a new Business Coach Franchise Agreement in the form then being offered by Master Licensee to new Business Coaches in the Territory.

19.4 **Transfer to a Corporation, LLC, etc.**

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

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

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

19.5 **Death, Incapacity or Personal Bankruptcy.**

- A. If you (or any owner, if this Agreement has been transferred to an entity) die, become incapacitated, or enter bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within 120 days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 19.2 and 19.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the Nominated Business Coach, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days; or (ii) for 60 or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 19.3, the executor may transfer the decedent's interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- B. If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate this Agreement without paying a termination fee by signing a termination agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.

SECTION 20 – OPTION TO PURCHASE

- 20.1 Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 19.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.
- 20.2 Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within 30 days following receipt of notice from you under Section 19.2. You will have 14 days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 20.1 within 30 days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but

not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 19.

- 20.3 The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.

SECTION 21 – GENERAL PROVISIONS

21.1 Relationship of Parties.

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

21.2 No Conflict with Other Agreements.

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

21.3 Prevailing Party Reimbursement.

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

21.4 No Waiver.

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

21.5 Entire Agreement; Amendments.

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

21.6 Survival.

All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 19,

including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 19.

21.7 Severability.

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

21.8 Governing Law.

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

21.9 Mediation and Arbitration.

- A. This dispute resolution clause applies to claims by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 19.
- B. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within 10 days, will be submitted to nonbinding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.
- C. Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within 60 days, must be resolved exclusively by mandatory arbitration in accordance with the rules of the American Arbitration Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.
- D. Notwithstanding Section 21.8, all issues relating to arbitrability or the enforcement of this Section 21.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration

award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

- E. Each party to any arbitration or litigation under this Agreement waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.
- F. Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.
- G. Nothing in this Section 21.9 bars any person's right to seek preliminary, provisional, or declaratory relief in a court of competent jurisdiction.

21.10 Notices.

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

21.11 Successors.

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

21.12 Costs to alter contracts.

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

21.13 Acknowledgments.

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

YOU ACKNOWLEDGE THAT YOU RECEIVED A COPY OF THE BUSINESS COACH FRANCHISE AGREEMENT WITH ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT YOU RECEIVED A UNIFORM FRANCHISE OFFERING CIRCULAR AT LEAST 10 BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.

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

THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.

APPROVED AND EXECUTED ON [DATE].

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Ownership %: _____

Ownership %: _____

All persons with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guaranty attached to this Agreement.

MASTER LICENSEE

By: _____

Title: _____

**ATTACHMENT 1
TO
BUSINESS COACH FRANCHISE AGREEMENT**

- 1. Master Licensee's Territory:** [Describe Territory]
- 2. Franchise Fee:** \$50,000.00
- 3. Royalty Fee:** \$1,800/mo

The Royalty Fee is due on the 1st day of each calendar month, except that no Royalty Fee is due for the month in which you complete the induction training program.
- 4. Marketing and Advertising Fee:** 5% of preceding month's Gross Revenues.

The Marketing and Advertising Fee is due on the 5th day of each calendar month, except that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you complete the induction training program or the following month.
- 5. Training Fee:** \$25,000
- 6. Renewal Fee:** \$2,500
- 7. Transfer Fee:** \$2,500
- 8. Relocation Fee:** \$5,000
- 9. Termination Fee:** \$10,000
- 10. Technology Fee:** \$1,250
- 11. Interest Rate:** One and one half percent (1½%) per month (or the maximum rate permitted by law, if less than 1½%)
- 12. Nominated Business Coach:** [Nominated Business Coach]
- 13. Employees:** [Employees]
- 14. Addresses:**
 - (a) Master Licensee:** [Address]
 - (b) Business Coach:** [Address]
- 15. Office Location:** [Address]

16. Trade Names and Marks:

(a) ActionCOACH

(b) The logo for ActionCOACH business coaching. The word "Action" is in red, "COACH" is in blue, and "business coaching" is in a smaller, grey font below it.

**ATTACHMENT 2
TO
BUSINESS COACH FRANCHISE AGREEMENT**

PERSONAL GUARANTY

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

GUARANTORS:

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____



EXHIBIT C

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT



ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT

Name of affiliated Primary:

ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT

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ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT

THIS AGREEMENT is entered into effective as of [date] between [Name of Master Licensee] (“Master Licensee”) and [Name of Associate Coach] (“You”).

RECITALS

- A. Master Licensee has been granted the right by ActionCOACH USA, Inc., a Nevada corporation (“Franchisor”), to sublicense the Marks, the System, and the Confidential Information (each as defined below) within the area designated in Attachment 1 to this Agreement (the “Territory”).
- B. ActionCOACH Limited has developed and owns the Marks, the System, and the Confidential Information, all as defined below.
- C. ActionCOACH Limited has granted MindRich S.A.R.L. (together with ActionCOACH Limited, “Licensor”) the exclusive right to license and authorize the sublicensing of the Marks, the System, and the Confidential Information.
- D. Licensor has granted Franchisor the exclusive right to sublicense the Marks, the System, and the Confidential Information within the U.S.A.
- E. You wish to obtain the right to operate an ActionCOACH Associate business coaching and mentoring business in the Territory.

The parties agree as follows:

DEFINITIONS

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

“**Business**” means the ActionCOACH business coaching and mentoring business that you are authorized by this Agreement to conduct within the Territory .

“**Business Coach**” means a person providing Coaching Services to Clients under a Business Coach Franchise Agreement. An Associate Business Coach operates under the supervision of a Primary Business Coach in the same territory, with whom the Associate enters into a Support Services Agreement.

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

“**Coaching Agreement**” means an agreement under which a Primary Business Coach approved by Master Licensee and located within the Territory provides support services to you, substantially in the form of Coaching Agreement attached as Exhibit D to the Business Coach Franchise Offering Circular. The exact support services that the Primary Business Coach will provide to you, and the compensation you must pay to the Primary Business Coach, shall be as negotiated between you and the Primary Business Coach.

“**Coaching Services**” means the business coaching and mentoring services, training modules, business plan drafting assistance, and other services authorized by Franchisor from time to time for delivery to Clients.

“Confidential Information” has the meaning defined in Section 14 of this Agreement.

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

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

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

“Nominated Business Coach” means the specific individual who is authorized by Master Licensee and you to provide Coaching Services to Clients on behalf of the Business. Only one person may be the Nominated Business Coach at any given time. You must personally serve as the Nominated Business Coach for the first year of operation, unless Master Licensee agrees to shorten this period. Thereafter, you may appoint another individual to serve as Nominated Business Coach, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; (ii) has signed a Nominated Business Coach Agreement with you and the Master Licensee; and (iii) has direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.

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

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

SECTION 1 - RIGHTS GRANTED

- 1.1 Master Licensee grants you the right, and you undertake the obligation, to:
 - A. Operate the Business upon the terms and conditions of this Agreement, on a non-exclusive basis in the Territory; and
 - B. Use the Marks and the System in the operation of the Business.
- 1.2 This Agreement does not include: the right to sell products to any vendor who would in turn sell to consumers; the right to sell any product except through the Business; or the right to perform any Coaching Services other than through the Business.
- 1.3 You may not grant a sub-franchise or otherwise sublicense any of your rights under this Agreement.

SECTION 2 - TERM AND RENEWAL OPTIONS

- 2.1 The term of this Agreement commences on the date of its execution by Master Licensee. Unless sooner terminated under Section 16, this Agreement will expire seven (7) years from the date of its execution by Master Licensee (the "Term").
- 2.2 You will have the option to renew the right to operate the Business for successive periods of 7 years each. Master Licensee may refuse to renew your right to operate the Business if any of the following conditions have not been satisfied:
- A. You must give Master Licensee written notice of your election to renew (Renewal Notice) not more than nine (9) months, and not less than six (6) months, before the current term expires. Master Licensee will respond to this notice with its approval or disapproval within two (2) months thereafter.
 - B. You must be current in all payment obligations to Master Licensee and must remedy any breach of this Agreement specified by Master Licensee by written notice.
 - C. You must not have received more than one (1) written notice of default from Master Licensee in the 24 months preceding delivery of the Renewal Notice.
 - D. You must have operated the Business and used the System substantially in accordance with this Agreement and the Manuals during the term then expiring.
 - E. You must execute a new Associate Business Coach Franchise Agreement on the then-current form designated by Franchisor; the terms of which may differ from this Agreement. Your failure to execute the updated Associate Business Coach Franchise Agreement within 30 days after its delivery will be deemed an election not to renew.
 - F. You must execute a general release of all claims that you may have against Master Licensee, Franchisor, Licensor, and their respective officers, directors, shareholders, agents, and employees. This release must be in a form satisfactory to Master Licensee and Franchisor.
 - G. You must make such expenditures as may be reasonably required to upgrade the Business and its signs, stock, forms and equipment so as to reflect the then-current image of the ActionCOACH concept.
 - H. You must pay Master Licensee the Renewal Fee specified in Attachment 1.

SECTION 3 - INITIAL FEES

- 3.1 You will pay Master Licensee the Franchise Fee specified in Attachment 1 upon signing this Agreement.
- 3.2 You will pay Master Licensee the Training Fee specified in Attachment 1 no later than fourteen (14) days before you, or your Nominated Business Coach, begin the ActionCOACH induction training program.
- 3.3 You will pay to Franchisor the Technology Fee specified in Attachment 1 upon signing this Agreement and at each renewal.

- 3.4 The Franchise Fee, Training Fee and Technology Fee are not refundable, in whole or in part, under any circumstances.

SECTION 4 – ONGOING FEES AND ROYALTIES

- 4.1 On or before the 1st day of each calendar month, you must pay Master Licensee a Royalty Fee as set forth on Attachment 1. No Royalty Fee is due for the month in which you complete the ActionCOACH induction training program.
- 4.2 On or before the 5th day of each calendar month, you must pay Master Licensee a Marketing and Advertising Fee as set forth on Attachment 1; provided, however, that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you or your Nominated Business Coach, as applicable, complete the ActionCOACH induction training program or in the following month. Each Marketing and Advertising Fee payment must be accompanied by a statement of the preceding month's Gross Revenues on a form approved by Master Licensee.
- 4.3 Any amount due under this Agreement that is not paid on or before the due date will accrue interest daily at the rate specified in Attachment 1. Each failure to pay Royalty Fees, Marketing and Advertising Fees, or any other amount payable to Master Licensee when due is a material breach of this Agreement.
- 4.4 You will establish a separate bank account for the Business and use the method(s) specified from time to time by Master Licensee for the payment of Royalty Fees, Marketing and Advertising Fees, and all other fees and amounts owed. You will furnish Master Licensee and your bank with such authorizations as may be necessary to effect payment by the method required by Master Licensee.

SECTION 5 - ADVERTISING AND MARKETING

- 5.1 You will advertise and promote the Business at your own expense and in accordance with the Manuals. However, you may not publish or distribute any advertising or promotional material unless it has been approved in writing by Master Licensee, which approval will not be unreasonably withheld or unduly delayed. If Master Licensee objects to any advertising or promotional material that you are using, you must immediately stop using it. Advertising and promotional materials furnished by Master Licensee may be used only in the manner and during the period specified by Master Licensee. Master Licensee has the right to charge reasonable fees for any materials that Master Licensee provides.
- 5.2 You acknowledge that, unless otherwise specified by Franchisor, one hundred percent (100%) of the Marketing and Advertising Fees will be sent by Master Licensee to Franchisor for its use in local, regional or national marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fees, with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit ActionCOACH businesses generally, including, but not limited to, national and international advertising, promotion, creative development, production of advertising and promotion, marketing research and development, public relations, Internet, and reasonable administrative expenses related to these efforts.
- 5.3 You must use the Marks in all advertising and promotion of the Business. You must, at your own cost, display signs at the Business location (unless you operate the Business from a home office) and at Master Licensee, Franchisor and Licensor events in accordance with the Manuals' specifications.

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

SECTION 6 - RECORDS AND AUDITS

- 6.1 You must maintain complete and accurate records concerning all financial, marketing and operating aspects of the Business. You must keep these records at your Business location (or another place approved in writing by Master Licensee). You must provide such reports as may be required by Master Licensee or Franchisor. Your records must include Business tax returns; daily and weekly marketing, sales and performance reports; statements of Gross Revenues (to be prepared each month for the preceding month); profit and loss statements; and balance sheets. If Master Licensee determines that your records or financial statements are not of sufficient detail or reliability, Master Licensee has the right to require that you have such records or statements reviewed or prepared by an independent Certified Public Accountant. Master Licensee and Franchisor will keep your financial data confidential except to the extent that Master Licensee or Franchisor decides, or is required, to make an "earnings claim" under applicable franchise disclosure laws. Master Licensee or Franchisor may also conduct an audit of your compliance with the System.
- 6.2 While this Agreement is in effect, and for three (3) years after its expiration or termination or after any transfer approved under Section 19, Master Licensee and Franchisor have the right to request, receive, inspect and audit any of the records referred to in Section 6.1. Master Licensee and Franchisor agree to do inspections and audits at reasonable times. You agree to keep all original records, reports, invoices, order forms, and calculations for at least six (6) years from the date they were generated or for a longer period if required by applicable law. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Marketing and Advertising Fee or other amounts required to be paid under this Agreement, you will immediately pay the deficiency to Master Licensee. In addition, if the deficiency for any audit period equals or exceeds 5% of the correct amount due, you must also immediately pay to Master Licensee the reasonable cost of the inspection or audit, including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Should the audit disclose an overpayment of any Royalty Fee, Marketing and Advertising Fees or other amounts due, Master Licensee or Franchisor will promptly pay the amount of the overpayment to you, provided that the amount exceeds \$50.00.

SECTION 7 – ASSISTANCE BY MASTER LICENSEE

- 7.1 Master Licensee will:
- A. Arrange for you or your Nominated Business Coach to attend Franchisor's induction training program.
 - B. Assist you with the preparation of an initial business plan.

- C. Provide you with an initial packet of marketing and promotional materials, and with guidance on pre-opening and opening activities for the Business, prior to and including its first two (2) weeks of operation. This may include guidance on advertising and promotional programs.
 - D. Each week for the first 90 days after you or your Nominated Business Coach completes the ActionCOACH induction training program, provide access via conference or personal calls for you to discuss any operational challenges, and assist you in examining your results from your weekly reports. Thereafter, Master Licensee will conduct or arrange for periodic conference calls with you to discuss operational challenges and conduct ongoing training.
 - E. Arrange for you or your Nominated Business Coach to attend an ActionCOACH refresher training session approximately 90 days after the induction training session.
 - F. Arrange for you or your Nominated Business Coach to attend Franchisor's annual conferences. There will be a conference fee, and you must pay all travel and living expenses of your attendee(s). Master Licensee may also hold such conferences within the Territory. Unless waived by Franchisor in writing, attendance by you or your Nominated Business Coach at Franchisor's Regional North American and Global Conferences is mandatory.
 - G. Provide to you, on loan during the term of this Agreement, one set of the Manuals and any amendments thereto promulgated by Franchisor. The Manual for your Nominated Business Coach will be supplied to you once Master Licensee receives an executed copy of the Nominated Business Coach Agreement and the Training Fee has been paid.
 - H. Inform you of any changes and improvements to the System that may be developed by Franchisor or Licensor and authorized for use by ActionCOACH business coaches in the U.S.A.
 - I. Provide assistance in conducting workshops and seminars for Clients and potential clients, insofar as Master Licensee is available.
- 7.2 Master Licensee will offer you such additional guidance and assistance as Master Licensee deems necessary or advisable. Failure of Master Licensee to provide any particular service, either initial or continuing, will not excuse you from paying the Franchise Fee, Royalty Fees or Marketing and Advertising Fees.

SECTION 8 - TERRITORY ISSUES

- 8.1 Your franchise is non-exclusive. There will be other Business Coaches providing Coaching Services in the Territory. In addition, Franchisor and Licensor may sell products in the Territory via Across-Area Marketing Programs. Master Licensee will communicate to you any policies that Franchisor or Licensor issues to coordinate Across-Area Marketing Programs.
- 8.2 You may not advertise in any media whose primary circulation or footprint is outside of the Territory, nor may you engage in direct marketing to customers or prospects outside of the Territory. Franchisor and Master Licensee may establish terms and conditions under which you may advertise on the Internet. Should you receive a request for services from a Client or prospective client outside of the Territory, you must refer the request to Master Licensee. If the Client's or prospective client's principal office is outside of the Territory and Franchisor

has not licensed any third party to operate in that Territory, Master Licensee will refer the request for services back to you.

- 8.3 You may request Master Licensee's approval to relocate your Business to the territory of another ActionCOACH master licensee. If both master licensees approve your request, Master Licensee will assign this Agreement to the master licensee for the new territory, and upon the assignment, you must pay Master Licensee a relocation fee of \$5,000 to compensate Master Licensee for its lost future income from your franchise.

SECTION 9 – OFFICE LOCATION

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

SECTION 10 - MANUALS

- 10.1 You acknowledge that the Manuals are furnished to you on loan and that they remain the sole property of Licensor at all times. You agree to immediately return the Manuals to Master Licensee if you cease to be a Business Coach for any reason.
- 10.2 Licensor or Franchisor may revise the Manuals at any time and from time to time. Master Licensee will communicate any such changes to you. Such revisions may include changes with respect to:
- A. The authorized Coaching Services;
 - B. Operating procedures;
 - C. Advertising and promotions;
 - D. Equipment and supplies;
 - E. Dress codes;
 - F. Additions or modifications of Marks;
 - G. Accounting and reporting systems and forms; and
 - H. Insurance requirements.
- 10.3 You agree to operate the Business in accordance with the Manuals, as modified from time to time. Failure to comply with the standards set forth in the Manuals will constitute a material breach of this Agreement.

SECTION 11 – YOUR DUTIES AND OBLIGATIONS

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

- 11.2 You agree to strictly comply with all present and future standards, specifications and procedures prescribed by Licensor or Franchisor and communicated by Master Licensee or set out in the Manuals, including but not limited to the following requirements:
- A. As an “Associate Business Coach” you must, at the same time that you sign this Agreement, enter into a Coaching Agreement, and you must maintain such Coaching Agreement in effect throughout the Term; provided, however, that after at least one (1) year as an Associate Business Coach, and provided that you are not in default under your Coaching Agreement or this Agreement, you may request Master Licensee to change this Agreement to a Practice or a FIRM Business Coach Franchise Agreement. Master Licensee will make its decision based on its subjective judgment of: (i) whether you no longer need the support of a Primary Business Coach; (ii) whether you will have the capability to provide support to others as a Practice Business Coach; and (iii) whether you satisfy the business, personal, and financial criteria that Master Licensee is then using to approve Practice or FIRM Owners. If Master Licensee approves the change of status, you must sign a new Business Coach Franchise Agreement and pay the difference between the then-current franchise fee for the Practice or the FIRM and the franchise fee that you paid to become an Associate Business Coach. You must also pay your Primary Business Coach any early termination fee specified in the Coaching Agreement.
 - B. You or your Nominated Business Coach must (i) complete the ActionCOACH induction training program, at a location designated by Franchisor, before the Business opens; and (ii) attend an ActionCOACH refresher training session held approximately 90 days after the induction training. Unless waived by Franchisor in writing, attendance by you or your Nominated Business Coach at Franchisor’s Regional North American and Global Conferences is mandatory. You are responsible for all salary, travel expenses, and other expenses of persons attending programs, seminars, and conferences offered by Franchisor or Master Licensee.
 - C. You must identify all of your employees to Master Licensee, and must ensure that they are suitably qualified to run the Business properly. You must keep Master Licensee informed at all times regarding the names, background and experience of all personnel.
 - D. You may offer only the Coaching Services and related products approved by Franchisor for sale by Business Coaches in the U.S.A. If Franchisor authorizes any additional Coaching Services or products for sale by ActionCOACH business coaches and designates such services or products as mandatory, you must begin offering them at the time and in the manner required by Franchisor.
 - E. All personnel must be professional in dress and appearance, in a manner consistent with the requirements of Franchisor and Master Licensee.
 - F. You must operate the Business only under the Marks and under no other trade name or business name. However, you must make it clear to Clients, employees and the general public that you are an independent party operating the Business under license from Master Licensee. You may not use the Marks as any part of a corporate or other legal name, but you may append “d/b/a ActionCOACH” after your corporate or legal name.
 - G. You must attend all seminars, workshops and exhibitions hosted or arranged on behalf of the Business and/or its Clients as reasonably required by Master Licensee.

At your cost, you must display signs at such events in accordance with the Manuals' specifications.

- H. You must pay all debts and taxes arising in connection with the Business when due, including debts payable to Master Licensee.
 - I. You must comply with all laws applicable to the Business.
 - J. You must participate in Client satisfaction surveys, and participate in programs derived from such surveys. You must also cooperate with, and participate in, Across-Area Marketing Programs.
 - K. You must provide the supervision, support and instruction required under any support agreement you enter into with your Nominated Business Coach.
 - L. You must require your employees and/or Nominated Business Coach to sign a nondisclosure and noncompete agreement in a form acceptable to Master Licensee and Franchisor.
 - M. Throughout the Term, you must be of good character and must not indulge in what the Master Licensee reasonably considers to be unethical conduct or acts of moral turpitude or do anything which might damage the goodwill attaching to the Marks and other intellectual property associated with the System, or damage any other ActionCOACH businesses within or outside the Territory, whether franchised or operated by Franchisor (or its Affiliates).
- 11.3 You must submit to Master Licensee the reports and information specified in the Manuals from time to time, and you must submit them in the form and manner prescribed by the Manuals. The required reports include:
- A. A report entitled "Action Plan," which outlines the goals, strategies, and actions you set for development of the Business. This report will be completed and delivered from time to time within ten (10) business days of Master Licensee's request.
 - B. A report entitled "Key Performance Indicators," which summarizes the activities of the Business for the month. This report must be completed and delivered to Master Licensee no later than five (5) days following the end of each calendar month. If you fail to deliver the required information in a timely manner, Master Licensee, in addition to any other remedies available under this Agreement, may suspend or terminate the services provided to you by Master Licensee under this Agreement.
 - C. Weekly marketing results and sales performance reports.
- 11.4 You acknowledge and agree that the submission of all required reports is a primary responsibility of each Business Coach. You also agree to give Master Licensee and Franchisor independent access to the information in your computer system relating to your ActionCOACH Business.
- 11.5 You may appoint another individual to serve as the Nominated Business Coach, as long as that individual: (i) has been approved by Master Licensee and trained by Franchisor; (ii) has signed a Nominated Business Coach Agreement with you; and (iii) has direct responsibility for all operations of the Business and has the authority to bind you in any dealings with Master Licensee or Franchisor.

- 11.6 Master Licensee has the right to inspect your office upon reasonable prior notice, which will not be less than 72 hours if your office is located in your home. Master Licensee has the right, at any time, to discuss with your Clients and personnel any matters that may pertain to the Business and to compliance with this Agreement.
- 11.7 Master Licensee may call ad hoc meetings of Business Coaches, which will not number more than four (4) per year. You will use your best endeavors to attend.
- 11.8 While this Agreement is in effect, and for three (3) years after its termination or expiration or any transfer approved under Section 19, you agree to supply Master Licensee with your home address, telephone number, and email address, as well as the home addresses, telephone numbers, and email addresses of your directors, officers, and employees.

SECTION 12 - PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

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

SECTION 13 - INSURANCE AND INDEMNIFICATION

- 13.1 You must purchase before the Business opens, and at all times thereafter maintain in full force and effect, all insurance policies of the types and with the minimum policy limits prescribed by Master Licensee and/or Franchisor from time to time (but in no event less than the coverage required under applicable law), including without limitation:
- A. Professional indemnity insurance;
 - B. Comprehensive general liability insurance;
 - C. Workers' compensation insurance;
 - D. Insurance required by the terms of any lease, mortgage or other loan for the Business; and
 - E. Any additional insurance that Master Licensee or Franchisor may inform you is required.
 - F. All liability policies must list Master Licensee and Franchisor as additional named insureds. Your liability insurance will not be limited in any way by reason of any insurance that may be maintained by Master Licensee or Franchisor.
- 13.2 All policies of insurance must be with responsible companies qualified to do business and in good standing in the state where the Business is located. At Master Licensee's or Franchisor's request, you must furnish certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least 30 days' prior written notice from the insurer to Master Licensee. Within five (5) days of any request by Master Licensee, you must deliver a copy of all insurance policies to Master Licensee for examination.

- 13.3 If you fail to obtain or maintain adequate insurance, Master Licensee or Franchisor may, at its sole discretion, obtain insurance for you in your name. Within five (5) days of written request by Master Licensee or Franchisor, you must reimburse Master Licensee or Franchisor for any costs incurred in obtaining insurance on your behalf.
- 13.4 You agree to indemnify Master Licensee, Franchisor and Licensor and hold each of them harmless against all claims, expenses, and liabilities of any kind arising from, or in connection with, the operation of the Business, except to the extent that such liabilities arise from the gross negligence or willful acts of the party seeking indemnification from you. This indemnity will remain in force after expiration or termination of this Agreement or after any transfer approved under Section 19. This indemnity is not limited by the amount of insurance that you carry.
- 13.5 All property used in the Business will be maintained at your sole risk, and if any property is damaged in any way, Master Licensee will not compensate you except to the extent the damage was caused by Master Licensee 's gross negligence or willful acts.

SECTION 14 - TRADEMARKS AND CONFIDENTIAL INFORMATION

- 14.1 You acknowledge Licensor's exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of Licensor. You agree that you will not, during or after the term of this Agreement:
- A. contest or aid in contesting the validity or ownership of the Marks;
 - B. take any action in derogation of Licensor's, Franchisor's, or Master Licensee's rights with respect to the Marks, whether now existing or later obtained; or
 - C. register or attempt to register the Marks in your own name. You may, however, register a "d/b/a" or a fictitious name certificate in connection with the operation of the Business.
- 14.2 You agree to:
- A. use the Marks only in connection with the Business;
 - B. use the Marks only in accordance with the Manuals;
 - C. reproduce the Marks exactly and accurately; and
 - D. change, discontinue, or substitute for any of the Marks, at your own expense, if Master Licensee notifies you that Licensor or Franchisor has modified the Marks to be used in the U.S.A.
- 14.3 You acknowledge that you will have access to the Manuals and other valuable trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the System (collectively, the "Confidential Information"). The Confidential Information was developed by Licensor at significant cost, is owned by Licensor, and is necessary to the operation of the Business. You further acknowledge that such Confidential Information was unknown to you prior to negotiation for and execution of this Agreement. You will take all steps necessary, at your own expense, to protect such Confidential Information and will not divulge it either during the Term of this Agreement or thereafter. Your employees may have access to the Confidential Information

only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor. You will be responsible for all unauthorized disclosures of Confidential Information by any person to whom you give access to the Confidential Information. Upon expiration or termination of this Agreement or any transfer approved under Section 19, you will return or destroy all Confidential Information.

- 14.4 You must immediately inform Master Licensee of any suspected, known or threatened infringement of or challenge to the Marks or unauthorized disclosure or use of Confidential Information. You must assist and cooperate with Master Licensee, Franchisor and Licensor in taking such action, if any, as they deem appropriate to protect the Confidential Information and the Marks.
- 14.5 You agree that all data you collect from Clients and prospective clients in connection with the Business is deemed to be jointly owned by Master Licensee and Franchisor. You are licensed to use such data while this Agreement is in effect. Upon expiration or termination of this Agreement or an approved transfer of the Business to a new owner, you must comply with Section 17 and not use any Client or prospective client data for any purpose contrary to Section 15.2.

SECTION 15 - RESTRICTIONS ON COMPETITION

- 15.1 During the term of this Agreement, you may not, either directly or indirectly through any other person or entity, participate in, be employed by, act as a coach to, provide financial assistance to, or acquire any interest in any business that offers business coaching and mentoring services ("Competing Business") to clients in the U.S.A.
- 15.2 The restriction in Section 15.1 will also apply for a continuous two-year period after the expiration or termination of this Agreement or after a transfer approved under Section 19, but only as to clients in the Territory and within 100 miles of the Territory. In addition, for two (2) years after the expiration, termination, or approved transfer of this Agreement, you will not solicit, for the benefit of any Competing Business, any person who was a Client of the Business during the two (2) years immediately before expiration, termination, or transfer.
- 15.3 During the term of this Agreement and for a continuous two-year period after its expiration or termination or after a transfer approved under Section 19, you may not employ or otherwise interfere with the employment relationship of any person who is employed by Licensor, Franchisor, or Master Licensee.
- 15.4 Master Licensee and Franchisor have the right unilaterally to reduce the scope of any restriction in this Section 15 by written notice to you.
- 15.5 If a court or arbitrator determines that any restriction in this Section 15, strictly applied, would be invalid or unenforceable, then the restriction will be deemed modified to the extent necessary (but only to that extent) to make the restriction valid and enforceable. If a dispute regarding the enforceability of Section 15.2 or 15.3 is resolved in favor of Master Licensee and Franchisor, the two-year period (or the period deemed to be reasonable by the court or arbitrator) will run from the date of the order permitting its enforcement.
- 15.6 You acknowledge that damages caused to Master Licensee, Franchisor, and Licensor for failure to comply with Section 14 or Section 15 are irreparable. You agree that Master Licensee, Franchisor, and Licensor may seek injunctive relief under Section 21.9(G), without notice to you, in addition to any other relief that may be available to them for breach of Section 14 or Section 15.

- 15.7 This Section and Section 14 apply to your Nominated Business Coach, employees, individuals holding an ownership interest in the Business, and any persons or legal entities controlled by the foregoing individuals. At Master Licensee's request, you must furnish Master Licensee with executed agreements from such individuals, in forms acceptable to Master Licensee, in which they agree to be bound by Sections 14 and 15.

SECTION 16 – DEFAULT AND TERMINATION

16.1 Termination by You.

If you are in compliance with this Agreement and Master Licensee materially breaches this Agreement and fails to cure the breach within 60 days after you deliver a written notice of the breach to Master Licensee, you may terminate this Agreement, effective 10 days after you deliver a notice of termination to Master Licensee. You must comply with the provisions of Section 17.

16.2 Termination by Master Licensee – No Right to Cure.

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

- A. voluntarily abandon the franchise relationship;
- B. are convicted of a criminal offense directly related to the Business, or convicted of any felony;
- C. fail to cure a default under this Agreement which materially impairs the goodwill associated with the Marks within 24 hours after receiving written notice to cure;
- D. fail to cure a material violation of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation, or operate the Business in a manner that presents a health or safety hazard to its employees, Clients, or the general public;
- E. make or permit an unauthorized transfer of this Agreement or of any direct or indirect interest in the Business;
- F. submit to Master Licensee two (2) or more sales reports, financial statements, or other information or supporting records, in any period of 12 consecutive months, which understate by more than five percent (5%) the Gross Revenues of the Business;
- G. make material misrepresentations in your application for the franchise or any other material report or statement to Master Licensee;
- H. fail to submit sales reports or financial statements when due on three (3) or more occasions in any 12-month period;
- I. fail to pay Royalty Fees, Marketing and Advertising Fees, or other amounts owed to Master Licensee when due on three (3) or more occasions in any 12-month period;
- J. fail on three (3) or more occasions in a 12-month period to pay creditors, employees, or suppliers on a timely basis; or

- K. fail on three or more occasions in a 36-month period to achieve an overall score of at least 80% on Franchisor's compliance audit or a score of at least 70% for any section of the compliance audit.

16.3 Termination by Master Licensee – Failure to Cure.

Except as provided in Section 16.2, you will have 30 days from receipt of notice of default from Master Licensee to cure any material breach of this Agreement or failure to comply with any material specification, standard or operating procedure prescribed by Master Licensee or Franchisor. If you fail to cure the breach within the 30-day period, Master Licensee will have the right to terminate this Agreement by written notice without any further opportunity to cure.

SECTION 17 – OBLIGATIONS UPON EXPIRATION OR TERMINATION

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

- A. Notify your Clients and prospective clients that you are no longer an authorized ActionCOACH franchisee or Business Coach;
- B. Promptly pay to Master Licensee all amounts owed based on business conducted through the date of expiration or termination;
- C. Immediately discontinue the use of all Marks, the Manuals, the Confidential Information, and all materials of any kind that are identified with the System. You must return all of these materials to Master Licensee and, at Master Licensee's request, assign your telephone numbers, fax numbers, email addresses, domain names, related listings, and advertising to Master Licensee or Franchisor;
- D. Surrender an unaltered database of all Clients and prospective clients, and remove and return any electronic database system provided to you by Master Licensee or Franchisor.
- E. Immediately amend or terminate your registration of any d/b/a or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System. If you have not furnished evidence of compliance with this obligation within 30 days, you grant Master Licensee a limited power of attorney to amend or terminate all registrations and filings on your behalf, this appointment being coupled with an interest to enable Master Licensee to protect the System.
- F. Comply with the provisions of Section 15 (Restrictions on Competition).

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

17.3 You acknowledge that injuries caused by your failure to comply with this Section 17 are irreparable. You agree that Master Licensee will be entitled to injunctive relief in addition to any other relief that may be available for breach of this Section 17.

17.4 If Master Licensee terminates this Agreement based on your default, you must pay Master Licensee liquidated damages, calculated as follows: (a) the average of your monthly Royalty Fees and Marketing and Advertising Fees due for the last 12 months before termination (not including the months before the Royalty Fee and Marketing and Advertising Fee obligations

begin under Sections 4.1 and 4.2); (b) multiplied by the lesser of 24 or the number of months remaining in the then-current term under Section 2, (c) discounted to present value using the then-current prime rate of interest quoted by Master Licensee's principal commercial bank; (d) minus the present value (determined using the same period as in (b) and the same discount rate as in (c)) of the expenses of performance avoided by Master Licensee as a result of termination of this Agreement.

SECTION 18 – THIRD PARTY RIGHTS OF FRANCHISOR AND LICENSOR

- 18.1 You acknowledge and agree that all of Master Licensee's rights and all of your obligations under this Agreement inure to the benefit of Franchisor and Licensor, and that they each have a third-party beneficiary interest in this Agreement. You agree that Franchisor and Licensor have the right to exercise any rights of Master Licensee and/or to enforce any of your obligations if Master Licensee fails to do so.
- 18.2 Upon termination or expiration of the Master License Agreement for any reason, this Agreement will remain in effect, and Master Licensee's interest in this Agreement will be deemed to be automatically assigned to and assumed by Franchisor. You agree to be bound by the assignment upon receipt of notice from Franchisor of the effective date of the assignment.

SECTION 19 - TRANSFER

- 19.1 **By Master Licensee.** Master Licensee may transfer its rights under this Agreement as it sees fit without notice to you, subject to the terms of the Master License Agreement. This Agreement will inure to the benefit of Master Licensee's successors and assigns.
- 19.2 **By You -- General.**
- A. None of your rights or obligations under this Agreement, nor any direct or indirect interest in the Business, may be transferred without Master Licensee's prior written consent, which will not be unreasonably withheld, and your full compliance in all other respects with the terms of this Section 19. Any action contrary to this Section 19 will be a material breach of this Agreement and will be void.
 - B. If this Agreement has been transferred to an entity under Section 19.4 below, any proposed transfer of any ownership interest in the entity will be subject to all of the provisions of this Section 19.
 - C. No transfer that requires Master Licensee's consent may be completed until at least 60 days after Master Licensee receives written notice of the proposed transfer. You agree to provide all information and documentation relating to the proposed transfer that Master Licensee reasonably requests. Master Licensee may withhold its consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions imposed under Section 19.3.
 - D. Master Licensee has the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed transfer.
 - E. All approved transferees will be bound by this Agreement and liable for all obligations under it. No stockholder in any corporation or other entity to which you transfer this Agreement will have any rights under this Agreement by reason of such ownership.

19.3 Conditions to Transfers.

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

- A. The proposed transferee has been approved by Master Licensee as meeting the then-current qualifications for a Business Coach;
- B. The proposed transferee has paid the then-current training fee and has satisfactorily completed the ActionCOACH induction training program and is scheduled for the refresher training session, except that part or all this requirement may be waived if the transferee has completed the training program within the last five (5) years;
- C. You have settled all outstanding accounts with Master Licensee, and there is no other existing material default in the performance of your obligations under this Agreement or any other agreement you may have with Master Licensee;
- D. You have executed a general release of all claims against Master Licensee, Franchisor, and Licensor, in a form acceptable to Master Licensee and Franchisor;
- E. You have paid to Master Licensee a transfer fee in the amount designated in Attachment 1 to this Agreement ("Transfer Fee"); and
- F. The transferee has executed a new Business Coach Franchise Agreement in the form then being offered by Master Licensee to new Business Coaches in the Territory.

19.4 Transfer to a Corporation, LLC, etc.

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

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

"The (shares of capital stock) (partnership interest) (beneficial interest) represented by this certificate are subject to the terms and conditions set

forth in that certain Business Coach Franchise Agreement dated [date] between the Company and [Name of Master Licensee], a copy of which is on file in the Company's principal office and a copy of which will be provided to the holder of record hereof upon written request without charge."

19.5 **Death, Incapacity or Personal Bankruptcy.**

- A. If you (or any owner, if this Agreement has been transferred to an entity) dies, becomes incapacitated, or enters bankruptcy proceedings, the executor, administrator, personal representative, or trustee may apply to Master Licensee in writing within 120 days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the affected interest in the Business. The transfer will be subject to the provisions of Sections 19.2 and 19.3, except that no Transfer Fee will be required. In addition, if the deceased or incapacitated person is the Nominated Business Coach, Master Licensee will have the right (but not the obligation) to take over operation of the Business until the transfer is completed and to charge a reasonable management fee for such services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days; or (ii) for 60 or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 19.3, the executor may transfer the decedent's interest to another successor that Master Licensee has approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- B. If you die (or any owner dies, if this Agreement has been transferred to an entity), the executor may terminate this Agreement without paying a termination fee by signing a termination agreement and release satisfactory to Master Licensee and Franchisor. Upon executing and submitting the appropriate termination documents, the estate and its representatives will have no further obligation under this Agreement except for any matters that exist as of the date of such termination.

SECTION 20 – OPTION TO PURCHASE

- 20.1 Master Licensee will have the option, but no obligation, to purchase all of the assets of the Business upon receipt of notice from you under Section 19.2 of your intention to sell the Business to an independent third party pursuant to a bona fide written offer to purchase. The purchase price for assets will be the price specified in the written bona fide purchase offer from the third party. If Master Licensee cannot reasonably be required to furnish the same consideration as the third party, then Master Licensee may purchase the interest for the reasonable equivalent in cash. If you and Master Licensee cannot agree on the reasonable equivalent in cash within a reasonable time, each party will designate an independent appraiser, and the average of the two (2) appraised values will be binding. Master Licensee will have the right to set off all amounts due from you under this Agreement, as well as the cost of any appraisals, against the purchase price.
- 20.2 Master Licensee will notify you of its intention to exercise the option to purchase (a "Notice of Intent") within 30 days following receipt of notice from you under Section 19.2. You will have 14 days following receipt of Master Licensee's Notice of Intent to object to any of its terms. If Master Licensee declines to exercise its rights under Section 20.1 within 30 days, you may thereafter sell the Business to the third party identified in the disclosed purchase offer, but not at a lower price or on more favorable terms than you previously disclosed to Master Licensee. Any such sale will be subject to the terms set forth in Section 19.

20.3 The purchase and sale contemplated in this Section will be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 20.2, Master Licensee, or its designee, will have the right to operate the Business pending the closing of the sale.

SECTION 21 – GENERAL PROVISIONS

21.1 Relationship of Parties.

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

21.2 No Conflict with Other Agreements.

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

21.3 Prevailing Party Reimbursement.

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

21.4 No Waiver.

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

21.5 Entire Agreement; Amendments.

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

21.6 Survival.

All provisions of this Agreement that by their terms or by reasonable implication are intended to survive the termination or expiration of this Agreement or a transfer approved under Section 19, including your obligations of non-competition, confidentiality, return of proprietary items, and indemnity, will remain in effect after the expiration or termination of this Agreement or a transfer approved under Section 19.

21.7 Severability.

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

21.8 Governing Law.

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

21.9 Mediation and Arbitration.

- A. This dispute resolution clause applies to claims by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause will survive expiration, termination or a transfer approved under Section 19.
- B. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Any dispute subject to negotiation, and not resolved within 10 days, will be submitted to nonbinding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association, unless the parties agree to use a different mediation service. The mediation will be conducted in Las Vegas, Nevada if Franchisor is a party to or joined in the mediation.
- C. Any dispute relating to or arising out of this Agreement, and subject to negotiation and mediation, and not resolved within 60 days, must be resolved exclusively by mandatory arbitration in accordance with the rules of the American Arbitration Association. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. If Franchisor is a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Franchisor's principal office is located at the time the demand for arbitration is filed. If Franchisor is not a party to or joined in the arbitration, the exclusive venue of the arbitration will be set in the city or county in which Master Licensee's principal office is located at the time the demand for arbitration is filed.
- D. Notwithstanding Section 21.8, all issues relating to arbitrability or the enforcement of this Section 21.9 are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.
- E. Each party to any arbitration or litigation under this Agreement waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages

against any other party, except as allowed under law for trademark, trade secret, and copyright infringement.

- F. Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to any party by this Agreement is intended to be, or will be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each will be cumulative of every other right or remedy.
- G. Nothing in this Section 21.9 bars any person's right to seek preliminary, provisional, or declaratory relief in a court of competent jurisdiction.

21.10 Notices.

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

21.11 Successors.

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

21.12 Costs to alter contracts.

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

21.13 Acknowledgments.

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

YOU ACKNOWLEDGE THAT YOU RECEIVED A COPY OF THE ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT WITH ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT YOU RECEIVED A UNIFORM FRANCHISE OFFERING CIRCULAR AT LEAST 10 BUSINESS DAYS BEFORE THE DATE ON WHICH YOU SIGNED THIS AGREEMENT OR PAID ANY CONSIDERATION.

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

THE PARTIES have caused this Agreement to be duly executed as evidenced by their signatures appearing below.

APPROVED AND EXECUTED ON [DATE].

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Ownership %: _____

Ownership %: _____

All persons with an ownership interest in the Business must sign this Agreement and specify his or her ownership interest percentage. All owners must execute the Personal Guaranty attached to this Agreement.

MASTER LICENSEE

By: _____

Title: _____

**ATTACHMENT 1
TO
ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT**

- 1. Master Licensee's Territory:** [Describe Territory]
- 2. Franchise Fee:** \$35,000.00
- 3. Royalty Fee:** \$1,800/mo

The Royalty Fee is due on the 1st day of each calendar month, except that no Royalty Fee is due for the month in which you complete the induction training program.
- 4. Marketing and Advertising Fee:** 5% of preceding month's Gross Revenues.

The Marketing and Advertising Fee is due on the 5th day of each calendar month, except that no Marketing and Advertising Fee is due with respect to Gross Revenues in the month in which you complete the induction training program or the following month.
- 5. Training Fee:** \$25,000
- 6. Renewal Fee:** \$2,500
- 7. Transfer Fee:** \$2,500
- 8. Relocation Fee:** \$5,000
- 9. Termination Fee:** \$10,000
- 10. Technology Fee** \$1,250 upon signing and at each renewal
- 11. Interest Rate:** One and one half percent (1½%) per month (or the maximum rate permitted by law, if less than 1½%)
- 12. Nominated Business Coach:** [Nominated Business Coach]
- 13. Employees:** [Employees]
- 14. Addresses:**
 - (a) **Master Licensee:** [Address]
 - (b) **Business Coach:** [Address]
- 15. Office Location:** [Address]

16. Trade Names and Marks:

(a) ActionCOACH

(b) The logo for ActionCOACH business coaching. The word "Action" is in red, "COACH" is in blue, and "business coaching" is in a smaller, grey font below it.

**ATTACHMENT 2
TO
ASSOCIATE BUSINESS COACH FRANCHISE AGREEMENT**

PERSONAL GUARANTY

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

GUARANTORS:

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____

Witness

PRINTED

SIGNED

Date: _____



EXHIBIT D

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

STATE-REQUIRED ADDENDA TO FRANCHISE AGREEMENT

If you are purchasing a franchise subject to Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Carolina or Washington law, please sign the applicable state addendum only.

ADDENDUM
REQUIRED BY THE STATE OF ILLINOIS

In recognition of the Illinois Franchise Disclosure Act of 1987, the parties agree to modify the [check appropriate box] The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Section 2 is modified to include the following paragraph:

The conditions under which the franchise can be terminated and the parties’ rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.
2. Section 16 is modified to include the following paragraph:

The conditions under which the franchise can be terminated and the parties’ rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.
3. The following is added after the word “representations” in the first sentence of Section 21.5 of the Franchise Agreement:

, except for those contained in the disclosure document,
4. Section 21.8 is modified to include the following:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.
5. The first two paragraphs of Section 21.13 are deleted.
6. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Illinois Franchise Disclosure Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

[Name of FIRM Owner/Business Coach]:

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM
REQUIRED BY THE STATE OF MARYLAND

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the *[check appropriate box]* The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Sections 2.2(F) and 19.3(D) are amended to add the following:

Notwithstanding the foregoing, pursuant to COMAR 02.02.02.16L, the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 3.1 is amended to add the following:

In Maryland, the Franchise Fee is not due until Master Licensee has fulfilled its pre-opening obligations to you.

3. Section 3.2 is amended to add the following:

In Maryland, the Training Fees are not due until Master Licensee has fulfilled its pre-opening obligations to you.

4. Section 3.3 is amended to add the following:

In Maryland, the Technology Fee is not due until Master Licensee has fulfilled its pre-opening obligations to you.

5. Section 21.5 is amended to add the following:

Notwithstanding anything to the contrary in this Franchise Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to Master Licensee’s prior representations.

6. Section 21.8 is amended to add the following:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

7. Section 21.9 is amended to add the following:

Notwithstanding the foregoing, you may bring any claims under the Maryland Franchise Registration and Disclosure Law in a Maryland court.

8. Section 21.5 is amended to add the following:

Notwithstanding anything to the contrary in this Franchise Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to Master Licensee’s prior representations.

9. The acknowledgements in Section 21.13 do not constitute a release, estoppel or waiver by you of your rights under the Maryland Franchise Registration and Disclosure Law.
10. Notwithstanding anything to the contrary in this Franchise Agreement, any limitation of claims provision shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.
11. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

By: _____

Title: _____

[Name of FIRM Owner/Business Coach]:

By: _____

Title: _____

**ADDENDUM
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the *[check appropriate box]* The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Sections 2.2(F) and 19.3(D) are amended to add the following:

The release required by this section will not relieve any person from liability imposed by Minn. Stat. §§ 80C.01-80C.22. However, Minn. Stat. §§ 80C.01–80C.22 does not bar a release given in connection with the voluntary settlement of disputes.

2. The following paragraph is added as Section 14.6:

Master Licensee will indemnify you against liability to a third party resulting from claims that your use of the Proprietary Marks infringes trademark rights of the third party, provided that your use is in accordance with the requirements of this Agreement and the System.

3. Section 16.4 is amended to add the following:

Notwithstanding anything to the contrary in Section 16.2 or 16.3, Master Licensee will comply with Minnesota Statutes § 80C.14, Subdivision 3, 4, and 5 which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of this Agreement.

4. The second sentence of Section 17.3 is deleted and replaced with the following:

You agree that Master Licensee will be entitled to seek injunctive relief in addition to any other relief that may be available for breach of this Section 17.

5. Section 21.8 is amended to add the following:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

6. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

By: _____

Title: _____

[Name of FIRM Owner/Business Coach]:

By: _____

Title: _____

ADDENDUM
REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, §§ 680-695, and the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1-201.16), the parties agree to modify the *[check appropriate box]* The FIRM - Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Any provision in the Franchise Agreement that is inconsistent with New York General Business Law, Article 33, §§ 680-695 may not be enforceable.

2. Sections 2.2(F) and 19.3(D) are amended to add the following:

The release required by this Section will not apply to any claim you may have under New York General Business Law, Article 33, §§ 680-695.

3. Section 17.3 is amended to add the following:

Under New York General Business Law, Master Licensee’s right to obtain injunctive relief exists only after the proper proofs are made and the appropriate authority has granted such relief.

4. Section 19.1 is amended to add the following:

Master Licensee will not assign its rights under the Franchise Agreement except to an assignee who in Master Licensee’s good faith judgment is willing and able to assume Master Licensee’s obligations under the Franchise Agreement.

5. Section 21.8 is amended to add the following:

Notwithstanding the foregoing, New York General Business Law shall govern any claim arising under that law.

6. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

[Name of FIRM Owner/Business Coach]:

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM
REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, North Dakota Cent. Code §§ 51-19-01 to 51-19-17, and the Rules and Regulations promulgated thereunder, the parties agree to modify the [check appropriate box] The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Sections 2.2(F) and 19.3(D) are amended to add the following:

The release required by this Section will not apply to any claim you may have under the North Dakota Franchise Investment Law.

2. Section 15 is amended to add the following:

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.

3. Section 17.4 is amended to add the following:

Under North Dakota law, a requirement that franchisees consent to liquidated damages or termination penalties is unenforceable.

4. Section 19.3(D) is amended to add the following:

The release required by this Section will not apply to any claim you may have under the North Dakota Franchise Investment Law.

5. Sections 21.8, 21.9(B), and 21.9(C) are amended to add the following:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the arbitration of disputes at a location that is remote from the site of the franchisee’s business, consent to the application of laws of a state other than North Dakota, or consent to the waiver of a trial by jury is void.

6. Section 21.9(E) is amended to add the following:

Under North Dakota law, a requirement that franchisees consent to waiver of exemplary or punitive damages or penalties is unenforceable.

7. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and Franchisee satisfy all of the jurisdictional requirements of the North Dakota Franchise Investment Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

[Name of FIRM Owner/Business Coach]:

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the *[check appropriate box]* The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Section 21.8 is amended to add the following:

Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

[Name of FIRM Owner/Business Coach]:

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM
REQUIRED BY THE STATE OF SOUTH CAROLINA

In recognition of the South Carolina Business Opportunity Sales Act (S.C. Code § 39-57-10 *et seq.*), the parties agree to modify the *[check appropriate box]* The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Attachment 1 to the Franchise Agreement is amended to add the following:

Master Licensee’s agent for service of process in South Carolina is:

CT Corporation System
75 Beattie Place
Greenville, SC 29601

2. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the South Carolina Business Opportunity Sales Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

[Name of FIRM Owner/Business Coach]:

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties agree to modify the *[check appropriate box]* The FIRM – Business Coach Binder Agreement; The Practice – Business Coach Franchise Agreement; Associate Business Coach Agreement entered into as of [date] (“Franchise Agreement”) as follows:

1. Sections 2.2(F) and 19.3(D) are amended to add the following:

The release required by this Section will not apply to your rights under the Washington Franchise Investment Protection Act.

2. Sections 3 and 21 are amended to add the following:

The Washington Franchise Investment Protection Act, RCW 19.100.180, may supersede this Agreement in your relationship with Master Licensee, including in the areas of termination and renewal of this Agreement. There also may be court decisions in Washington which may supersede this Agreement in your relationship with Master Licensee, including in the areas of termination and renewal of this Agreement.

3. Section 19.3(D) is amended to add the following:

The release required by this Section will not apply to your rights under the Washington Franchise Investment Protection Act.

4. Section 19.3(E) is amended to add the following:

Transfer fees are collectable to the extent that they reflect Master Licensee’s reasonable estimated or actual costs in effecting a transfer.

5. Section 21.8 is amended to add the following:

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in this Agreement, the provisions of the Act shall prevail.

6. The last two sentences of Section 21.9(C) are deleted and replaced with the following:

Arbitration must take place in Washington, at a place mutually agreed by the parties at the time of arbitration, or at a place determined by the arbitrator. **[Note: Master Licensee and/or ACUI reserve the right to challenge this restriction under the Federal Arbitration Act.]**

7. This Addendum shall have effect only if the Franchise Agreement and/or the relationship between Master Licensee and you satisfy all of the jurisdictional requirements of the Washington Franchise Investment Protection Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Name of Master Licensee]:

By: _____

Title: _____

[Name of FIRM Owner/Business Coach]:

By: _____

Title: _____



EXHIBIT E

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

**COACHING AGREEMENT
AND
CONSENT LETTER
(for support services arrangement between Primary
Business Coach and Associate Business Coach)**



COACHING AGREEMENT

COACHING AGREEMENT

This Coaching Agreement is entered into on [date] between [Name of Primary Business Coach] (“we” or “us”), located at [Primary Business Coach's Address], and [Name of Associate Business Coach] (“you”), located at [Associate Business Coach's Address].

Recitals

- A. You are entering into, or have entered into, an ActionCOACH Business Coach Franchise Agreement (the “Franchise Agreement”) with [Master Licensee's Name] (“Master Licensee”).
- B. The Franchise Agreement designates you as an “Associate” Business Coach. As an Associate Business Coach, you are required to enter into a Coaching Agreement with one of Master Licensee’s “Primary” Business Coaches.
- C. We are a Primary Business Coach of Master Licensee under a Business Coach Franchise Agreement dated [date].
- D. We have been authorized by Master Licensee to enter into this Coaching Agreement with you.

Agreement

- 1. **Services.** In consideration of the compensation specified in Paragraph 2 below, we will provide you the following support services:

[describe services to be provided]

- 2. **Compensation.** In consideration of our providing the services specified in Paragraph 1 above, you will pay us the following compensation:

[The compensation should be as per the coaching funnel]

- 3. **Term.** Subject to Paragraph 6, this Coaching Agreement will continue in effect as long as your Franchise Agreement remains in effect.
- 4. **No Warranty.** We make no express or implied representation or warranty regarding the services that we provide to you under Paragraph 1 or the success or profitability of your ActionCOACH business.
- 5. **Relationship of Parties.** No fiduciary, agency, employment, or partnership relationship exists between you and us. You and we are independent contractors.

- 6. **Termination**

(a) **Automatic.** This Coaching Agreement will terminate automatically if: (i) you request, and Master Licensee approves, a change in your status from “Associate” Business Coach to Business Coach and you and Master Licensee enter into a FIRM Business Coach Binder Agreement or a Practice Business Coach Franchise Agreement; or (ii) we cease, for any reason, to be a “Primary” Business Coach of Master Licensee.

- (b) At Will. You may terminate this Coaching Agreement at any time by giving us sixty (60) days written notice, accompanied by the early termination fee specified in Paragraph 7. You must provide Master Licensee with a courtesy copy of the notice.
 - (c) For Default. Either party may terminate this Coaching Agreement by giving the other party written notice if the other party fails to cure a material default of this Coaching Agreement within ten (10) days after receiving written notice of the default. Master Licensee must be provided with a courtesy copy of the default notice and any subsequent termination notice.
- 7. Early Termination Fee.** You must pay us an early termination fee of _____ if:
- (a) this Coaching Agreement terminates under clause (i) of Paragraph 6(a); or
 - (b) you terminate this Coaching Agreement under Paragraph 6(b); or
 - (c) we terminate this Coaching Agreement under Paragraph 6(c).
- 8. Transfer to Another Primary.** You must promptly make arrangements with Master Licensee to enter into a new coaching agreement with a different Primary Business Coach if:
- (a) this Coaching Agreement terminates under clause (ii) of Paragraph 6(a); or
 - (b) you terminate this Coaching Agreement under Paragraph 6(b); or
 - (c) you or we terminate this Coaching Agreement under Paragraph 6(c).
 - (d) if there are no Primary Business Coaches available, you will be required to change your status (if Master Licensee approves same) to a Business Coach under a Practice Business Coach Franchise Agreement or FIRM Business Coach Binder Agreement. You must pay the difference between the franchise fee that you paid under your Associate Business Coach Franchise Agreement and the then-current initial franchise fee for the new Franchise Agreement or Binder Agreement.
- 9. Survival Of Obligations.** The termination or expiration of this Coaching Agreement will not relieve you or us from any financial obligation incurred or accrued before the termination or expiration of this Coaching Agreement.
- 10. Dispute Resolution.** Any disputes between us under this Coaching Agreement will be subject to the dispute resolution procedures in your Franchise Agreement with Master Licensee.
- 11. Governing Law.** This Coaching Agreement will be interpreted in accordance with and governed by the laws of the state in which Master Licensee has its principal office at the time of the dispute.
- 12. No Waiver.** No failure or delay in connection with the enforcement or exercise of any rights under this Coaching Agreement will affect either party's right to strictly enforce this Coaching Agreement at any time. No custom, practice, or previous waiver regarding this Coaching Agreement will preclude the strict enforcement of this Coaching Agreement by either party.

13. Assignment. Neither party to this Coaching Agreement may assign its rights or delegate its duties hereunder, except with the other party's and Master Licensee's prior written approval. Notwithstanding the foregoing, we may assign this Coaching Agreement to Master Licensee, or Master Licensee may assume this Coaching Agreement, or cause it to be assigned or transferred to itself or its designee, at any time on such terms and conditions as we and Master Licensee may agree.

14. Entire Agreement and Amendments. This Coaching Agreement constitutes the entire agreement between you and us respecting the subject matter hereof and supersedes all prior agreements, negotiations, correspondence, and representations, whether oral or written, concerning the same subject matter. This Coaching Agreement may be modified only by a written document signed by you and us and approved by Master Licensee.

[NAME OF PRIMARY BUSINESS COACH]

_____ Date: _____
Title:

[NAME OF ASSOCIATE BUSINESS COACH]

_____ Date: _____
Title:

[Primary Business Coach's Letterhead]

[Name of Master Licensee]
[Master Licensee's Address - Line 1]
[Master Licensee's Address - Line 2]

Re: Consent to Enter Coaching Agreement with Associate Business Coach

Dear [First Name of Master Licensee's Authorized Person]:

This is a request for approval to enter into a Coaching Agreement with [Name of Associate Business Coach] (the "Associate Coach"). Enclosed is a copy of the Coaching Agreement that we and the Associate Coach propose to sign.

In consideration of your consent to the Coaching Agreement, we agree to the following terms and conditions:

1. We will not enter into the Coaching Agreement with the Associate Coach until the Associate Coach has signed an Associate Business Coach Franchise Agreement ("ABCFA") with you.
2. We will provide you with a fully-executed copy of the Coaching Agreement once we and the Associate Coach have signed it.
3. Neither we nor the Associate Coach will renew, extend, amend, terminate, transfer or assign the Coaching Agreement without your prior written approval.
4. We will honor our obligations to the Associate Coach under the Coaching Agreement and will diligently and punctually perform the services that we have agreed to provide in that agreement.
5. Except for the compensation specified in the Coaching Agreement, we will not solicit, accept or obtain any compensation or other benefit, favor or thing of value from the Associate Coach in connection with the services provided under the Coaching Agreement.
6. We will deal with the Associate Coach on arm's-length commercial terms.
7. We agree to indemnify you and ActionCOACH USA, Inc. ("ACUI") and each of its affiliates and to hold you and ACUI (and each of its affiliates) harmless from any loss, liability or claim relating to, or in connection with, the Coaching Agreement.
8. If you determine that: (a) we are in default under the Coaching Agreement or this letter agreement and that such default has not been cured within the time provided in the Coaching Agreement; or (b) any event has occurred with respect to which you could terminate our Business Coach Franchise Agreement, then immediately upon notice to us, you may (but will not be required to) assume our rights and obligations under the Coaching Agreement or cause it to be assigned or transferred to someone you designate. If you choose to exercise this right, then: (i) the agreed price of assuming our interest will be one US dollar (\$1); and (ii) we will cooperate fully and procure the Associate Coach's full cooperation in implementing the assignment. Neither you nor our designee will be responsible or liable for any of our obligations under the Coaching Agreement that pre-date, or exist at the time of,

the assignment, and we agree to indemnify and hold harmless you and ACUI for any and all claims, losses and liabilities under or in connection with any such obligations.

9. We will not interfere in your ABCFA with the Associate Coach.

Please sign on the line below to indicate your consent to the Coaching Agreement.

Sincerely,

[Full Name of Primary Business Coach's Authorized Person]

[Title of Primary Business Coach's Authorized Person]

We consent to the proposed Coaching Agreement between [Name of Primary Business Coach] and [Name of Associate Consultant], subject to the terms and conditions of this letter.

For [NAME OF MASTER LICENSEE]

_____ Date: _____
Printed Name: [Full Name of Master Licensee's Authorized Person]
Title: [Title of Master Licensee's Authorized Person]



EXHIBIT F

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

NOMINATED BUSINESS COACH AGREEMENT



NOMINATED BUSINESS COACH AGREEMENT

For

- The Practice
- Associate
- FIRM

Nominated Business Coach Agreement

This Agreement is entered into effective as of [date] between and among [Name of Franchise Owner] ("Franchise Owner"), [Name of Nominated Business Coach] ("NBC") and [Name of Master Licensee] ("Master Licensee").

RECITALS

- A. Franchise Owner is a franchisee of Master Licensee with respect to either (i) an individual ActionCOACH business coaching franchise under a Business Coach Franchise Agreement ("BCFA") or (ii) a FIRM of eight (8) ActionCOACH business coaching franchises under a FIRM Business Coach Binder Agreement incorporating eight individual BCFA's, of which only BCFA # [BCFA #] is at issue in this Agreement. The individual or FIRM BCFA at issue is referred to as the "Franchise Agreement."
- B. The Franchise Agreement permits only one person at a time (either the Franchise Owner or an approved Nominated Business Coach) to provide Coaching Services to Clients of the Business, and permits the Franchise Owner, under certain circumstances, to appoint a Nominated Business Coach.
- C. Franchise Owner wishes to appoint NBC as Nominated Business Coach under the Franchise Agreement effective as of [Changeover Date] ("Changeover Date").
- D. Master Licensee has approved the appointment of NBC and NBC has either completed the training required by ActionCOACH USA, Inc. ("Franchisor"), or will complete such training prior to providing any Coaching Services under the Franchise Agreement.

The parties agree as follows:

DEFINITIONS

Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement have the same meaning as in the Franchise Agreement.

APPOINTMENT AND AUTHORITY

- 2.1 Franchise Owner appoints NBC as the Nominated Business Coach for the Business effective as of the Changeover Date.
- 2.2 In the case of an individual BCFA, effective as of the Changeover Date, NBC shall have full responsibility for all operations of the Business and shall have the authority to speak for and bind Franchise Owner in any dealings with Master Licensee or Franchisor.
- 2.3 In the case of a FIRM, Franchise Owner retains full responsibility for the operations of the Business and full authority in any and all dealings with Master Licensee or Franchisor.

FRANCHISE OWNER'S OBLIGATIONS

- 3.1 Franchise Owner shall:
 - (a) ensure that NBC is at all times trained, at the cost of Franchise Owner, in the delivery of the Coaching Services, to the reasonable satisfaction of Master Licensee and Franchisor;

- (b) ensure that NBC delivers the Coaching Services strictly in accordance with the System, including the Manuals, and strictly in accordance with the requirements of the Franchise Agreement;
 - (c) ensure that Franchise Owner does not provide any Coaching Services to Clients after the Changeover Date; and
 - (d) with respect to an individual BCFA only, ensure that Franchise Owner does not participate in the Business in any way other than purely in an administrative capacity.
- 3.2 Franchise Owner shall compensate NBC for his or her services as separately arranged between them. The form of the arrangement must generally conform to Franchisor's then-current coaching funnel model.
- 3.3 Franchise Owner acknowledges that its indemnity obligation under the Franchise Agreement applies to any loss or claim suffered by Master Licensee, Franchisor, MindRich S.A.R.L. or ActionCOACH Limited (the last two entities collectively, "Licensor"), or any of their respective affiliates in consequence of:
- (a) NBC not strictly observing or performing his or her obligations under this Agreement; or
 - (b) NBC's acts, omissions or activities in the delivery of the Coaching Services to Clients.

NBC'S OBLIGATIONS

- 4.1 NBC acknowledges that: (i) as the Nominated Business Coach for the Business, he or she will be given access to the System; (ii) the contents of the System are confidential and are proprietary to Licensor; and (iii) Franchise Owner has been licensed by Master Licensee to use the System subject to the terms of the Franchise Agreement. NBC represents that he or she has received and read a copy of the Franchise Agreement and agrees to be bound by its provisions.
- 4.2 **Personal Liability**
- (a) NBC agrees to be personally bound by all provisions of the Franchise Agreement relating to confidentiality (§ 14, Franchise Agreement), non-competition (§ 15, Franchise Agreement), restrictions on transfer (§ 19, Franchise Agreement), and dispute resolution (§ 21, Franchise Agreement).
 - (b) NBC agrees that he or she must not:
 - (i) use the Confidential Information for any purpose other than carrying out his or her obligations under this Agreement and the Franchise Agreement; or
 - (ii) appropriate, copy, memorize or in any manner reproduce any of the Confidential Information, except to the extent required to carry out NBC's obligations under this Agreement and the Franchise Agreement.
 - (c) NBC agrees that: (i) with respect to NBC, the two-year period specified in Section 15.2 of the Franchise Agreement shall run from the date on which NBC ends his or her association with Franchise Owner; and (ii) the non-competition obligations

imposed by Section 15 of the Franchise Agreement are reasonable as to duration, geographical area and restrained conduct, and extend no further than is reasonably necessary to protect the legitimate interests of Franchise Owner, Master Licensee, Franchisor and Licensor. NBC represents that such restrictions will not prevent NBC from earning a living after ending NBC's association with Franchise Owner.

- (d) Nothing in this clause 4.2 is intended to impose an obligation on NBC to keep confidential any information that is generally known or publicly available other than as a result of a breach by the NBC of his or her obligations under this clause.
- (e) NBC specifically acknowledges that:
 - (i) damages are not a sufficient remedy for any breach of this clause;
 - (ii) Franchise Owner, Master Licensee, Franchisor, and Licensor are entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by the NBC, or any person to whom the NBC has disclosed Confidential Information; and
 - (iii) these remedies are in addition to any other remedies available either at law or in equity.

4.3 Compliance with Manuals

NBC must carry out his or her activities as the Nominated Business Coach for the Business in accordance with the methods and procedures prescribed in the Manuals and in all supplemental bulletins and notices from Master Licensee or Franchisor. NBC acknowledges that compliance with the System and the Manuals is essential to preserve, maintain, and enhance the reputation and goodwill built up by the System.

NBC'S OBLIGATIONS ON TERMINATION

5.1 No Further Involvement

NBC agrees that he or she will not provide Coaching Services to Clients of the Business after the end of NBC's service as Nominated Business Coach under the Franchise Agreement, except if NBC is then an owner of the FIRM of which the Franchise Agreement is a part and NBC serves as Nominated Business Coach with respect to at least one of the other BCFAs in the FIRM.

5.2 Confidentiality and Non-Competition

NBC acknowledges his or her personal obligations under the Franchise Agreement, particularly those in relation to confidentiality and non-competition (Sections 14 and 15), and agrees to continue to comply with such obligations after the end of NBC's service as Nominated Business Coach under the Franchise Agreement.

GENERAL PROVISIONS

6.1 No Waiver

No provision of this Agreement may be waived or varied except in writing signed by the party who is to be bound. None of the following things will preclude Master Licensee from insisting upon strict compliance by another party with the provisions of this Agreement:

- (a) Master Licensee's failure to take advantage of any default or breach of any provision of this Agreement;
- (b) any custom or practice which may develop between the parties;
- (c) a previous waiver by Master Licensee of a particular breach; or
- (d) an attempt by Master Licensee to mitigate damages.

6.2 Partial Invalidity

If any provision of this Agreement is determined to be void or unenforceable by any court or arbitrator, that determination will not affect any other provision of this Agreement. It is the intention of the parties that if any provision is capable of two constructions, one of which would render the provision unenforceable and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

6.3 Governing Law

This Agreement is governed by the laws of the state in which Franchisor has its principal office.

6.4 Further Assurance

Each party must do, sign, execute and deliver all acts and documents reasonably required of it or them by notice from another party effectively to carry out and give full effect to this Agreement and the rights and obligations of the parties under it.

FRANCHISE OWNER - [Name of Franchise Owner]

.....
Printed Name

.....
SIGNED

.....
Printed Name

.....
SIGNED

NBC - [Name of Nominated Business Coach]

.....
Printed Name

.....
SIGNED

MASTER LICENSEE - [Name of Master Licensee]

.....
Printed Name

.....
SIGNED



EXHIBIT G

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

NONDISCLOSURE AND NONCOMPETE AGREEMENT

NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is entered into on [Date] between [Name of Business Coach] (referred to as “we,” “us,” and “our”), located at [Business Coach's Address], and [Name of Employee] (referred to as “you” and “your”), located at [Employee's Address]. You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us.

BACKGROUND

We are a franchised Business Coach of [Name of Master Licensee] (“Master Licensee”) under a Business Coach Franchise Agreement dated [Date]. We have a license to use the Marks, the System, and the Confidential Information developed and owned by ActionCOACH Limited and licensed to MindRich S.A.R.L. (collectively, “Licensor”). Master Licensee recognizes that, in order to effectively operate our business, we must give our employees access to certain confidential information and trade secrets owned by Licensor. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm us, Master Licensee, Licensor, other franchise owners, and ActionCOACH USA, Inc. (“Franchisor”). Accordingly, Master Licensee requires us to have you sign this Agreement.

AGREEMENT

1. As used in this Agreement, “Confidential Information” means all manuals, trade secrets, know how, methods, training materials, information, recruiting techniques, accounting procedures, control procedures, and marketing techniques relating to the ActionCOACH business coaching and mentoring business and system. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, client information, employee information, and other proprietary information of Licensor, Franchisor, Master Licensee, or us (collectively, the “Interested Parties”) that you obtain during your association with us.

2. You agree not to disclose any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our employee. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest Licensor's ownership of it. These obligations apply both during and after your association with us.

3. If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. You may not, during your association with us, without our prior written consent:

- (a) Own, operate, engage in, be employed by, act as a consultant to, provide financing or assistance to, participate in, or have any interest in any business that offers business coaching and mentoring services (“Competing Business”) to clients in the U.S.A.; or
- (b) Divert or attempt to divert any clients or prospective clients to any Competing Business.

5. Paragraph 4 will continue to apply for one (1) year after your association with us ends, regardless of the reason that your association with us ends. However, Paragraph 4(a) will only continue to apply to businesses operating in the geographic area where you performed work for us. In addition, for two (2) years after your association with us ends, you may not solicit, for the benefit of any Competing Business, any person who was a client of our business during the two (2) years immediately before your disassociation.

6. You may not attempt to circumvent the restrictions in Paragraphs 1 through 5 by engaging in prohibited activity indirectly through any other person or entity.

7. If you breach or threaten to breach any part of this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

8. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court may modify the provision to make it enforceable and that you will abide by the provision as modified.

9. This Agreement is independent of any other obligations between us. This means that it is enforceable even if you claim a breach of any other agreement, understanding, commitment or promise between you and us.

10. You are signing this Agreement not only for our benefit, but also for the benefit of Licensor, Franchisor and Master Licensee. Licensor, Franchisor and Master Licensee have the right to enforce this Agreement directly against you.

11. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

12. Your obligations under this Agreement cannot be waived or modified except in writing.

13. This Agreement is governed by the laws of the state in which our principal office is located.

14. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

15. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

WITNESS

EMPLOYEE

DATE



EXHIBIT H

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

RELEASE

RELEASE

THIS RELEASE is executed on [date] by [Name of Business Coach] (“Business Coach”) as an express condition of transfer or renewal of the Business Coach Franchise Agreement dated [date of BCFA] between [Name of Master Licensee] (“Master Licensee”) and Business Coach.

1. Release by Business Coach. Business Coach, for himself and his heirs, personal representatives, and all other persons acting on his behalf or claiming under him (collectively, the “**Business Coach Releasers**”), hereby releases and forever discharges Master Licensee, ActionCOACH USA, Inc., MindRich S.A.R.L. and ActionCOACH Limited, and their respective past and present officers, directors, shareholders, members, parents, subsidiaries, affiliates, agents, employees, attorneys, insurers, representatives, predecessors, successors, and assigns, and each of them, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, suits, actions, and causes of action, of whatever nature, known or unknown, suspected or unsuspected, vested or contingent (collectively, “**Claims**”) that the Business Coach Releasers ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this Release.

2. Risk of changed facts. The Business Coach Releasers understand that the facts in respect of which the release in Section 1 above is given may turn out to be different from the facts now known or believed by the parties to be true. The Business Coach Releasers hereby accept and assume the risk of the facts turning out to be different and agree that its release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No prior assignment. Business Coach represents and warrants that he or she is the sole owner of all Claims and rights released by Business Coach hereunder and that Business Coach has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant not to sue. Business Coach (on behalf of the Business Coach Releasers) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in

any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete defense. Business Coach: (i) acknowledges that this Release shall be a complete defense to any Claim released under Section 1 above; and (ii) consents to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Authorization. The person who executes this Release on behalf of Business Coach represents and warrants that Business Coach has authorized that person to enter into this Release on behalf of Business Coach. Business Coach represents and warrants that it has the authority to enter into this Release not only on its own behalf, but also on behalf of the other persons and entities to be bound by its signature.

7. Successors and assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Business Coach.

IN WITNESS WHEREOF, Business Coach has executed this Release as of the date first above written.

BUSINESS COACH

By: _____
[Name of Business Coach]



EXHIBIT I

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

COMPLIANCE QUESTIONNAIRE

**QUESTIONNAIRE TO BE COMPLETED BEFORE
YOU SIGN THE BUSINESS COACH FRANCHISE AGREEMENT**

You are preparing to enter into an ACTIONCOACH Business Coach Franchise Agreement with Master Licensee (“we” or “us”). The purpose of this Questionnaire is to confirm that you understand the terms of the contract and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. When and where did you have your first face-to-face meeting with our representative(s)?

Approximate date of first meeting: _____
Place of meeting: _____

2. Which of our representative(s) have you been dealing with?

Name(s): _____

3. Have you personally read the ActionCOACH Business Coach Franchise Disclosure Document (FDD)?

Yes _____ No _____

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

Yes _____ No _____ If yes, on what date? _____

5. Do you understand all of the information contained in the FDD?

Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

6. Have you personally read the Business Coach Franchise Agreement (the "Agreement")?

Yes _____ No _____

7. Do you understand all of the terms of the Agreement?

Yes _____ No _____

If not, what parts of the Agreement do you not understand? (Attach additional pages, if necessary.)

8. Has any of our representatives recommended that you have the FDD and agreements reviewed by an attorney or other professional advisor?

Yes _____ No _____

9. Have you, in fact, discussed the FDD, the agreements, and the benefits and risks of operating an ACTIONCOACH Business Coach franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If yes, name and profession of advisor: _____

If No, do you wish to have more time to do so?

Yes _____ No _____

10. Item 19 of the FDD states that we do not authorize our salespeople to provide information concerning the actual or potential financial performance of a Business Coach franchise. Has any employee of ActionCOACH USA, Inc. or Master Licensee, or any other person speaking on our behalf (this does not include Business Coaches whom you contact on your own) made any statement or representation (oral, written, or visual) regarding:

a. The amount of money that others have made or that you may earn as a Business Coach?

Yes _____ No _____

b. The revenue that a Business Coach franchise will generate?

Yes _____ No _____

c. The costs you may incur in operating the Business Coach franchise?

Yes _____ No _____

d. Any other financial performance information about Business Coach franchises?

Yes _____ No _____

11. If your answer to any part of Question 10 is “yes,” please describe the statement or representation. Please include when, where, and by whom the statement or representation was made. Please provide full details in the following space. (Attach additional pages, if necessary.)

12. Have you contacted any existing Business Coaches about their financial performance?

Yes _____ No _____

13. If your answer to Question 12 is “yes,” please describe the type of information that they shared with you in the following space. (You do not need to identify the Business Coaches with whom you spoke.)

14. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

15. If you answered "Yes" to Question 14, please provide full details in the following space. (Attach additional pages, if necessary.)

16. Before today, have you entered into any agreement with us concerning our franchise opportunity?

Yes _____ No _____ If Yes, please describe: _____

17. Have you paid any money to us before today in connection with our franchise opportunity?

Yes _____ No _____ If Yes, please describe: _____

18. In entering into the Agreement, are you relying on any statement, promise, or assurances by us, or by anyone speaking or purporting to speak on our behalf, other than the terms of the Agreement itself? If "Yes", please provide full details in the following space. (Attach additional pages, if necessary.)

19. Would you agree that the success or failure of your Business Coach franchise will depend in large part upon your own skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?

Yes _____ No _____

20. In which state do you reside? _____

21. In which state do you intend to operate the Business Coach franchise? _____

22. Have you selected a specific office location from which you propose to operate the Business Coach franchise?

Yes _____ No _____

If yes, please specify the location: _____

23. Do you have personal knowledge of the market area in which you will operate?

Yes _____ No _____

24. Did you obtain advice from anyone other than our representatives in selecting your market and/or your office location?

Yes _____ No _____ If yes, name of advisor: _____

If not, do you wish to have more time to do so?

Yes _____ No _____

25. Have all of your questions concerning your proposed investment in a Business Coach franchise been answered to your satisfaction?

Yes _____ No _____

* * *

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

Date: _____



EXHIBIT J

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

ADDITIONAL STATE-REQUIRED INFORMATION

We are required to provide you with additional information as a condition of registering our franchise offering in certain states. The additional disclosures are set out below.

**INFORMATION REQUIRED
BY THE STATE OF CALIFORNIA**

The following information is added to the disclosure document for California residents:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

See the cover page of the disclosure document for the ActionCOACH USA, Inc. website address. THE WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

Item 3, Additional Disclosure. The following is added to Item 3 of the disclosure document:

Neither we, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a *et seq.*) suspending or expelling such person from membership in such association or exchange.

Item 17, Additional Disclosures. The following is added to Item 17 of the disclosure document:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires application of the laws of the state of Nevada. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Las Vegas, Nevada, with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release if you renew or transfer your franchise. A release may be void under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000-31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

**INFORMATION REQUIRED
BY THE STATE OF GEORGIA**

The following is added to the disclosure document for Georgia residents:

Cover Page. The following is inserted as the first page of this disclosure document:

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure document has not been verified by the State of Georgia. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Item 5, Additional Disclosures. The following is added to Item 5:

Seller shall collect no more than 15 percent of the Franchise Fee upon signing of the Franchise Agreement. The balance of the Franchise Fee shall be paid into an escrow account, established with a bank or an attorney, which is agreed upon by both parties. The balance in escrow shall be paid to Seller (a) 60 days after you commence operation of the Business or (b) upon Seller's complete compliance with the terms of the Franchise Agreement, whichever happens first.

Item 11, Additional Disclosures. The following is added to Item 11:

If Seller fails to deliver product, equipment or supplies to be supplied by Seller that are necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify Seller in writing and demand that the contract be cancelled.

**INFORMATION REQUIRED
BY THE STATE OF HAWAII**

The following information is added to the disclosure document for Hawaii residents:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF

COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The name and address of the agent in this state authorized to receive service of process on behalf of ACUI or Master Licensee, as applicable, is Commissioner of Securities, Department of Commerce and Consumer Affairs, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

**INFORMATION REQUIRED
BY THE STATE OF ILLINOIS**

The following information is added to the disclosure document for Illinois residents:

Item 17. Additional Disclosures. The following is added to Item 17(v) and (w) of the disclosure document:

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

**INFORMATION REQUIRED
BY THE STATE OF MARYLAND**

The following is added to the disclosure document for Maryland residents:

Item 11, Additional Disclosure. The following is added to Item 11 of the disclosure document:

We will provide an accounting of advertising expenditures upon written request from a franchisee. The accounting will not be audited, but we will make the supporting financial information available for your review.

Item 17, Additional Disclosures. The following is added to Item 17 of the disclosure document:

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

Pursuant to COMAR 02.02.08.16L, a general release required as a condition of renewal or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

**INFORMATION REQUIRED
BY THE STATE OF MICHIGAN**

The following is added to the disclosure document for Michigan residents:

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.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

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

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

(c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being

given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. **[Note: Master Licensee and ACUI reserve the right to challenge the restriction on the location of arbitration, as it applies to arbitration under the Federal Arbitration Act.]**

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

- (i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the Franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, MI 48913 (517) 373-7117.

**INFORMATION REQUIRED
BY THE STATE OF MINNESOTA**

The following is added to the disclosure document for Minnesota residents:

Cover Page, Additional Disclosure. The cover page is modified by adding the following “Risk Factor”:

MINN. STAT. § 80C.21 and MINN. RULE 2860.4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA AND FROM REQUIRING A FRANCHISEE TO CONSENT TO LIQUIDATED DAMAGES. IN ADDITION, NOTHING IN THIS DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINN. STAT. CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF MINNESOTA.

Item 6, Other Fees. The “Liquidated Damages” summary in the Item 6 chart is deleted in its entirety and replaced with the following:

Damages Caused by Termination	You will pay us for all damages and losses we suffer due to the early termination of the Franchise Agreement.	On termination of the Franchise Agreement.	
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Item 13, Additional Disclosure. The following is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party; provided, however, that we will not indemnify you against the consequences of your use of the Marks unless that use is in accordance with the requirements of the Franchise Agreement.

Item 17, Additional Disclosures. The following is added to Item 17:

We will comply with Minn. Stat. § 80C.14, subdivisions 3, 4 and 5, which require, except in specified circumstances, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minn. Stat. §§ 80C.01-80C.02.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, however, that the rule will not bar voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association.

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, the choice of law provision in the Franchise Agreement shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C.

INFORMATION REQUIRED BY THE STATE OF NEW YORK

The following is added to the disclosure document for New York residents:

Cover page, Additional Disclosures. The following is added to the cover page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT K 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

Item 3, Additional Disclosures. Except as described in Item 3:

1. Neither we, ACUI, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

2. Neither we, ACUI, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or

been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

3. Neither we, ACUI, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. The following is added to Item 4:

Neither we, ACUI, nor any of our predecessors, affiliates, officers, or general partners, during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner held this position in the company or partnership.

Item 5, Additional Disclosure. The following is added to Item 5:

We use franchise fees to defray our costs of offering franchises and assisting Business Coaches to start business. A portion of the franchise fees may be profit to us.

Item 17, Additional Disclosures. The following is added to Item 17:

We will not assign our rights under the Franchise Agreement except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the Franchise Agreement.

You must sign a general release if you enter a successor Franchise Agreement or if you transfer your franchise. These provisions may not apply to any liability under the New York Franchise Law.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

You may terminate the Franchise Agreement upon any grounds available by law.

There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or if the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

INFORMATION REQUIRED BY THE STATE OF NORTH CAROLINA

The following is added to the disclosure document for North Carolina residents:

Cover Page. The following is inserted as the first page of this disclosure document:

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure document has not been verified by the State of North Carolina. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Item 11, Additional Disclosures. The following is added to Item 11:

If Seller fails to deliver product(s), equipment or supplies to be supplied by Seller that are necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify Seller in writing and demand that the contract be cancelled.

INFORMATION REQUIRED BY THE STATE OF NORTH DAKOTA

The following is added to the disclosure document for North Dakota residents:

Item 17, Additional Disclosures. The following is added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring a North Dakota franchisee to consent to arbitration or the jurisdiction of courts outside North Dakota, the application of laws of a state other than North Dakota, or the waiver of a trial by jury is void. **[Note: Master Licensee and ACUI reserve the right to challenge the restriction on the location of arbitration, as it applies to arbitration under the Federal Arbitration Act.]**

You are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

You are not required to consent to a waiver of exemplary or punitive damages against us under the North Dakota Franchise Investment Law.

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.

**INFORMATION REQUIRED
BY THE STATE OF RHODE ISLAND**

The following is added to the disclosure document for Rhode Island residents:

Item 17, Additional Disclosure. The following is added to Item 17:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**INFORMATION REQUIRED
BY THE STATE OF SOUTH CAROLINA**

The following is added to the disclosure document for South Carolina residents:

Cover Page. The following is inserted as the first page of this disclosure document:

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure document has not been verified by the State of South Carolina. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Item 11, Additional Disclosures. The following is added to Item 11:

If Seller fails to deliver product, equipment or supplies to be supplied by Seller that are necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify Seller in writing and demand that the contract be cancelled.

**INFORMATION REQUIRED
BY THE COMMONWEALTH OF VIRGINIA**

The following is added to the disclosure document for Virginia residents:

Cover Page. The words “or grant” are added at the end of the third sentence in the third paragraph on Page i.

Receipts. The words “or grant” are added at the end of the second paragraph on each Receipt.

**INFORMATION REQUIRED
BY THE STATE OF WASHINGTON**

The following is added to the disclosure document for Washington residents:

Item 17, Additional Disclosures. The following is added to Item 17:

RCW § 19.100.180 and court decisions may supersede the Franchise Agreement in your relationship with the Franchisor, including in the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. **[Note: Master Licensee and ACUI reserve the right to challenge the restriction on the location of arbitration, as it applies to arbitration under the Federal Arbitration Act.]**

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable in Washington.

Transfer fees are collectable to the extent that they reflect the Master Licensee's and/or ACUI's reasonable estimated or actual costs in effecting a transfer.



EXHIBIT K

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

**STATE REGULATORY AUTHORITIES AND
REGISTERED AGENTS IN CERTAIN STATES**

STATE FRANCHISE ADMINISTRATORS

California:

Department of Corporations
1-866-275-2677

Los Angeles

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

Sacramento

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco

71 Stevenson Street, Suite 2100
San Francisco, CA 94105-2980
(415) 972-8559

Hawaii:

Tung Chan
Commissioner of Securities
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois:

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

Indiana:

Christopher W. Naylor
Securities Commissioner
Securities Division
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan:

Katharyn Barron
Franchise Administrator
Antitrust and Franchise Unit
Consumer Protection Division
Department of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

Minnesota:

Glenn Wilson
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
(651) 296-6328

New York:

Joseph Punturo, Esq.
First Assistant Attorney General
New York State Department of Law
Investor Protection Bureau
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8211

North Dakota:

Diane Lillis
Franchise Examiner
North Dakota Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon:

Floyd G. Lanter
Administrator
Div. of Finance & Corp. Securities
Department of Consumer &
Business Services, Room 410
350 Winter Street, NE
Salem, OR 97301-3881
(503) 378-4140

Rhode Island:

Maria D'Allessandro Piccirilli
Associate Director and Superintendent
of Securities
Securities Division
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903-4232
(401) 222-3048

South Dakota:

Leonore Friez
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501
(605) 773-5953

Virginia:

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

Washington:

Michael Stevenson
Director of Securities
Securities Division
Department of Financial Institutions
150 Israel Road, SW
Olympia, WA 98501
(360) 902-8760

Wisconsin:

Mary Wells
Franchise Examiner
Division of Securities
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 266-8557

ACUI'S AGENTS FOR SERVICE OF PROCESS

STATE	AGENT
CALIFORNIA	<p>California Commissioner of Corporations: 1-866-275-2677 (toll free)</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505</p> <p>Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4017 (916) 445-7205</p> <p>San Diego: 1350 Front Street Room 2034 San Diego, CA 92101 (619) 525-4233</p> <p>San Francisco: 71 Stevenson Street San Francisco, CA 94105-2980 (415) 972-8559</p>
CONNECTICUT	<p>Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
GEORGIA	<p>Secretary of State of Georgia Corporations Division 2 Martin Luther King, Jr. Dr., SE Suite 315, West Tower Atlanta, Georgia 30334</p>
HAWAII	<p>Commissioner of Securities State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>
ILLINOIS	<p>Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>

STATE	AGENT
INDIANA	Secretary of State of Indiana Administrative Offices 201 State House Indianapolis, IN 46204 (317) 232-6681
LOUISIANA	Secretary of State of Louisiana 8549 United Plaza Blvd. Baton Rouge, LA 70809
MAINE	Maine Securities Administrator Office of Securities Department of Professional & Financial Regulation 124 Northern Avenue Gardiner, ME 04345
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building, 525 W. Ottawa Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026
NEW YORK	Secretary of State of the State of New York 162 Washington Avenue Albany, NY 10271
NORTH CAROLINA	North Carolina Secretary of State 2 South Salisbury Street Raleigh, NC 27601-2903
NORTH DAKOTA	North Dakota Securities Commissioner 600 East Boulevard Avenue, Fifth Floor Bismarck, ND 58505
OREGON	Director, Oregon Dep't of Insurance & Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director, Rhode Island Dep't of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048

STATE	AGENT
SOUTH CAROLINA	CT Corporation System 75 Beattie Place Greenville, SC 29601
SOUTH DAKOTA	Director, Securities Division South Dakota Dep't of Revenue & Regulation 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-5953
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Director, Department of Financial Institutions Securities Division 150 Israel Road, SW Olympia, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities Department of Financial Institutions P.O. Box 1768 345 W. Washington Avenue, 4 th Floor Madison, WI 53701 (608) 261-9555



EXHIBIT L

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

**MASTER LICENSEES AND BUSINESS COACHES
AS OF JUNE 30, 2008**

ARIZONA

Jeff & Bob Weisman - **Master**
Action Coaching AZ, LLC
10256 E Sierra Pinta
Scottsdale AZ 85255
(480) 563-5880

Coaches

Joe Barnes
IWW, Inc
2291 S. Emerson Place
Chandler AZ 85248
(480) 726-7800

Allen Beck
8540 E McDowell Rd # 17
Mesa AZ 85207
(480) 699-2814

Allen Beck
NBC Bill Stack
2749 E. Hampton Lane
Gilbert AZ 85297
(317) 858-5111

Allen Beck – Open License
8540 E McDowell Rd # 17
Mesa AZ 85207
(480) 699-2814

Sam Elkholy
2931 E. Melody Lane
Gilbert AZ 85234
(480) 636-8980

Sam Elkholy
NBC Scott Grondin
1302 E Catamaran Drive
Gilbert AZ 85234
(480) 213-9947

Sam Elkholy
NBC Delbert May
16805 W Stevenage St
Surprise AZ 85374
(623) 388-3157

Clint Parry
Parry Action Enterprises
5060 N Northridge Circle
Tucson AZ 85718
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8044 Montgomery Ste 700
Cincinnati OH 45236
(513) 792-2942

Dan Kovarik
2005 Cedar View Drive
Greensboro, NC 27455
(336) 404-2977

Ben Quinn
1012 Norwood Ave
Durham NC 27707
(650) 279-8518

Wayne Rutherford
1050 Revolution Mill Dr. Studio 2
Greensboro NC 27405
(336) 899-6588

Todd Tambling
5623 Royal Troon Ct
Charlotte NC 28277
(704) 841-8804

Michael Washington
214 Durlington Place
Cary NC 27511
(919) 233-1218

Jody Williams
1828 Pipers Ridge Circle
Conover NC 28613
(828) 466-2279

Richard Herb
1147 Southland Drive
Bucyrus OH 44820
(419) 562-8583

Dennis Kelley
650 South Prospect Ave, Suite 107
Hartville OH 44635
(330) 877-3873

Bob Roberts
650 South Prospect Ave, Suite 107
Hartville OH 44632
(330) 877-9780

Dennis Willis Firm
4995 Richelieu Ave.
Sheffield Lake OH 44054
(440) 385-6867

Melissa Howard
403 the Alameda
Middletown OH 45044
(513) 425-8091

Dave Parish
12382 Bentwood Farms Drive
Pickerington OH 43147
(614) 755-4322

David Beam
22 Jason Lane
Wheelersburg OH 45694
(740) 574-4299

Dave Brinks
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 855-5011

Ryan Burgoon
7634 Stemen Road
Pickerington OH 43147
(614) 833-2730

Clive Clifford
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 602-5202

Rick Crossland
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 602-5205

Chris Edwall
8044 Montgomery Ste 700
Cincinnati OH 45236
(513) 792-2943

Annette Hohnberger
NBC Deb Aungst
155 E. Columbus Street, Suite 125
Pickerington OH 43147
(614) 833-3211

OKLAHOMA

Robert Garibay
940 Beaumont Square
Norman OK 73071
(405) 684-1021

OREGON

Rafael Maymi - **Master**
3208 NW 116th Place
Portland OR 97229
(971) 223-5745

Coaches

David Chin
14939 NW Dominion Dr.
Portland OR 97229
(503) 830-0814

Norm Harris
1994 Madras Street SE, #1114
Salem OR 97306
(503) 363-2527

Don Kennedy
9435 Waterstone Blvd
Cincinnati OH 45249
(513) 444-2177

Nick Kontras
8044 Montgomery Road
Cincinnati OH 45236
(614) 792-2935

Lamar Love
420 Fallriver Drive
Reynoldsburg OH 43068
(614) 237-9608

Cyndi McAlpine
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 602-5197

McBuehrle, LLC
NBC Peg Buehrle
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 582-8346

McBuehrle, LLC
NBC Peter McDowell
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 306-7922

McBuehrle, LLC
NBC Tiffany Timmons
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
(614) 582-8346

Denny George
3309 Park Place N.
Muskogee OK 74403
(918) 681-4933

Jill Palamountain
3334 NE 26th Street
Portland OR 97212
(503) 621-7072

Jared Roth
1454 NE Orenco Station Pkwy
Hillsboro OR 97124
(503) 846-1327

Paul Ruck
5779 Cardinal Lane
Greenville OH 45331
(937) 548-7001

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Cincinnati OH 45236
(513) 792-2941

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716 Mt. Airyshire Blvd, Ste 100
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(614) 889-9268

Steve White
2661 Commons Blvd.
Beavercreek OH 45431
(937) 427-9710

Annette Hohnberger
155 E. Columbus Street, Suite 125
Pickerington OH 43147
(614) 833-3211

Steve Senderling
1550 Scandia Street
Eugene OR 97402
(541) 688-3757

PENNSYLVANIA - Eastern

Don Schin - **Master**
Coaching Company, LLC
20 South 36th Street
Camp Hill PA 17011
(717) 975-0675

Coaches

Ronald Bell
175 West Ninth Avenue
South Williamsport PA 17702-3478
(570) 323-9280

David Carter
123 S. Broad Street Ste 1815
Philadelphia PA 19109
(215) 732-2230

David Carter – Open License
123 S. Broad Street Ste 1815
Philadelphia PA 19109
(215) 732-2230

David Carter – Open License
123 S. Broad Street Ste 1815
Philadelphia PA 19109
(215) 732-2230

Mark Craig
Building 5, River Road
Tullytown PA 19007
(215) 860-7483

Lancaster Coaching Practice Ltd
Open License
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
Open License
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
Open License
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
NBC Graham Side
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
NBC Thomas Finn
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
NBC Paul Currie
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
NBC Tim Rooney
1770 Hempstead Road, Suite 102
Lancaster PA 17601
(717) 291-9191

Lancaster Coaching Practice Ltd
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Lancaster PA 17601
(717) 291-9191

Michelle Landis
202 Village at Stone's Crossing
Easton PA 18045
(610) 438-4666

Michelle Landis
NBC Al Ottinger
504 W. Greenway St.
Fleetwood PA 19522-1010
(610) 944-0842

Michelle Landis
NBC Karen Daly-Smith
202 Village at Stone's Crossing
Easton PA 18045
(610) 438-4666

Frank Mummolo
33 Tankard Lane
Washington Crossing PA 18977
(215) 493-3191

Frank Mummolo
NBC Peter Bonacum
4645 Frost Lane
Doylestown PA 18901

Richard Munson Jr.
NBC Jeff Gilbert
556 Main Street, 2nd Floor
Stroudsburg PA 18360
(570) 517-7100

Dave Pataki
2856 Conestoga Lane
Norristown PA 19403
(610) 222-3662

G. Barry Rose
221 Washington Lane
Fort Washington PA 19034
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Harrisburg Coaching Practice, LLC
2040 Linglestown Road, Suite 202
Harrisburg PA 17110
(717) 920-9170

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Lewisburg PA 17837
(570) 524-3547

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Stroudsburg PA 18360
(570) 517-7100

Ed Stevenson
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New Cumberland PA 17070
(717) 932-5536

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Sinking Springs PA 19608
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(570) 517-7100

PENNSYLVANIA - Western

Don Schin - **Master**
Coaching Company, LLC
20 South 36th Street
Camp Hill PA 17011
(717) 975-0675

Coaches

Tony Daniele
210 Marion Drive
McMurray PA 15317
(724) 941-5792

Ken Sevick
1085 Country Club Road
Monongahela PA 15063
(724) 310-3296

Pat Putman
2321 Wolford St
Pittsburgh PA 15226
(412) 341-1281

Ken Sevick
NBC Henry Sinopoli
411 West Jefferson ST.
Butler PA 16001-5450
(724) 285-8933

PUERTO RICO

Alex Fleming - **Master**
90 Carr, 165 Suite 402
Guaynabo PR 00968
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TENNESSEE

Lee Huffman - **Master**
ActionCOACH of Tennessee
the Gates of Sugarloaf
1325 Satellite Blvd, Bldg. 1600, Ste 1604
Suwanee GA 30024
(866) 404-7495

Coaches

Keith Beddingfield
9516 Mountain Lake Drive
Ooltewah TN 37363
(423) 238-4820

D. Curt Henry
10 East Dale Court
Greenville TN 37745
(423) 639-5632

Steve Pitcairn
43 Darlington Cove
Jackson TN 38305
(731) 668-0201

TEXAS - North

Stephen & Ragi Marino - **Master**
e *Spur Inc
214 S. Main Street – Suite 101 C
Duncanville TX 75116
(972) 709-6776

Coaches

Rich Allen
2820 Lakeview Dr.
Prosper TX 75078
(972) 347-2818

Christopher Dague
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Wylie TX 75098
(214) 474-1889

Carl Thomas
901 Falcon Lane
Coppell TX 75019
(972) 393-1144

Mark Bliese
5030 apache Circle
Frisco TX 785034
(972) 335-6355

Greg Hurst
2140 East Southlake Blvd., Suite L-714
Keller TX 76092
(888) 842-4734

Greg Hurst
NBC Richard Grathwohl
2140 East Southlake Blvd., Suite L-714
Keller TX 76092
(888) 842-4734

TEXAS - South

Kevin Alft - **Master**
Alpha Trek, Inc
2901 Juan Tabo Blvd., NE, Ste. 210
Albuquerque NM 87112
(505) 275-1777

Coaches

Vincent Alvarado
13021 Legendary Dr.
Austin TX 78727
(512) 258-1145

Anthony Baldwin
3806 Millbridge Drive
Houston TX 77059
(281) 486-5082

Ryan Cooper
2107 Sunshine Pointe
Kingwood TX 77345
(281) 360-3732

Lori LeBlanc
1102 Red wing dr.
Friendswood TX 77546
(281) 482-4890

UTAH

Kevin Alft - **Master**
Rocky Mountain Liberation, Inc.
2901 Juan Tabo Blvd., NE, Ste. 210
Albuquerque, NM 87112
(505) 275-1777

Coaches

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Kaysville UT 84037
(801) 593-0877

Ken Lee
3926 Zion Rd
Garland TX 75043
(972) 303-7023

Greg Hurst
NBC Kevin Hannes
2140 East Southlake Blvd., Suite L-714
Keller TX 76226
(940) 231-6957

Greg Hurst
NBC Don Preston
2140 East Southlake Blvd., Suite L-714
Keller TX 75056
(214) 618-4052

Jack Marshall
5402 Whitmore St.
Fulshear TX 7741-4133
(281) 533-9758

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3816 Williamsburg Circle
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(512) 519-9478

Matt Oettli
21823 Barton Park Lane
Katy TX 77450
(832) 452-2920

Kevin Smith
35 Murmuring Creek
The Woodlands TX 77385
(936) 649-0886

Kyle Mott
10877 S. Granite Drive
Sandy UT 84094
(801) 576-0105

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3472 W. Carobou Cr.
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(801) 302-0621

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808 Wymount Terrace
Provo UT 84604
(801) 378-6200

Tim Roberts
2791 East, 3725 North
Layton UT 84040
(801) 771-5902

Scott Ward
974 East 1050 South
Spanish Fork UT 84660
(801) 798-6226

VIRGINIA

Sheri Winesett - **Master**
Old Dominican Capital Solutions
4510 Old Field Drive
Gainesville VA 20155
(703) 753-5186

Coaches

Tammy Avren
5746 Union Mill Road, #410
Clifton VA 20124
(703) 286-5672

William Gilliland
219 West Beverly, Suite 205
Staunton VA 24401
(540) 290-2389

David MacGillivray
7700 Bridle Path Lane
McLean VA 22102
(703) 462-8095

Judy Freeman
3901 Centerview Dr.
Chantilly VA 20151
(703) 764-9561

William Gilliland
NBC Johnnie Barr
219 West Beverly, Suite 205
Staunton, VA 24401
(540) 290-2389

WASHINGTON

Patrice Lynn
Biz Coach, LLC
2914 W. Gardner Ave.
Spokane WA 99201
(509) 242-8798

Kevin Weir
NBC Chris Dirkers
5813 East 4th Avenue #102
Spokane Valley WA 99212
(509) 455-5053

WASHINGTON - King and Kitsap Counties

Rafael Maymi - **Master**
3208 NW 116th Place
Portland, OR WA 97229
(971) 223-5745

Coaches

Richard Cantrall
2343 42nd Avenue East
Seattle WA 98112
(206) 324-0251

Isabella McPeak
9057 Greenwood Ave. N., Ste 205
Seattle WA 98103
(888) MYP-EAK1

Jason Weil
25732 SE, 32nd Place
Sammamish WA 39295
(425) 557-4299

Daniel Imthurn
21101 NE 122nd St.
Brush Prairie WA 98606
(360) 260-4366

Chad Rudolph
24448 SE 42nd Place
Issaquah WA 98029
(425) 829-2333

Isabella McPeak - Open
9057 Greenwood Ave. N., Ste 205
Seattle WA 98103
(888) MYPEAK1

WISCONSIN

Alan Edelmann - **Master**
Business Coaches USA, LLC
3545 Plymouth Blvd. #214
Plymouth, MN 55447
(763) 231-8780

Coaches

Chris Carman
1687 Friess Lake Rd
Hubertus WI 55033
(262) 628-0113

Iain Macfarlane
6219 S. Highlands Ave
Madison WI 53705
(608) 238-7844

Daryl Schure
13500 Watertown Plank Rd. #L-100
Elm Grove WI 53122
(262) 790-1213

Tim Dollmeyer
10931 67th Place
Kenosha WI 53142
(262) 694-3730

Todd Kent
555 D' Onofrio Drive, Ste. 25
Madison WI 53719
(608) 821-0718

Mark Lindwall
1228 Wilderness Trail
Delafield WI 53018
(262) 695-1050

WYOMING

West & Carol Boettger - **Master**
2805 Mason Street
Houston, TX 77006
(713) 767-6097

Kenneth Mitchell
621 S. Grandview Blvd
Waukesha, WI 53188-4747
(262) 264-0622

Tom Palzewicz
13500 Watertown Plank Rd #L-100
Elm Grove WI 53122
(262) 790-1213

Jim Palzewicz
13500 Watertown Plank Rd. L-100
Elm Grove WI 53122
(262) 790-1213

Jeffrey Seegmiller
N 7951 Regina Rd
Wittenberg WI 54499
(715) 793-4466

Michael Stelter
W159 N10177 Comanche Court
Germantown WI 53022
(262) 437-7383

Susan Thompson
2828 Waunon Way
Madison WI 53713
(608) 221-0723

**FRANCHISE AGREEMENT SIGNED BUT
OUTLET NOT YET OPEN AS OF 6/30/08¹**

STATE/TERRITORY	FRANCHISEE
ARIZONA	Amaze, Inc./Sam Elkholy, Gilbert, AZ (6)
COLORADO	Go2Advisors, LLC/Earl Kemper, Lakewood, CO (3) MSF Enterprises, Inc./C. Kocher, Colorado Springs, CO (4)
CONNECTICUT	Paul Lavoie, Trumbull, CT (1) Jim Malski, Stratford, CT (2) Lisa Moyles, Stratford, CT (1)
FLORIDA – Central/SW	Kyes Firm, Palm Harbor, FL (7) Lighthouse Group, Fort Myers, FL (1)
GEORGIA	Everest Coach, LLC, Roswel, GA (7) Richard Plaskert, Newnan, GA (2) Vaia Park, LLC, Atlanta, GA (10)
IDAHO	Julie Larson, Boise, ID (28) Ormand Rankin Firm, Garden City, ID (5)
ILLINOIS	Josette Goldberg, Buffalo Grove, IL (4)
MINNESOTA	Allen Hill Firm, St. Michael, MN (2)
NEW MEXICO	NM Pursuits, Albuquerque, NM (8)
NEW YORK	Alan Sartain, Pittsford, NY (1)
NORTH CAROLINA	Todd Tambling, Charlotte, NC (1)
OHIO – SOUTHERN	Annette Hohnberger, Pickerington, OH (7)
TEXAS – NORTH	Greg Hurst, Keller, TX (7)
TEXAS – SOUTH	Lone Star Business Coaching Firm, Austin, TX (24)
VIRGINIA	William Gilliland, Staunton, VA (3)
WASHINGTON	Kevin Weir, Spokane Valley, WA (4)
WISCONSIN	Tim Dollmeyer, Kenosha, WI (4)

¹ The number of franchise agreements signed where the outlet is not yet open is shown in parentheses.



EXHIBIT M

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

**MASTER LICENSEES AND BUSINESS COACHES
WHO LEFT THE SYSTEM DURING THE FISCAL YEAR ENDING JUNE 30, 2008**

The list below shows the name and last known address and telephone number of every U.S. Master Licensee and Business Coach who had a Master License Agreement or Business Coach Franchise Agreement terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Master License Agreement or Business Coach Franchise Agreement during ACUI's fiscal year ending June 30, 2008. The list also identifies Master Licensees who have not communicated with ACUI and Business Coaches who have not communicated with their Master Licensee or ACUI within 10 weeks of the date of this disclosure document.

MASTER LICENSEES

Transfers

Vittorio Ciuffetelli
8532 Heather Downs Drive
Las Vegas, NV 89113

Rights Repurchased by ACUI

Wayne Rutherford (remains a Business Coach)
1050 Revolution Mill Drive, Studio 2
Greensboro, NC 27405
336.899.6555

Bill Eveleth (remains a Business Coach)
1165 Sawgrass Drive
Gulfbreeze, FL
850.934.4987

BUSINESS COACHES

Transfers

Julie Larson (2 licenses-ID) (remains a Business Coach)
440 North 200 East
Kaysville, UT 84037
801.643.0905

Ken Woody
6750 Poplar Avenue
Memphis, TN 38138
901.748.3762

Diane Young
250 12th Ave
Cedar Rapids, IA 52241
319.631.0011

Dave Brahm
83 W. Racing Cloud Court
The Woodlands, TX 77381
281.466.4560

Susan Reyes
1030 Painted Daisy Ave
Henderson, NV 89014
702.898.1600

Angela Moretti
3050 Post Oak, Suite 110
Houston, TX 77056
713.961.1999

Craig Schmidt
1015 Quail Circle
Salisbury, NC 28147
704.645.1154

Marvin Fuell
5238 Ridgecrest Drive
Taylorsville, UT 84118
801.967.7624

David Carter
123 S Broad Street, Suite 1815
Philadelphia, PA 19109
215.732.2230

Rights Repurchased by Master Licensee or ACUI

Lee Huffman (remains a Master Licensee - TN)
400 Peachtree Industrial Blvd
Suwanee, GA 30024
770.623.4183

Gary Wheeler (5 licenses)
227 Sandy Springs Place, Ste D, Room 157
Atlanta, GA 30328
404.324.0006

Gordon Mooney
101 West Vine Street
New Wilmington, PA 16142
724.498.1132

Ken Woody
6750 Poplar Avenue
Memphis, TN 38138
901.748.3762

Terminated by Master Licensee or ACUI for Default, Terminated by Agreement, Canceled, Not Renewed, Otherwise Ceased Operation or No Communication in Last 10 Weeks¹

Kyle Johnson
2007 Keith Circle, Ste A
Springdale, AR 72764-1104
479.419.5161

Alan Beck (remains a Business Coach)
8540 E McDowell Rd #17
Mesa, AZ 85207
480.699.2814

Marlee Cole
8843 E Charter Oak Drive
Scottsdale, AZ 85260
480.699.4718

Alberto Flores
3133 N Aspen Drive
Avondale, AZ 85392
623.772.7546

Ellen Swan
4532 E Desert Sand Drive
Chandler, AZ 85249
480.275.6308

Sieg Weber
2120 Nice Avenue
Mentone, CA 92359
909.800.2367

Donna Beaman
155 E. Boardwalk, Suite 400
Fort Collins, CO 80525
970.232.3069

Bill Hoagland
9308 W. Plymouth Ave
Littleton, CO 80128
303.979.5155

Kathleen Meyer
219 W. Colorado Ave, Suite 212
Colorado Springs, CO 80903
719.632.2111

Gordon Rapp
90 Woodhaven Drive
Kensington, CT 06037
860.656.0380

Tom Gilkey
1112 N River Hills
Temple Terrace, FL 33617
813.774.4957

Chris Gorrebeeck
4634 Channan Drive
Crestview, FL 42539
850.689.3593

Jody Johnson (6 licenses) (remains a Business Coach)
2544 Swanson Avenue
Miami, FL 33133
305.285.9264

Matthew Zagaja
20380 Talon Trace
Estero, FL 33928
305.792.7591

Michel Audet
3020 Ranbrook Walk
Lemmesaw, GA 30144
678.290.2859

Claude Beaudry
3256 Eagle Watch Drive
Woodstock, GA 30189
770.517.0500

Mike Donahue
210 Briarleigh Drive
Peachtree City, GA 30269
770.632.1907

Kevin Hanville
1335 Village Oaks Lane
Lawrenceville, GA 30043
404.506.9911

¹ Some of the franchisees listed signed multiple franchise agreements under a 2007 program for existing franchisees to purchase multiple additional franchises for future operation at reduced prices, and subsequently terminated one or more of the additional franchises without ever operating them.

Lee Huffman (remains a Master Licensee - TN)
400 Peachtree Industrial Blvd
Suwanee, GA 30024
770.623.4183

Ron Steiger
2592 Old Roswell Road
Smyrna, GA 30080
770.433.8079

Marc Smith
3402 S. Ascaino Ave
Meridian, ID 83642
208.287.8312

David Wichmann
609 E Ivy
Arlington Heights, IL 60004
847.463.0577

Scott Biggs (2 licenses) (remains a Business Coach)
Perisseia Enterprises, LLC
260 South 1st Street, #6
Zionsville IN 46077
317.733.0600

C.J. McClanahan
10955 Eaton Ct
Fishers, IN 48038
317.845.9741

Gary Ogonowski
553 Sunlight Drive
Rochester Hills, MI 48309
248.375.2535

Tim Hoffman (Iowa)
318 S 96th Street
Omaha, NE 68114
402.991.6240

Fred Bauer
100 Executive Drive, Suite 338
West Orange, NJ 07062
973.453.8009

Stan Kulikowski
12 Hageman Road
Flemington, NJ 08822
908.782.3030

Bruce McLellan
33 Elmhurst Street
Rochester, NY 14607
585.530.2308

Gilbert Nieuwenhuis
720 Hopewell Place
Alpharetta, GA 30004
770.664.7812

Gary Wheeler
227 Sandy Springs Place, Ste D, Rm 157
Atlanta, GA 30328
404.324.0006

Michael LeJeune
59 Gary Glen Drive
St Peters, IL 63376
877.413.0196

Daphne Woolfolk
4716 S Ingleside Ave, S3N
Chicago, IL 60615
773.624.5879

Greg Fields (8 licenses) (remains a Business Coach)
6020 Huguenard Road
Ft. Wayne, IN 46818
260.637.2565

Steve Thalls (2 licenses) (remains a Business Coach)
2009 Edgewood Drive
West Lafayette, IN 47906
574.537.1600

Steve Strande
2723 North Coats Rd
Oxford, MI 48371
248.236.8380

Asa Beavers
5048 Sunset Fairways Drive
Holly Springs, NV 27540
919.367.0790

Stan Herman
17 Berkshire Rd
Woodcliff, NJ 07677
201.505.2475

David Levine
311 Dension Street
Highland Park, NJ 08904
646.862.1710

Laurie Althaus (4 licenses) (remains a Business Coach)
8044 Montgomery Rd, Suite 700
Cincinnati, OH 45236
513.792.2942

Dave Brinks (6 licenses) (remains a Business Coach)
716 Mount Airyshire Blvd, Suite 100
Columbus, OH 43235
614.855.5011

Neal Gray
5746 Chesapeake Way
Fairfield, OH 45014
513.829.4859

Bruce Luecke
5650 Blazer Parkway #100
Dublin, OH 43017
614.734.8301

McBuehrle, LLC (4 licenses) (remains a Business Coach)
716 Mt. Airyshire Blvd, Ste 100
Columbus OH 43235
614.582.8346

Michael Yoder
7650 Rivers Edge Dr, Ste 150
Columbus, OH 43235
614.543.7933

Eric Dombach
1862 Charter Lane, Suite 107
Lancaster, PA 17601
717.283.0350

Dave Brahm
83 W. Racing Cloud Court
The Woodlands, TX 77381
281.466.4560

Cecil Malone
2330 Tomlinson Trail
Houston, TX 77067
281.591.2240

Henry C. Sloan, II
12903 Belgrave Drive
Cypress, TX 77429-2046
281.379.2230

Ryan Burgoon (2 licenses) (remains a Business Coach)
7634 Stemen Road
Pickerington, OH 43147
614.833.2730

Nick Kontras (7 licenses) (remains a Business Coach)
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Cincinnati, OH 45236
614.792.2935

Cyndi McAlpine (2 licenses) (remains a Business Coach)
716 Mt. Airyshire Blvd, Ste 100
Columbus, OH 43235
614.602.5197

Dave Parish (4 licenses) (remains a Business Coach)
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Nelson Behmer
9 Cedar Lane
Lancaster, PA 17601
717.581.0227

George Sepetys
5543 Edmonson Pike, Suite 93
Nashville, TN 37211
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Dennis Boren
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Amarillo, TX 79109
806.322.2042

Clark Shubert
12 Woodland Loop
Round Rock, TX 78664
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Julie Larson (remains a Business Coach)
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Kaysville UT 84037
209.377.2119



EXHIBIT N

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

ACTIONCOACH USA , INC.

Audited Financial Statements

June 30, 2008 and 2007

ACTIONCOACH USA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder
ActionCOACH USA, Inc.

We have audited the accompanying balance sheets of ActionCOACH USA, Inc., (a Nevada corporation) as of June 30, 2008 and 2007, and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ActionCOACH USA, Inc. as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses on page 15 are not a required part of the basic financial statements but are supplementary information required by generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McNair & Assoc., Chtd.

Las Vegas, Nevada U.S.A.
September 29, 2008

ACTIONCOACH USA, INC.

Balance Sheets
June 30, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash	\$ 219,514	\$ 828,465
Accounts receivable-related parties	82,536	79,518
Accounts receivable, net of allowance for doubtful accounts of \$41,488 and \$500	490,043	155,392
Accrued interest income	-	18,569
Federal income tax refund receivable	39,437	-
Advances to related companies	299,165	466,074
Other loans receivable	-	6,505
Loans to stockholders	936,659	724,675
Prepaid expenses	139,756	249,397
Prepaid federal income tax	39,517	197,658
Total Current Assets	<u>2,246,627</u>	<u>2,726,253</u>
Fixed Assets:		
Furniture and equipment	353,835	135,589
Leasehold improvement	105,645	-
Leasehold improvement-construction in progress	-	32,142
	<u>459,480</u>	<u>167,731</u>
Less: Accumulated depreciation	<u>(90,070)</u>	<u>(72,983)</u>
Total Fixed Assets	<u>369,410</u>	<u>94,748</u>
Other Assets:		
Security deposit	-	6,857
Deferred cost of repurchased territory	63,000	63,000
Deferred income tax	-	37,063
Total Other Assets	<u>63,000</u>	<u>106,920</u>
	<u>\$ 2,679,037</u>	<u>\$ 2,927,921</u>

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Balance Sheets (Continued)
June 30, 2008 and 2007

LIABILITIES AND EQUITY

	<u>2008</u>	<u>2007</u>
Current Liabilities:		
Current portion of long-term debt	\$ 314,837	\$ 393,936
Accounts payable to related companies	111,663	254,264
Accounts payable to others	584,215	415,753
Unearned revenue	362,220	252,900
Accrued expenses	236,222	19,211
Accrued federal and state taxes	-	63,877
Deferred income tax	5,695	-
Total Current Liabilities	<u>1,614,852</u>	<u>1,399,941</u>
Long-term Debt:		
Capital lease payable	-	2,837
Territory repurchase payable	326,252	615,412
	<u>326,252</u>	<u>618,249</u>
Total Liabilities	<u>1,941,104</u>	<u>2,018,190</u>
Stockholder's Equity:		
Capital stock authorized, issued and outstanding		
23,375 shares no par value, stated value		
\$15.85 per share	370,486	370,486
Paid in capital	195,206	195,206
Retained earnings	172,241	344,039
Total Stockholder's Equity	<u>737,933</u>	<u>909,731</u>
	<u>\$ 2,679,037</u>	<u>\$ 2,927,921</u>

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Statements of Income and Retained Earnings
Years Ended June 30, 2008 and 2007

	2008	2007
Revenues	\$ 8,937,872	\$ 7,568,802
Operating Expenses:		
Payroll costs	2,956,298	919,738
Fixed expenses	336,720	142,349
Other operating expenses	5,801,993	6,404,808
Total Operating Expenses	9,095,011	7,466,895
Profit (Loss) from Operations	(157,139)	101,907
Other Income and (Expenses):		
Interest income	75,971	77,379
Charitable contributions	(5,775)	-
Interest expense	(9,101)	(2,292)
Loss on disposition of equipment	(20,908)	(3,097)
Loss on foreign currency exchange	(3,346)	(32,475)
Penalties	(450)	(5,766)
Total Other Income	36,391	33,749
Income (Loss) Before Income Tax	(120,748)	135,656
Provision for federal and state taxes -		
Current - Federal	-	(38,068)
State	(47,729)	(11,319)
Deferred - Federal	(42,758)	(630)
Tax benefit of net operating loss carryback	39,437	-
Net Income (Loss)	(171,798)	85,639
Beginning Retained Earnings	344,039	869,075
Retirement of Stock	-	(610,675)
Ending Retained Earnings	\$ 172,241	\$ 344,039

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities:		
Net income	\$ (171,798)	\$ 85,639
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	87,506	37,659
Loss on disposition of equipment	20,908	3,097
Bad debt write-off	41,488	57,192
Inventory obsolescence write-off	-	74,500
Net deferred tax provision	(8,045)	630
Write-off of deferred foreign tax	50,803	-
(Increase) decrease in:		
Accounts receivable-related party	(3,018)	(21,463)
Accounts receivable-others-net	(376,139)	(161,281)
Inventory-supplies	-	12,404
Accrued interest receivable	18,569	(11,714)
Federal income tax refund receivable	(39,437)	-
Prepaid expenses	109,641	(180,842)
Prepaid federal income tax	158,141	(197,658)
Security deposits and deposits to vendors	6,857	1,268
Increase (decrease) in:		
Accounts payable-related party	(142,601)	4,561
Accounts payable-others	168,462	191,472
Customer deposits	109,320	197,900
Accrued expenses	217,011	(90,139)
Accrued federal and state taxes	(63,877)	(83,863)
Territory repurchase payable	25,000	1,468,976
Net Cash Provided by Operating Activities	208,791	1,388,338
Cash Flows from Investing Activities:		
Proceeds from sale of equipment	8,000	4,766
Investment in equipment	(391,076)	(53,316)
Other loans receivable	6,505	(6,505)
Net loans to stockholders	(211,984)	(343,908)
Collection of advance to related party	190,000	-
Net advances to related parties	(23,091)	(198,715)
Net Cash Used by Investing Activities	(421,646)	(597,678)
Cash Flows from Financing Activities:		
Principal payment on long term debt	(396,096)	(532,003)
Payment for retirement of common stock	-	(650,000)
Net Cash Used by Financing Activities	(396,096)	(1,182,003)
Net Decrease in Cash	(608,951)	(391,343)
Cash at Beginning of Year	828,465	1,219,808
Cash at End of Year	\$ 219,514	\$ 828,465
Supplemental schedule of cash flow information:		
Interest paid	\$ 9,101	\$ 2,292

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 1 – Summary of Significant Accounting Policies:

Organization and Nature of Activities

ActionCOACH USA, Inc., formerly known as Brad Sugars Action International, Inc., was incorporated under the laws of the State of Nevada on April 30, 1998 and operates on a fiscal year ending June 30. The Company changed its name to ActionCOACH USA, Inc. on December 19, 2006.

The Company markets business coaching, mentoring and training programs and services through sale of Master License franchises and their sub-franchisees known as Business Coaches, in approved territories throughout the United States.

Master Licensees, for their part, offer, sell and support ActionCOACH Business Coaching franchises within a defined territory. The franchisees (also known as Business Coaches) provide coaching and training to small to medium-sized business sectors.

Global Restructuring and Relocation

Effective July 1, 2007, global restructuring was implemented, relocating the global corporate headquarters, previously located in Brisbane, Australia, to Luxembourg in Europe. Also relocated were the global support operations (marketing, finance and sales) to Las Vegas, Nevada, and became part of the operations of ActionCOACH USA, Inc.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable is reported at net of allowance for doubtful accounts. Accounts are charged to bad debt expense as they are deemed uncollectible based upon periodic review of the accounts. At June 30, 2008 and 2007, allowances for doubtful accounts were \$41,488 and \$500, respectively.

Inventory

Inventories consist primarily of training materials and supplies and are stated at the lower of cost (first-in, first-out) or market value. During the year ended June 30, 2007, the inventory function was outsourced. Inventory was written off as obsolete in the year ending June 30, 2007 in the amount of \$74,500. The amount written off was a result of the corporate name change in December 2006.

ACTIONCOACH USA, INC.
Notes to Financial Statements
June 30, 2008 and 2007

NOTE 1 – Summary of Significant Accounting Policies (continued):

Furniture and Equipment and Leasehold Improvement

Furniture and equipment and leasehold improvement are recorded at cost. Depreciation is computed using the accelerated methods of depreciation over the estimated useful lives ranging from 2 to 7 years. Amortization of leasehold improvement is computed using the straight line method over the 20 years life of the lease (5 years, with 3 consecutive 5-year options).

Cost of purchase of internal use software is capitalized and amortized over the useful life of the software estimated at 3 years.

Expenditure for routine maintenance and repairs on property and equipment are charged to expense. Major modifications are capitalized and amortized over the lesser of the remaining life of the asset or, if applicable, lease term.

Revenue Recognition

The Company follows the installment method of recognizing franchise fee revenue.

The amount of the initial Master License fee is based on the population of a territory (normally, a state). On the sale of Master Licenses, the amount agreed upon as down payment is recognized as income upon execution of the Master License Agreement, the time determined as the point when the Company has substantially performed or satisfied all material services or conditions relating to the franchise sale. The remaining balance is recognized, in installments, at the Company's agreed share of the Coach franchise fee, paid by each new Coach, upon execution of each of the Franchise Agreements between a Master Licensee and a Coach. See Note 7.

Territory Repurchase

Cost of repurchase of territories is recorded as a reduction of revenue in the period the franchise is repurchased, to the extent of the revenue from license fee previously recognized. Recognition of expense of any cost in excess of the license fee revenue previously recognized is deferred until actually due per the repurchase agreement. As of June 30, 2007 and 2008, \$63,000 of this excess cost is shown in other assets as deferred cost of repurchased territory. See Note 4.

Advertising and Marketing

The Company expenses all advertising and marketing costs as incurred. The advertising and marketing expense for years ended June 30, 2008 and 2007 was \$1,266,317 and \$1,136,587, respectively.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 1 – Summary of Significant Accounting Policies (continued):

Deferred Income Tax

A deferred income tax asset has been recognized for the tax benefit of foreign tax credits available for carryforward to future years. This tax credit has been written off during year ended June 30, 2008 since the Company does not expect to generate income that will be taxable both in the U.S. and the country where this credit originated. See Note 10.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year.

NOTE 2 – Fixed and Intangible Assets:

Equipment and website development (intangible asset) as of June 30, consist of the following:

	<u>2008</u>	<u>2007</u>
Office furniture and equipment	\$ 279,137	\$ 117,033
Motor vehicle	74,698	18,556
Leasehold improvement	105,645	-
Leasehold Improvement- Construction in Progress	-	32,142
Total	<u>459,480</u>	<u>167,731</u>
Less – Accumulated depreciation and amortization	<u>(90,070)</u>	<u>(72,983)</u>
Net	<u>\$ 369,410</u>	<u>\$ 94,748</u>

Expenses during the years ended June 30, are as follows:

Depreciation	<u>\$ 83,473</u>	<u>\$ 30,034</u>
Amortization	<u>\$ 4,033</u>	<u>\$ 7,625</u>

NOTE 3 - Capital Lease Payable:

During the year ended June 30, 2006, the Company purchased office equipment under capital lease, payable in 36 installments at \$508 per month, including interest at 17.762% per annum. The full contract payable balance of \$2,837 will mature during year ended June 30, 2009.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 4 – Territory Repurchase Payable:

Contracts payable are outstanding as of June 30, 2008 for the repurchase of seven (7) territories during the year for a total consideration of \$1,556,977. Payment terms are varied with differing terms as follows: Fixed monthly payments until fully paid; 50% of initial franchise fee collected with balance due at sale of master license or at fixed due date.

Estimated maturities on the contracts payable during its term are as follows:

2009	\$ 312,000
2010	48,000
2011	21,000
2012	-
Thereafter	<u>257,252</u>
	<u>\$ 638,252</u>

NOTE 5 – Retirement of Stock:

In September and October 2006, the Corporation purchased all the 1,625 shares of its minority stockholders' 6.5% interest in the Corporation for \$650,000. The following equity accounts have been reduced based on the ratio of the shares purchased to the total issued and outstanding shares:

	<u>Common Stock</u>	<u>Paid-in- Capital</u>	<u>Retained Earnings</u>
Beginning Balance	\$ 396,242	\$ 208,775	\$ 869,075
Less: Cost of Retired Stocks	<u>(25,756)</u>	<u>(13,569)</u>	<u>(610,675)</u>
Balances as of June 30, 2007	<u>\$ 370,486</u>	<u>\$ 195,206</u>	<u>\$ 258,400</u>

NOTE 6 – Related Party Transactions:

Related Companies

The Company is a member of a controlled group of companies that are majority owned by Brad Sugars. The other companies are located in Australia, Canada, Europe, and are engaged in the same business activity as ActionCOACH USA, Inc. During the fiscal year ended June 30, 2007, another member of the controlled group of companies also operated as the Master Licensee in California until its operation was withdrawn during the first quarter of the fiscal year.

Also included among the controlled group of companies is the landlord of the Company. See Note 9 for details on the lease.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 6 – Related Party Transactions (continued):

During the fiscal years ended June 30, 2008 and 2007, transactions with the above related companies, are as follows:

	2008	2007
Training income	\$ 814,000	\$ 786,500
USA to Canada support recharge	455,450	-
USA to Canada support recharge	120,000	50,000
Income	\$ 1,389,450	\$ 836,500
Share in global support cost	\$ 11,023	1,393,829
Rent	163,323	-
Expense	\$ 174,346	\$ 1,393,829

Outstanding receivables and (payables) are as follows:

Accounts receivable	\$ 82,536	\$ 79,518
Loan receivable – net of payables	299,165	466,074
Accrued interest on loan receivable	-	18,569
	\$ 381,701	\$ 564,161
Accounts payable	\$ (111,663)	\$ (254,264)

The interest charged or accrued on the loan receivable is at a rate of 3.36% and 4.88% in 2008 and 2007, respectively, based on the average applicable federal rate during the period.

Included in the loan receivable is loan to its landlord (see Notes 9 and 12) amounting to \$302,842 and \$282,421 as of June 30, 2008 and 2007, respectively.

Stockholder

Loans to its sole stockholder amounted to \$936,659 and \$724,675 as of June 30, 2008 and 2007, respectively. Interest of \$28,447 and \$17,577 as of June 30, 2008 and 2007, respectively, were added to the loan based on the average applicable federal rate during those periods as noted above.

During fiscal year ended June 30, 2008, compensation in form of salary was paid to the sole stockholder and officer of the Company. During fiscal year ended June 30, 2007, prior to the global support operation's relocation to Las Vegas, Nevada U.S.A., payments made were in form of consulting fees amounting to \$479,984 which were charged under worldwide/global support expense.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 6 – Related Party Transactions (continued):

Related Party

On July 15, 2005, a global senior executive of the Company became the Master Licensee of a Texas territory. Subsequent to June 30, 2007, this global senior executive is no longer with the Company.

Transactions with this related party during the year ended June 30, 2007 are as follows:

	<u>2007</u>
Contracted Master License fee for the territory, as of June 30	\$ 1,000,000
Balance due on the Master License fee	787,500
Accounts receivable	12,859
License coach fees income	25,000
Royalty fees income	46,000
Training fees income	75,000

NOTE 7 – Revenues:

Revenue sources are as follows:

	<u>2008</u>	<u>2007</u>
Master and license coach fees	\$ 1,631,651	\$ 3,547,555
Refunds and repurchase of territories	(25,000)	(1,468,977)
Training fees, royalties, product income and others	5,146,009	5,481,019
Conferences and seminars	<u>2,185,212</u>	<u>9,205</u>
Total revenue	<u>\$ 8,937,872</u>	<u>\$ 7,568,802</u>

Franchise statistics are as follows:

	<u>2008</u>	<u>2007</u>
Master license territories sold by the Company and licensed coaches signed up by master licensees during the period	98	96
Master license territories repurchased and licensed coach agreements terminated during the period	51	48
Master license territories sold by the Company and licensed coaches signed up by master licensees as of June 30	355	308

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 8 – Concentration of Credit Risk:

The Company maintains its cash balances at regional banks in Las Vegas, Nevada. Two accounts are offshore investment sweep accounts. Amounts transferred to and held in these offshore accounts are not insured by the Federal Deposit Insurance Corporation (FDIC) and are subject to risk of loss in the event of insolvency of the bank or adverse foreign government action. In the event of the bank's insolvency, claims for such funds would be subordinated to the claims of depositors of the bank's offices and branches in the United States. The balances in these offshore investment sweep accounts as of the year ended June 30, 2007 amounted to \$802,325. As of June 30, 2008, all offshore accounts have been discontinued.

At times, the balances in the remaining accounts exceed the \$100,000 Federal Deposit Insurance Corporation limit. The balances in these remaining accounts that exceeded the insured limits as of the years ended June 30, 2008 and 2007 amounted to \$244,834 and \$ 19,598, respectively.

NOTE 9 – Description of Leasing Arrangements:

Building Lease with Related Party –

The Company entered into a building lease with Coby Holdings Ltd., an LLC owned by the sole stockholder's family trust, effective July 1, 2007. The lease is for a period of five (5) years, with three (3) consecutive five (5) year period renewal options. The lease calls for a base rent of \$13,610 per month (\$163,323 per annum) plus the operating expenses of the building. It also calls for a 2% rent increase upon lease extensions.

Equipment Lease

The Company leases 2 copiers under non-cancelable operating leases with terms of 48 months.

The lease expense for the year ended June 30, 2008 and 2007 and the minimum lease commitments for the remainder of the leases are as follows:

Lease Expense -	2008	2007
Building	\$ 249,214	\$ 104,690
Equipment	24,768	17,366
Totals	<u>\$ 273,982</u>	<u>\$ 122,056</u>

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 9 – Description of Leasing Arrangements (continued):

Future minimum lease commitments are as follows:

Year Ended June 30 -	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2009	\$ 163,323	\$ 25,589	\$ 188,912
2010	163,323	25,589	188,912
2011	163,323	25,589	188,912
2012	163,323	10,662	173,985
	<u>\$ 653,292</u>	<u>\$ 87,429</u>	<u>\$ 740,721</u>

NOTE 10 – Deferred Income Tax:

As of June 30, 2008 and 2007, deferred income tax is comprised of the following:

	<u>2008</u>	<u>2007</u>
Foreign tax credit available for carryover to future tax years - 6/30/04 – Expiring 6/30/09	\$ -	\$ 50,803
Timing difference-Book to tax depreciation and charitable contribution	<u>(5,695)</u>	<u>(13,740)</u>
Net deferred income tax asset/(liability)	<u>\$ (5,695)</u>	<u>\$ 37,693</u>

The above \$50,803 foreign tax credit is from franchise taxes paid to Canada and can only be credited against that portion of federal income tax that is Canadian source taxable income; taxed both in the U.S. and Canada. This amount has been written off as of June 30, 2008 since management believes there will be no future taxable Canadian source income that will qualify to offset this tax credit.

NOTE 11 – Contingent Liability:

The Corporation is a guarantor on the mortgage Coby Holdings Ltd. has on its Las Vegas, Nevada, office building leased to the Corporation effective July 1, 2007. The mortgage is for the partial payment on the purchase of the land and construction of the building on the property. The terms of the original construction loan dated April 19, 2007 were amended on November 11, 2007, as follows: Interest rate is at a fixed rate of 7.75% per annum; payable monthly at \$12,832 for 59 months; with a balloon payment due on November 19, 2012, estimated at \$1,367,088. The balance of the mortgage as of June 30, 2008 is \$1,530,899.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2008 and 2007

NOTE 12 – Off Balance Sheet Arrangements:

Financial Accounting Standards Board Interpretation 46, “Consolidation of Variable Interest Entities” (FIN 46), provides a framework for identifying variable interest entities (VIEs) and determining when a company should include the assets, liabilities, noncontrolling interests, and results of activities of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited-liability corporation, trust, or any other legal structure used to conduct activities or hold assets that either has:

1. An insufficient amount of equity to carry out its principal activities without additional subordinated financial support,
2. A group of equity owners that are unable to make significant decisions about its activities, or
3. A group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations.

FIN 46 requires a VIE to be consolidated if a party with an ownership, contractual, or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE’s activities; is entitled to receive a majority of the VIE’s residual returns (if no party absorbs a majority of the VIE’s losses); or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE’s assets, liabilities, and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. FIN 46 also requires disclosures about VIEs that the variable interest holder is not required to consolidate but in which it has a significant variable interest.

The Company has a significant variable interest in a commonly owned company called Coby Holdings Ltd. (VIE). The relationship was reviewed, for purposes of FIN 46, and determined that the relationship and the transactions between the companies do not require consolidation in the Company’s financial statements.

The VIE owns a building for which the Company guaranteed a \$1,400,000 loan on April 19, 2007, with subsequent additional \$150,000 on October 3, 2007. The balance of the loan at year end is \$1,530,899.

Effective July 1, 2007, the Company signed a lease with the VIE and has moved its offices to that location during the month of September 2007, further details are disclosed in Note 9.

SUPPLEMENTARY INFORMATION

ACTIONCOACH USA, INC.

Schedules of Operating Expenses
Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Payroll Cost:		
Wages	\$ 2,666,656	\$ 807,509
Payroll taxes	205,977	85,214
Employee benefits	<u>83,665</u>	<u>27,015</u>
Total Payroll Cost	<u>2,956,298</u>	<u>919,738</u>
Fixed Expenses:		
Rent	249,214	104,690
Amortization	4,033	7,625
Depreciation	<u>83,473</u>	<u>30,034</u>
Total Fixed Expenses	<u>336,720</u>	<u>142,349</u>
Other Operating Expenses:		
Bad debts	41,488	57,192
Bank and credit card fees	56,687	40,995
Commissions	152,611	845,611
Conference and seminar expense	1,510,159	90,942
Contract Services	34,753	63,000
Dues and subscriptions	11,420	4,810
Equipment lease	27,782	17,366
Insurance	17,760	10,499
Inventory obsolescence	-	74,500
Legal and accounting	392,970	503,781
Marketing	1,266,317	1,136,587
Meals and entertainment	36,221	15,936
Office expense	241,859	258,925
Other professional fees	127,393	31,745
Repairs and maintenance	26,452	7,175
Taxes and licenses	8,879	10,805
Telephone	85,572	66,614
Travel	112,379	53,502
Utilities	17,614	10,781
Website and internet expense	440,013	138,108
Workshop and training	1,746,363	1,622,105
Worldwide/global support	<u>(552,699)</u>	<u>1,343,829</u>
Total Other Operating Expenses	<u>5,801,993</u>	<u>6,404,808</u>
Total Operating Expenses	<u>\$ 9,095,011</u>	<u>\$ 7,466,895</u>

See accompanying notes and auditor's report.

ACTIONCOACH USA , INC.

Audited Financial Statements

June 30, 2007 and 2006

ACTIONCOACH USA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
ActionCOACH USA, Inc.

We have audited the accompanying balance sheets of ActionCOACH USA, Inc., (a Nevada corporation) as of June 30, 2007 and 2006, and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ActionCOACH USA, Inc. as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses on page 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 12 to the financial statements, certain errors resulting in overstatement of previously reported retained earnings as of June 30, 2005, were discovered by management during the year. Accordingly, the June 30, 2005 financial statements have been restated to correct the error.

As discussed in Note 14 to the financial statements, effective July 1, 2007, the Company took over the global support operations that were previously performed by a related party.

McNair + Assoc., Chtd.

Las Vegas, Nevada U.S.A.
September 27, 2007

ACTIONCOACH USA, INC.

Balance Sheets
June 30, 2007 and 2006

	<u>ASSETS</u>	
	<u>2007</u>	<u>Restated 2006</u>
Current Assets:		
Cash	\$ 828,465	\$ 1,219,808
Accounts receivable-related parties	79,518	58,055
Accounts receivable, net of allowance for doubtful accounts of \$500 and \$240,040	155,392	51,303
Inventory	-	86,904
Accrued interest income	18,569	6,855
Advances to related companies	466,074	267,359
Other loans receivable	6,505	-
Loans to stockholders	724,675	380,767
Prepaid expenses	249,397	68,555
Prepaid federal income tax	197,658	-
Total Current Assets	2,726,253	2,139,606
Fixed Assets:		
Furniture and equipment	135,589	110,082
Leasehold improvement-construction in progress	32,142	-
	167,731	110,082
Less: Accumulated depreciation	(72,983)	(39,749)
Total Fixed Assets	94,748	70,333
Other Assets:		
Security deposit	6,857	8,125
Website design, net of amortization of \$47,566 and \$43,601	-	3,964
Deferred cost of repurchased territory	63,000	-
Deferred income tax	37,063	37,693
Total Other Assets	106,920	49,782
	<u>\$ 2,927,921</u>	<u>\$ 2,259,721</u>

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Balance Sheets (Continued)
June 30, 2007 and 2006

LIABILITIES AND EQUITY

	<u>2007</u>	<u>Restated 2006</u>
Current Liabilities:		
Current portion of long-term debt	\$ 393,936	\$ 4,322
Accounts payable to related companies	254,264	237,047
Accounts payable to others	415,753	224,281
Customer deposits		-
Unearned revenue	252,900	55,000
Accrued expenses	19,211	109,350
Accrued federal and state taxes	63,877	147,740
Total Current Liabilities	<u>1,399,941</u>	<u>777,740</u>
 Long-term Debt:		
Capital lease payable	2,837	7,889
Territory repurchase payable	615,412	-
	<u>618,249</u>	<u>7,889</u>
Total Liabilities	<u>2,018,190</u>	<u>785,629</u>
 Stockholders' Equity:		
Capital stock authorized, issued and outstanding 23,375 shares no par value, stated value \$15.85 per share	370,486	396,242
Paid in capital	195,206	208,775
Retained earnings	344,039	869,075
Total Stockholders' Equity	<u>909,731</u>	<u>1,474,092</u>
	<u>\$ 2,927,921</u>	<u>\$ 2,259,721</u>

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Statements of Income and Retained Earnings Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>Restated 2006</u>
Revenues	\$ 7,559,597	\$ 6,520,091
Operating Expenses:		
Payroll costs	919,738	636,504
Fixed expenses	142,349	127,885
Other operating expenses	6,395,603	4,804,251
Total Operating Expenses	<u>7,457,690</u>	<u>5,568,640</u>
Profit from Operations	<u>101,907</u>	<u>951,451</u>
Other Income and (Expenses):		
Interest income	77,379	37,333
Charitable contributions	-	(70,000)
Interest expense	(2,292)	(4,383)
Loss on disposition of equipment	(3,097)	(2,224)
Loss on foreign currency exchange	(32,475)	(2,139)
Penalties	(5,766)	(8,568)
Total Other Expenses	<u>33,749</u>	<u>(49,981)</u>
Income Before Income Tax	135,656	901,470
Provision for federal and state taxes -		
Current - Federal	(38,068)	(295,650)
State	(11,319)	(14,782)
Deferred - Federal	(630)	(11,045)
Net Income	<u>85,639</u>	<u>579,993</u>
Beginning Retained Earnings, as Previously Reported	869,075	237,033
Prior period adjustment	-	52,049
Beginning Retained Earnings (Deficit), as Restated	<u>869,075</u>	<u>289,082</u>
Retirement of Stock	(610,675)	-
Ending Retained Earnings	<u>\$ 344,039</u>	<u>\$ 869,075</u>

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Statements of Cash Flows
Years Ended June 30, 2007 and 2006

	2007	Restated 2006
Cash Flows from Operating Activities:		
Net income	\$ 85,639	\$ 538,293
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	37,659	37,937
Loss on disposition of equipment	3,097	2,225
Bad debt write-off	57,192	109,144
Inventory obsolescence write-off	74,500	114,908
Net deferred tax provision and benefit from carryforward of net operating loss	630	11,045
(Increase) decrease in:		
Accounts receivable-related party	(21,463)	305,749
Accounts receivable-others-net	(161,281)	140,525
Inventory-supplies	12,404	12,108
Accrued interest receivable	(11,714)	(6,855)
Prepaid expenses	(180,842)	(61,167)
Prepaid federal income tax	(197,658)	-
Security deposits and deposits to vendors	1,268	(1,675)
Increase (decrease) in:		
Accounts payable-related party	4,561	(280,424)
Accounts payable-others	191,472	36,796
Customer deposits	197,900	55,000
Accrued expenses	(90,139)	57,579
Accrued federal and state taxes	(83,863)	(17,184)
Territory repurchase payable	1,468,976	(200,000)
Net Cash Provided by Operating Activities	1,388,338	854,004
Cash Flows from Investing Activities:		
Proceeds from sale of equipment	4,766	-
Investment in equipment	(53,316)	(51,363)
Other loans receivable	(6,505)	-
Net loans to stockholders	(343,908)	(404,547)
Net advances to related parties	(198,715)	(14,007)
Net Cash Used by Investing Activities	(597,678)	(469,917)
Cash Flows from Financing Activities:		
Principal payment on long term debt	(532,003)	(2,293)
Payment for retirement of common stock	(650,000)	-
Net Cash Used by Financing Activities	(1,182,003)	(2,293)
Net Increase (Decrease) in Cash	(391,343)	381,794
Cash at Beginning of Year	1,219,808	838,014
Cash at End of Year	\$ 828,465	\$ 1,219,808
Supplemental schedule of cash flow information:		
Interest paid	\$ 2,292	\$ 6,588
Supplemental schedule of noncash activity:		
Acquisition of fixed assets under installment payment	\$ -	\$ 14,505

See accompanying notes and auditor's report.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 1 – Summary of Significant Accounting Policies:

Organization and Nature of Activities

ActionCOACH USA, Inc., formerly known as Brad Sugars Action International, Inc., was incorporated under the laws of the State of Nevada on April 30, 1998 and operates on a fiscal year ending June 30. On December 19, 2006, the Company changed its name to ActionCOACH USA, Inc.

The Company markets business coaching, mentoring and training programs and services through sale of Master License franchises and their sub-franchisees known as Business Coaches, in approved territories throughout the United States.

Master Licensees, for their part, offer, sell and support ActionCOACH Business Coaching franchises within a defined territory. The franchisees (also known as Business Coaches) provide coaching and training to small to medium-sized business sectors.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable is reported at net of allowance for doubtful accounts. Accounts are charged to bad debt expense as they are deemed uncollectible based upon periodic review of the accounts. At June 30, 2007 and 2006, allowances for doubtful accounts were \$500 and \$240,040, respectively.

Inventory

Inventories consist primarily of training materials and supplies and are stated at the lower of cost (first-in, first-out) or market value. During the year ended June 30, 2007, the inventory function was outsourced. Inventory was written off as obsolete in the years ending June 30, 2007 and 2006, in the amounts of \$74,500 and \$144,908, respectively. The amount written off during the year ending June 30, 2007 was a result of the corporate name change in December 2006.

ACTIONCOACH USA, INC.

Notes to Financial Statements

June 30, 2007 and 2006

NOTE 1 – Summary of Significant Accounting Policies (continued):

Equipment and Intangible Assets

Equipment and intangible assets (website design) are recorded at cost. Depreciation is computed using the accelerated methods of depreciation over the estimated useful lives ranging from 2 to 7 years. Amortization of website design is computed using the straight line method over the estimated useful life of 3 years and as of June 30, 2007 is fully amortized.

Revenue Recognition

The Company follows the installment method of recognizing franchise fee revenue.

The amount of the initial Master License fee is based on the population of a territory (normally, a state). On the sale of Master Licenses, the amount agreed upon as down payment is recognized as income upon execution of the Master License Agreement, the time determined as the point when the Company has substantially performed or satisfied all material services or conditions relating to the franchise sale. The remaining balance is recognized, in installments, at the Company's agreed share of the Coach franchise fee, paid by each new Coach, upon execution of each of the Franchise Agreements between a Master Licensee and a Coach. See Note 7.

Territory Repurchase

Cost of repurchase of territories is recorded as a reduction of revenue in the period the franchise is repurchased, to the extent of the revenue from license fee previously recognized. Recognition of expense of any cost in excess of the license fee revenue previously recognized is deferred until actually due per the repurchase agreement. As of June 30, 2007, \$63,000 of this excess cost is shown in other assets as deferred cost of repurchased territory. See Note 4.

Advertising and Marketing

The Company expenses all advertising and marketing costs as incurred. The advertising and marketing expense for years ended June 30, 2007 and 2006 was \$1,136,587 and \$449,865, respectively.

Deferred Income Tax

A deferred income tax asset has been recognized for the tax benefit of tax credits available for carryforward to future years. See Note 10.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 1 – Summary of Significant Accounting Policies (continued):

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year.

NOTE 2 – Fixed and Intangible Assets:

Equipment and website development (intangible asset) as of June 30, consist of the following:

	<u>2007</u>	<u>2006</u>
Office furniture and equipment	\$ 135,589	\$ 110,082
Leasehold Improvement- Construction in Progress	32,142	-
Website development cost	47,565	47,565
Total	<u>215,296</u>	<u>157,647</u>
Less – Accumulated depreciation and amortization	<u>(120,548)</u>	<u>(83,350)</u>
Net	<u>\$ 94,748</u>	<u>\$ 74,297</u>

Expenses during the years ended June 30, are as follows:

Depreciation	<u>\$ 30,034</u>	<u>\$ 19,187</u>
Amortization	<u>\$ 7,625</u>	<u>\$ 18,750</u>

NOTE 3 - Capital Lease Payable:

During the year ended June 30, 2006, the Company purchased an office equipment under capital lease, payable in 36 installments at \$508 per month, including interest at 17.762% per annum.

Estimated maturities on the contract payable during its term are as follows:

2008	\$ 5,052
2009	2,837
	<u>\$ 7,889</u>

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 4 – Territory Repurchase Payable:

Contracts payable are outstanding as of June 30, 2007 for the repurchase of seven (7) territories during the year for a total consideration of \$1,531,977. Payment terms are varied with differing terms as follows: Fixed monthly payments until fully paid; 50% of initial franchise fee collected with balance due at sale of master license or at fixed due date.

Estimated maturities on the contracts payable during its term are as follows:

2008	\$ 388,884
2009	303,000
2010	48,000
2011	21,000
2012	-
Thereafter	<u>257,253</u>
	<u>\$ 1,018,137</u>

NOTE 5 – Retirement of Stock:

In September and October 2006, the Corporation purchased all the 1,625 shares of its minority stockholders' 6.5% interest in the Corporation for \$650,000. The following equity accounts have been reduced based on the ratio of the shares purchased to the total issued and outstanding shares:

	Common Stock	Paid-in- Capital	Retained Earnings
Beginning Balance	\$ 396,242	\$ 208,775	\$ 869,075
Less: Cost of Retired Stocks	(25,756)	(13,569)	(610,675)
Balances as of June 30, 2007	<u>\$ 370,486</u>	<u>\$ 195,206</u>	<u>\$ 258,400</u>

NOTE 6 – Related Party Transactions:

Related Companies

The Company is a member of a controlled group of companies that are majority owned by Brad Sugars. The other companies are located in Australia, Canada, Europe, and are engaged in the same business activity as ActionCOACH USA, Inc. During the fiscal year ended June 30, 2006, another member of the controlled group of companies also operated as the Master Licensee in California. However, operation has been withdrawn during fiscal year ended June 30, 2007.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 6 – Related Party Transactions (continued):

During the fiscal years ended June 30, 2007 and 2006, transactions with the above related companies, are as follows:

	2007	2006
Training income	\$ 786,500	\$ 781,000
Training materials sold	-	55,588
USA to Canada support recharge	50,000	-
Income	\$ 836,500	\$ 836,588
Training materials purchased	\$ -	\$ 125,429
Share in global support cost	1,393,829	1,085,335
Expense	\$ 1,393,829	\$ 1,210,764

Outstanding receivables and (payables) are as follows:

Accounts receivable	\$ 79,518	\$ 58,055
Advances for expenses paid by the Company for related companies	-	77,359
Loan receivable	466,074	190,000
Accrued interest on loan receivable	18,569	5,616
	\$ 564,161	\$ 331,030
Accounts payable	\$ (254,264)	\$ (237,047)

The interest accrued on the loan receivable is at a rate of 4.88% and 4.06% in 2007 and 2006, respectively, based on the average applicable federal rate during the period.

Stockholders

Loans to its sole stockholder amounted to \$724,675 and \$380,767 as of June 30, 2007 and 2006, respectively. Interest of \$17,577 and \$1,239 as of June 30, 2007 and 2006, respectively, were added to the loan based on the average applicable federal rate during those periods as noted above.

During the fiscal year ended June 30, 2007 and 2006, the Company paid its sole stockholder consulting fees amounting to \$479,984 and \$184,516, respectively. This amount is charged under worldwide/global support expense.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 6 – Related Party Transactions (continued):

Related Parties

On July 15, 2005, a global senior executive of the Company became the Master Licensee of a Texas territory. Subsequent to June 30, 2007, this global senior executive is no longer with the Company.

Transactions with this related party during the year ended June 30, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Contracted Master License fee for the territory, as of June 30	\$ 1,080,000	\$ 1,000,000
Balance due on the Master License fee	787,500	985,000
Accounts receivable	12,859	-
Accounts payable	-	1,204
License coach fees income	25,000	15,000
Royalty fees income	46,000	15,000
Training fees income	75,000	25,000

On June 30, 2006, the Corporation repurchased the Master License (ML) for a Nevada territory sold in 2003 to the corporation of a former senior executive of the Las Vegas office. The total consideration paid was \$103,500. The ML also subcontracted as a training instructor for the Corporation until the early part of 2006. Fees paid for training instruction during the fiscal year ended June 30, 2006 amounted to \$25,166.

NOTE 7 – Revenues:

Revenue sources are as follows:

	<u>2007</u>	<u>2006</u>
Master and license coach fees	\$ 3,547,555	\$ 1,798,460
Refunds and repurchase of territories	(1,468,977)	(123,500)
Training fees, royalties, product income and others	5,481,019	4,845,131
Total revenue	<u>\$ 7,559,597</u>	<u>\$ 6,520,091</u>

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 7 – Revenues (continued):

Franchise statistics are as follows:

	<u>2007</u>	<u>2006</u>
Master license territories sold by the Company and licensed coaches signed up by master licensees during the period	276	62
Master license territories repurchased and licensed coach agreements terminated during the period	33	5
Master license territories sold by the Company and licensed coaches signed up by master licensees as of June 30	310	264

NOTE 8 – Concentration of Credit Risk:

The Company maintains its cash balances at regional banks in Las Vegas, Nevada. Two accounts are offshore investment sweep accounts. Amounts transferred to and held in these offshore accounts are not insured by the Federal Deposit Insurance Corporation (FDIC) and are subject to risk of loss in the event of insolvency of the bank or adverse foreign government action. In the event of the bank's insolvency, claims for such funds would be subordinated to the claims of depositors of the bank's offices and branches in the United States. The balances in these offshore investment sweeps accounts as of the years ended June 30, 2007 and 2006 amounted to \$802,325 and \$1,139,131, respectively.

At times, the balances in the remaining accounts exceed the \$100,000 Federal Deposit Insurance Corporation limit. The balances in these remaining accounts that exceeded the insured limits as of the years ended June 30, 2007 and 2006 amounted to \$ 0 (zero) and \$19,599, respectively.

NOTE 9 – Description of Leasing Arrangements:

Building Lease

The Company leases its offices and warehouse located in Las Vegas, Nevada, under a non-cancelable operating lease with terms of 48 months expiring on April 30, 2008. The lease currently calls for a monthly base rent of \$5,100 and additional assessment of \$788. Subsequent to June 30, 2007, they moved to an office building owned by a related party See Note 14. However, the lease on the old office is still in force.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 9 – Description of Leasing Arrangements (continued):

The Company also leased 2 offices in California for its marketing functions, under non-cancelable operating leases with terms of 12 and 24 months expiring in December 2006 and February 2008. The leases call for a total of \$1,520 monthly base rent. These offices were closed during year ended June 30, 2007.

Equipment Lease

The Company leases 2 copiers under non-cancelable operating leases with terms of 60 and 48 months.

The lease expense for the year ended June 30, 2007 and 2006 and the minimum lease commitments for the remainder of the leases are as follows:

Lease Expense -	2007	2006
Building	\$ 104,690	\$ 89,948
Equipment	17,366	18,578
Totals	\$ 122,056	\$ 108,526

Future minimum lease commitments are as follows:

	Building	Equipment	Total
Year Ended June 30 -			
2008	\$ 59,857	\$ 17,367	\$ 77,224
2009	-	9,190	9,190
2010	-	1,116	1,116
	\$ 59,857	\$ 27,673	\$ 87,530

NOTE 10 – Deferred Income Tax:

As of June 30, 2007 and 2006 deferred income tax is comprised of the following:

	2007	2006
Foreign tax credit available for carryover to future tax years -		
6/30/04 – Expiring 6/30/09	\$ 50,803	\$ 50,803
Timing difference-Book to tax depreciation	(13,740)	(13,110)
	\$ 37,063	\$ 37,693

The above foreign tax credit is from franchise taxes paid to Canada and can only be credited against that portion of federal income tax that is Canadian source taxable income.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 11 – Off Balance Sheet Arrangements:

Financial Accounting Standards Board Interpretation 46, “Consolidation of Variable Interest Entities” (FIN 46), provides a framework for identifying variable interest entities (VIEs) and determining when a company should include the assets, liabilities, noncontrolling interests, and results of activities of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited-liability corporation, trust, or any other legal structure used to conduct activities or hold assets that either has:

1. An insufficient amount of equity to carry out its principal activities without additional subordinated financial support,
2. A group of equity owners that are unable to make significant decisions about its activities, or
3. A group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations.

FIN 46 requires a VIE to be consolidated if a party with an ownership, contractual, or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE’s activities; is entitled to receive a majority of the VIE’s residual returns (if no party absorbs a majority of the VIE’s losses); or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE’s assets, liabilities, and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. FIN 46 also requires disclosures about VIEs that the variable interest holder is not required to consolidate but in which it has a significant variable interest.

The Company has a significant variable interest in a commonly owned company called Coby Holdings Ltd. (VIE). The relationship was reviewed, for purposes of FIN 46, and determined that the relationship and the transactions between the companies do not require consolidation in the Company’s financial statements.

The VIE owns a building for which the Company guaranteed a \$1,400,000 loan on March 7, 2007. The balance of the loan at year end is \$937,512.

Subsequent to year end, the Company signed a lease with the VIE and has moved its offices to that location during the month of September 2007, further details are disclosed in Note 14.

ACTIONCOACH USA, INC.

Notes to Financial Statements

June 30, 2007 and 2006

NOTE 12 – Prior Period Adjustments:

For the year ended June 30, 2006, changes were made to the Company's net income and retained earnings in order to properly account for the cumulative effect of errors as of June 30, 2006. The June 30, 2006, financial statements were restated to reflect the following corrections:

	Retained Earnings	Net Income
As previously reported, June 30, 2006	\$ 775,325	\$ 538,293
Year ended June 30, 2006 -		
Reduction in provision for state sales, income and franchise taxes	60,707	60,707
Reduction in accrued interest on above state taxes	2,205	2,205
Increase in provision for federal income tax from above deductions	(21,212)	(21,212)
Prior period adjustment - year ended June 30, 2006	41,700	41,700
	817,025	579,993
Years prior to year ended June 30, 2006 -		
Reduction in provision for state sales, income and franchise taxes	75,164	
Reduction in accrued interest on above state taxes	3,967	
Increase in provision for federal income tax from above deductions	(27,082)	
Prior period adjustment prior to June 30, 2006	52,049	
As restated, June 30, 2006	\$ 869,074	\$ 579,993

NOTE 13 – Contingent Liability:

The Corporation is a guarantor on the mortgage Coby Holdings Ltd. has on its Las Vegas, Nevada office building leased to the Corporation effective July 1, 2007 (See Note 14). The mortgage is for the partial payment for the purchase of the land and construction of the building on the property. The initial term of the mortgage dated March 7, 2007 is for nine (9) months with interest only payment at 1% over Wall Street Prime; then, for five (5) years at conversion to permanent loan, based on 240 months amortization, at fixed interest rate of 3% over weekly average yield on U.S. Treasury. The balance of the mortgage as of June 30, 2007 is \$937,512. Balance at completion of construction in September 2007 is \$1,089,089.

ACTIONCOACH USA, INC.

Notes to Financial Statements
June 30, 2007 and 2006

NOTE 13 – Contingent Liability (continued):

The Corporation also has agreements with various hotels and convention halls for its conventions and trainings. Included in the prepaid expenses are deposits for these events/operations amounting to \$145,789. Most agreements carry provisions for cancellation fee. One agreement requiring a \$125,000 deposit for an event in October 2007 carries a cancellation fee of \$433,660 due within 48 hours of cancellation.

NOTE 14 – Subsequent Events:

Building Lease with Related Party –

The Company entered into a building lease with Coby Holdings Ltd., an LLC owned by the sole stockholder's family trust, effective July 1, 2007. The lease is for a period of five (5) years, with three (3) consecutive five (5) year period renewed options. The lease calls for a base rent of \$13,610 per month (\$163,323 per annum) plus the operating expenses of the building. It also calls for a 2% rent increase upon lease extensions.

Global Restructuring and Relocation

Effective July 1, 2007, global restructuring was implemented whereby the office previously located in Brisbane, Australia, has relocated its global corporate headquarters to Luxembourg in Europe. The global support operations (marketing, finance and sales) are relocated to Las Vegas, Nevada and will be part of the operations of ActionCOACH USA, Inc.

SUPPLEMENTARY INFORMATION

ACTIONCOACH USA, INC.

Schedules of Operating Expenses
Years Ended June 30, 2007 and 2006

	2007	Restated 2006
	<u>2007</u>	<u>2006</u>
Payroll Cost:		
Wages	\$ 807,509	\$ 571,716
Payroll taxes	85,214	60,885
Employee benefits	27,015	3,903
Total Payroll Cost	<u>919,738</u>	<u>636,504</u>
Fixed Expenses:		
Rent	104,690	89,948
Amortization	7,625	18,750
Depreciation	30,034	19,187
Total Fixed Expenses	<u>142,349</u>	<u>127,885</u>
Other Operating Expenses:		
Bad debts	57,192	109,144
Bank and credit card fees	40,995	63,052
Commissions	845,611	757,831
Computer expense	138,108	60,789
Contract Services	63,000	-
Dues and subscriptions	4,810	649
Equipment lease	17,366	18,578
Insurance	10,499	6,933
Inventory obsolescence	74,500	114,908
Legal and accounting	503,781	466,651
Marketing	1,136,587	449,865
Meals and entertainment	15,936	9,932
Office expense	258,925	191,267
Other professional fees	31,745	9,571
Repairs and maintenance	7,175	10,675
Taxes and licenses	10,805	4,802
Telephone	66,614	35,564
Travel	53,502	41,909
Utilities	10,781	9,424
Workshop and training	1,703,842	1,357,373
Worldwide/global support	1,343,829	1,085,334
Total Other Operating Expenses	<u>6,395,603</u>	<u>4,804,251</u>
Total Operating Expenses	<u>\$ 7,457,690</u>	<u>\$ 5,568,640</u>

See accompanying notes and auditor's report.



EXHIBIT O

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

TRAINING SCHEDULE

ActionCOACH TRAINING PROGRAM

SCHEDULE – Induction Training

Day	Subject	Activities And Group Work	Class Hours	Materials
Day 1	Welcome to Action	Intro and Positioning the Team	14	PowerPoint, Notes, Flipchart, Handouts, Activities
	Trainer Earn The Right	Trainers background		
	About Learning	Confusion and Success Mindset		
	System Overview	Follow the ActionCOACH system		
	Change the Way You Think	Generalized Principles		
	Action Coach Business System	Product ladder intro		
	Profit System	Rob Kiyosaki		
	Table topic	What have you learned so far		
	Leverage Game Night System	Play Leverage after dinner		
	Feedback sheets	Complete feedback sheets		
Day 2	Volleyball	Review on the Bus	16	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 1 slides	Review of Day 1 slides		
	Action Coach Coaching System	Intro - teach to fish and 6 steps intro		
	Action Coach Coaching System	Mastery		
	Action Coach Coaching System	Service Training		
	Exercise	Service Rich Review		
	Exercise	Mastery Review		
	Action Coach Coaching System	Niche		
	Exercise	Niche Review		
	Volleyball	Review on the Bus		
Day 3	Volleyball	Review on the Bus	16	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 2 slides	Review of Day 2 slides		
	Action Coach Sales Training	Workshop Presentation		
	Leverage System	9 Ways to Systematize		
	Exercise	Leverage Review		
	Team System	6 Keys to a Winning Team		
	Shake Hands Game	Team Activity		
	Squares Game	Team Activity		
	Exercise	Team Review		
	Action Coach Recruitment	4 Hr Recruitment System		
	Exercise	Recruitment Review		
	Action Coach Synergy System	Duplication - / to X		
	Exercise	Synergy		
	Action Coach Results System	Results & Future Coaching		
	Book Recommendations	Top 10 Books		
	Exercise	Results & Future Coaching		
WIFLE	What I Feel Like Expressing			
Feedback sheets	Complete feedback sheets			
Day 4	Volleyball	Review on the Bus	14	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 3 slides	Review of Day 3 slides		
	Action Coach Marketing System	13 Step System - Step 1		
	Ad Giants	Intro & online demo		
	Action Members	Intro & online demo		
	Exercise	Review Step 1		
	Action Coach Marketing System	13 Step System - Step 2		
	Exercise	Review step 2		
	Action Coach Marketing System	13 Step System - Step 3 & 4		
	Exercise	Role Play step 3		
	Exercise	Role Play step 4		
	Action Coach Marketing System	13 Step System - Step 5 & 6		
	Action Coach Marketing System	14 Step System - Step 7 & 8		
	Exercise	Role Play step 7		

ActionCOACH TRAINING PROGRAM

Day	Subject	Activities And Group Work	Class Hours	Materials
	Exercise	Role Play step 8		
	Action Coach Marketing System	Step 9 - Homework for Day 5		
	Exercise	13 Step Review 1 - 8		
	WIFLE	What I Feel Like Expressing		
	Feedback sheets	Complete feedback sheets		
Day 5	Volleyball	Review on the Bus	13	PowerPoint, Notes, Flipchart, Handouts, Activities
	Ropes Course	Attend Ropes course		
	Review of Day 4 slides	Review of Day 4 slides		
	Review of Ropes Course	Learning and Break through's		
	Selling	Characteristics of Sales Person		
	The Coaching Sales Process	8 Steps to the Sale		
	Exercise	Coach on Deck Role Play		
	Exercise	Diag Role Play		
	Exercise	13 Step Review 9 - 13		
	Exercise	Review Welcome Pack		
	Feedback sheets	Complete feedback sheets		
Day 6	Volleyball	Review on the Bus	14	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 5 slides	Review of Day 5 slides		
	Business Rich	Positioning and selling		
	Business Rich	Presentation Overview		
	Exercise	Business Rich		
	Growth Club	Positioning and selling		
	Growth Club	Presentation Overview		
	Exercise	90 Day Planning		
	Exercise	Review Growth Club		
	Exercise	Review the Day - questions for Trainer		
	Feedback sheets	Complete feedback sheets		
Day 7	Volleyball	Review on the Bus	13	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 6 slides	Review of Day 6 slides		
	Action Coach Coaching System	Welcome book and Starter Pack		
	Exercise	Review the Coach System		
	Action Coach Coaching System	1st 6 Weeks		
	Action Coach Coaching System	Positioning System		
	Action Coach Coaching System	Positioning Role Play		
	Exercise	Review Positioning		
	Action Coach Coaching System	Alignment System		
	Action Coach Coaching System	Alignment Role Play - personal		
	Action Coach Coaching System	Alignment Role Play - business		
	Action Coach Coaching System	Alignment Role Play - solutions		
	Exercise	Review Alignment		
	Action Coach Coaching System	The Alignment Training Day		
	Action Coach Coaching System	Week 3 - Education		
	Exercise	Review Education		
	Action Coach Coaching System	Week 4 - community		
	Exercise	Review Education		
	Action Coach Coaching System	Week 5 results		
	Exercise	Review Results		
	Action Coach Coaching System	Week 6 referrals		
Exercise	Review Referrals			
Feedback sheets	Complete feedback sheets			
Day 8	Volleyball	Review on the Bus	14	PowerPoint, Notes, Flipchart,
	Review of Day 7 slides	Review of Day 7 slides		
	Action Coach Summary	13 Weeks - 90 Day Plan		
	Exercise	90 Day Plan		

ActionCOACH TRAINING PROGRAM

Day	Subject	Activities And Group Work	Class Hours	Materials
	Action Coach Summary	13 weeks coaching		Handouts, Activities
	Exercise	Coaching Script		
	Action Coach Summary	Coaching Process		
	Exercise	Coaching Role Play		
	Exercise	Review Coaching		
	Action Coach Summary	1st 12 Months Coaching		
	Exercise	Review Coaching		
	Action Coach Summary	Results Review - 13 weeks		
	Exercise	Review 13 Week System		
	Feedback sheets	Complete feedback sheets		
Day 9	Volleyball	Review on the Bus	14	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 8 slides	Review of Day 8 slides		
	Action Coach Presenting System	Mastery & super Learning		
	Exercise	Presenting		
	Action Coach Presenting System	Presenting the 5 Ways		
	Exercise	Presenting the 5 Ways		
	Exercise	Review 5 Ways Presenting		
	WIFLE	Group WIFLE		
	Feedback sheets	Complete feedback sheets		
Day 10	Volleyball	Review Final on the Bus	12	PowerPoint, Notes, Flipchart, Handouts, Activities
	Review of Day 9 slides	Review of Day 9 slides		
	System Flow Chart	Build a system flow chart		
	System Flow Chart	Present to each other		
	The Action Coach Business System	180 to Gold		
	Dream Goal Plan Action	Race to Gold		
	Exercise	101 Dreams		
	Exercise	Share your Dreams		
	Exercise	Build Dream Chart		
	Exercise	Present Goals to each other		
	Exercise	Review 90 Day Plans		
	Online Support	Review Web sites		
	Feedback sheets	Complete feedback sheets		
	Dinner	Venetian or similar		
Day 11	Review of Day 10 slides	Review of Day 10 slides	8	PowerPoint, Notes, Flipchart, Handouts, Activities
	Action Coach Business System	Review and reminder		
	Exercise	Present 60 Sec		
	Exercise	Ask 2 Questions at seminar		
	Exercise	Diag Positioning Review		
	Exercise	Other scripts role play		
	Exercise	11 Reasons Document		
	Exercise	Top 7 Things from Training		
	Exercise	90 Day Letters		
	Exercise	Go Over your To Do Lists		
	Exercise	Graduation -		
	WIFLE	Team WIFLE		

ActionCOACH TRAINING PROGRAM

**SCHEDULE - Refresher Training (90 Days After Induction Training)
(Business Coaches Only)**

DAY	SUBJECT	CLASSROOM HOURS	MATERIALS
Day 1	Marketing	8	Flipchart, Handouts, Role Play
Day 2	Sales	8	Flipchart, Handouts, Role Play
Day 3	Coaching	8	Flipchart, Handouts, Role Play



EXHIBIT P
To

BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT Q

To

**BUSINESS COACH
FRANCHISE DISCLOSURE DOCUMENT**

COMMUNICATIONS SYSTEM SPECIFICATIONS

Communications System Specifications

Hardware Requirements:

- Intel or AMD-based system capable at a minimum of running Microsoft Windows XP
 - Alternatively, Macintosh system capable of running the latest version of MacOS
 - Desktop, laptop or tablet depending on your preference
- External USB hard drive – 500 GB or larger for document backups
 - For convenience, choose a drive that offers a “one-touch” backup solution
 - For complete protection, obtain multiple drives. Get in the habit of (at least monthly) storing a complete backup of your computer off-site in a safe deposit box or equivalent secure location
- Surge protector
 - For complete protection, purchase an uninterruptible power supply (or UPS)

Software Requirements:

- Microsoft Office 2007 (or 2008 for Mac)
 - Standard edition or better – must contain PowerPoint
- Adobe Reader v8 or better (free download from <http://www.adobe.com>)
- Adobe Acrobat creation utility
 - There are freeware utilities available that do this without requiring purchase of the full Adobe Acrobat application See <http://www.primopdf.com>.
- QuickBooks (recommended) or equivalent business finance software
- Anti-Virus software
 - Due to repeated support and quality issues reported by the coaching community, the ActionCOACH IT department DISCOURAGES the use of any Symantec/Norton anti-virus or security software
- Web browser
 - Mozilla Firefox 2 or better is recommended (free download from <http://www.getfirefox.com>)
 - Internet Explorer 6 or better is acceptable, but discouraged
 - IE7 under Windows Vista is known to cause problems with some ActionCOACH websites, such as webmail, and is not supported
 - Opera and Safari are NOT SUPPORTED
- Skype (recommended) or other instant messenger service

Telecommunication Requirements:

- Minimum of two office phone lines and one dedicated fax line*
 - VoIP providers, such as Vonage, which can accommodate these requirements are acceptable
- Broadband connectivity, minimum of 768kb/s download speed and 384 kb/s upload speed is recommended but not required, as download speed is generally limited by geographical restrictions
- Plain paper fax machine (high paper capacity preferred)
 - Alternatively, an online fax service such as eFax is acceptable. In this case, it would not be necessary to obtain a dedicated fax line.

{You Date, Sign, and Keep This Copy}

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we or ActionCOACH USA, Inc. ("ACUI") offer you a franchise, we or ACUI must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us, ACUI or an affiliate in connection with the proposed franchise sale.

[Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 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, Oregon and Washington require 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 we or ACUI do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in exhibit K.

The master licensee is **Business Abundance LLC, a Texas Limited Liability Company, located at 815 Brazos St., Ste. 500, Austin, TX 78701, Phone:505-275-1777**. Our agent for service of process is Nevada Corporate Services. Our franchisor is ActionCOACH USA, Inc., 5781 S. Fort Apache Rd., Las Vegas, NV 89148, tel. 888-483-2828. ACUI's agents for service of process, if any, are listed in Exhibit K.

The franchise seller for this offering is: Alpha Trek, Inc.

Issuance date: September 30, 2008.

I have received a Franchise Disclosure Document dated September 30, 2008, which included the following exhibits: Exhibit A: The FIRM – Business Coach Binder Agreement; Exhibit B: The Practice – Business Coach Franchise Agreement; Exhibit C: Associate Business Coach Franchise Agreement; Exhibit D: State-Required Addenda to Franchise Agreement; Exhibit E: Coaching Agreement and Consent Letter; Exhibit F: Nominated Business Coach Agreement; Exhibit G: Nondisclosure and Noncompete Agreement; Exhibit H: Release; Exhibit I: Compliance Questionnaire; Exhibit J: Additional State-Required Information; Exhibit K: State Regulatory Authorities and Registered Agents in Certain States; Exhibit L: Master Licensees and Licensed Coaches as of June 30, 2008; Exhibit M: Master Licensees and Licensed Coaches who left the system during the fiscal year ending June 30, 2008; Exhibit N: Financial Statements; Exhibit O: Training Schedule; Exhibit P: Operations Manual Table of Contents; and Exhibit Q: Communications System Specifications.

If I received the Franchise Disclosure Document on CD-R or CD-ROM or by any other electronic means, then by printing this receipt for signature, I acknowledge that I have the equipment, software and other means necessary to open and to review the Franchise Disclosure Document in its entirety.

Date: _____

Signed: _____

Print Name: _____

{You Date, Sign, and Give Us This Copy}

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we or ActionCOACH USA, Inc. ("ACUI") offer you a franchise, we or ACUI must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us, ACUI or an affiliate in connection with the proposed franchise sale.

[Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 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, Oregon and Washington require 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 we or ACUI do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in exhibit K.

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Date: _____

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